

DEPARTMENT OF TAXATION

2001 Fiscal Impact Statement

1. **Patron:** Putney

3. **Committee:** Passed House and Senate

4. **Title:** Tangible Personal Property Tax;
Equipment Used in Forest Harvesting and
Silvicultural Activity

2. **Bill Number:** HB 1775

House of Origin:

☐ **Introduced**

☐ **Substitute**

☐ **Engrossed**

Second House:

☐ **In Committee**

☐ **Substitute**

☒ **Enrolled**

5. **Summary/Purpose:**

This bill would reclassify equipment used in forest harvesting and silvicultural activity to be in a separate class of tangible personal property.

As a result of this reclassification, localities would be authorized to impose a tangible personal property tax on equipment used in forest harvesting and silvicultural activity at a rate of tax and rate of assessment which does not exceed that applicable to the general class of tangible personal property in the locality.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not Available (See Line 8).

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state revenues. Localities would experience a decrease in revenues to the extent that the tax rate and rate of assessment imposed on equipment used in forest harvesting and silvicultural activity is reduced below the tax rate and rate of assessment imposed on property in the general class of tangible personal property.

9. **Specific agency or political subdivisions affected:**

All Localities

10. **Technical amendment necessary:** No.

11. Other comments:

Code of Virginia § 10.1-1181.1 provides that "silvicultural activity" means "any forest management activity, including but not limited to the harvesting of timber, the construction of roads and trails for forest management purposes, and the preparation of property for reforestation."

Equipment used in forest harvesting and silvicultural activity is currently classified in the general class of tangible personal property and localities are authorized to impose a tangible personal property tax on it at the same rate of tax and rate of assessment as imposed on property in the general class of tangible personal property.

This bill would reclassify equipment used in forest harvesting and silvicultural activity to be in a separate class of tangible personal property. As a result of this reclassification, localities would be authorized to impose a tangible personal property tax on equipment used in forest harvesting and silvicultural activity at a rate of tax and rate of assessment which does not exceed that applicable to the general class of tangible personal property in the locality.

Additionally, under current law, there is a separate classification for tangible personal property tax purposes for heavy construction machinery, including forest harvesting equipment. This bill would clarify that heavy construction machinery that is silvicultural activity equipment is classified in this class.

c: Secretary of Finance

Date: 3/23/01/JEM

