

DEPARTMENT OF TAXATION 2001 Fiscal Impact Statement

1. **Patron** Quayle (By Request)

3. **Committee** Senate Finance

4. **Title** Tangible Personal Property Tax:
Motor Homes

2. **Bill Number** SB 1064

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide that, for local tangible personal property purposes, the rate of tax and the rate of assessment applicable to privately owned motor homes used for recreational purposes may not exceed the rate of tax and rate of assessment applicable to real estate in the locality.

Under current law, a locality may tax motor homes that are used for only recreational purposes at a rate of tax and rate of assessment that 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 rates they currently impose on motor homes used for recreational purposes exceed their real property tax rates.

9. Specific agency or political subdivisions affected:

All localities

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

11. Other comments:

"Motor home" is defined by *Code of Virginia* § 46.2-100 as a private motor vehicle with a normal seating capacity of not more than ten persons, including the driver, designed primarily for use as living quarters for human beings. In the tangible personal property tax law, the definition is limited to those motor homes that are only for recreational use.

Under current law, motor homes can be taxed at a different rate than the general class of tangible personal property, only if the rate of tax and rate of assessment does not exceed that applicable to the general class of tangible personal property in the locality.

While the statewide average true effective rate for the real property tax is \$.95 per \$100.00, both the basis and the rates of the tangible personal property tax imposed on motor homes vary widely by locality. However, in many localities the rates of tax and assessment on tangible personal property exceed that imposed on real property.

Motor homes qualifying for this separate classification and limited rate as proposed in this bill do not benefit from the tax reductions provided in the Tangible Personal Property Tax Relief Act of 1998.

cc: Secretary of Finance

Date: 1/14/01/slr

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