

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron:** May

3. **Committee:** Senate Finance

4. **Title:** Tangible Personal Property Tax;
Equipment Used in Biotechnology

2. **Bill Number:** HB 574

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would reclassify equipment used primarily for research, development, production, or provision of biotechnology 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 for research, development, production, or provision of biotechnology 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 for research, development, production, or provision of biotechnology 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:

Equipment used for research, development, production, or provision of biotechnology 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 primarily for research, development, production, or provision of biotechnology for the purpose of developing or providing products or processes for specific commercial or public purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related purposes; agricultural purposes; or environmental purposes to be in a separate class of tangible personal property. Equipment used for human cloning purposes or for products or purposes related to human embryo stem cells would be excluded from this class of tangible personal property.

For purposes of this bill, biotechnology equipment means equipment directly used in activities associated with the science of living things.

As a result of this reclassification, localities would be authorized to impose a tangible personal property tax on equipment used primarily for research, development, production, or provision of biotechnology 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.

Senate Bill 209 would also establish a separate class of tangible personal property for equipment used for research, development, production, or provision of biotechnology.

c: Secretary of Finance

Date: 2/6/02/JEM

