

**DEPARTMENT OF TAXATION
2001 Fiscal Impact Statement**

1. Patron Phillips

3. Committee Senate Finance

4. Title Local Property Tax Exemption:
Farm Equipment

2. Bill Number HB 2582

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would exempt from local real and tangible real property taxes all farm machinery, implements and equipment of a farmer used to produce agricultural products or to raise farm animals. Under current law, farm machinery, implements and equipment either enjoy a special classification status under the tangible personal property tax or, by local ordinance, may be deemed entirely tax exempt.

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. This bill would decrease revenues in localities that currently impose property taxes on farm machinery, implements and equipment.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Under current law, farm machinery, implements and equipment enjoy a special classification status under the tangible personal property tax, under which a locality

may tax farm machinery, implements and equipment at a different tax rate than is applied to the general classification of tangible personal property. Furthermore, by local ordinance, such property may be exempt in whole or in part from taxation.

This bill would put the farm machinery, implements and equipment of a farmer that is used to produce agricultural products or raise farm animals in a special category of property that is completely exempt from taxation.

Under current law, property that falls into this “exempt by classification” category is:

- property owned by the Commonwealth, or any political subdivision;
- property owned by religious organizations and used exclusively for religious worship;
- nonprofit or public burial grounds;
- property of public libraries, law libraries, etc.;
- property of YMCAs and other like institutions;
- parks and playgrounds held by trustees to benefit the public;
- buildings and furnishing of benevolent and charitable organizations; and
- property of any nonprofit organization used to establish a museum.

c: Secretary of Finance

Date: 2/7/01/slr

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