

Commission on Local Government

Estimate of Local Fiscal Impact
2002 General Assembly Session

Bill: SB 105

Patron: Marye

Date: January 23, 2002

In accordance with the provisions of §§ 30–19.03 through 30–19.03:1.1 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced bill:

I. Bill Summary

SB 105 amends the section of the Code of Virginia that relates to the percentage of personal property tax relief on passenger cars and other vehicles used for nonbusiness purposes. Specifically, the bill limits personal property tax relief under the Personal Property Tax Relief Act of 1998 to 55 percent of the taxable value of a qualifying vehicle, up to the first \$20,000 for calendar year 2002, which is a 15 percent reduction from the amount dispersed in calendar year 2001, and delays full implementation of the PPTRA until calendar year 2004.

II. Fiscal Impact Analysis

The Commission on Local Government did not receive estimates of significant local fiscal impact from any localities.

The primary effect of the Personal Property Tax Relief Act (PPTRA) is to eliminate a local source of revenue, the personal property tax, over time and to replace it with a State transfer payment. Thus the Act is designed to be essentially revenue neutral. SB 105 does not change the Act's revenue implications; it merely changes the timetable for implementation.

The additional delay imposed by this bill could have an adverse expenditure impact on some localities, since 36 levy personal property taxes semi-annually and mail the tax notices in early May. If the affected localities did not receive notice of the delay in implementation of the PPTRA by mid-April, they could incur additional costs since the required number of notices is printed earlier in the calendar year to be available for mailing in a timely manner. In such cases, the fiscal impact of the bill would depend on (1) the number of notices that are already printed or in the process of being printed which bill at the 70% percent PPTRA threshold (2) the cost of reprinting of notices to collect at the 55% percent threshold, and (3) costs associated with disposal or recycling of the first batch of notices. In addition, their administrative burden would increase as a result of having to implement corrective actions and to divert personnel and equipment from other local government projects or processes. However, even for the 36 affected localities, the net additional expenditures imposed by this bill under such circumstances would likely be minimal.

III. Conclusion

For most localities, SB 105 will have no fiscal impact. For as many as 36, the bill could impose some additional costs, but they are expected to be negligible.