

# DEPARTMENT OF TAXATION

## 2002 Fiscal Impact Statement

1. **Patron** Trumbo

3. **Committee** Passed Senate and House

4. **Title** Tangible Personal Property Tax:  
Authorizing a County to Prorate the Tax  
When an Independent City Becomes a  
Town

2. **Bill Number** SB 246

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

### 5. **Summary/Purpose:**

This bill would validate a tangible personal property tax imposed by Alleghany County on the residents of the Town of Clifton Forge on January 1, 2001, while it was still a city transitioning to town status. The transition became final July 1, 2001.

Current law provides that all taxable tangible personal property must have situs within a jurisdiction on January 1 of the tax year. This bill provides an exception because of the change in status of Clifton Forge. For tax year 2001, both the town and the county may impose a tangible personal property on all property with situs within the town on July 1, 2001 at the rates in effect July 1, 2001. The bill also provides that the taxes imposed by the county on the residents of Clifton Forge while it was still a city be levied at the tangible personal property rate in effect for the city as of January 1, 2001. In both instances, the amount of tax due would be reduced by one-half to reflect the short tax years established by this bill.

This bill contains an emergency clause and is in effect from the date of its passage.

6. **Fiscal Impact Estimates are:** Unknown (See Line 8.)

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

### 8. **Fiscal implications:**

This bill would have no impact on state revenues. It would increase Alleghany County's revenues from one-half year's tangible personal property taxes levied on the residents of Clifton Forge.

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

Alleghany County, the Town of Clifton Forge.

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

**11. Other comments:**

Counties may not impose tangible personal property taxes on residents of independent cities, but they may impose such taxes on the residents of towns. Towns may also impose tangible personal property taxes on their residents. The effect of this bill would be to allow Alleghany County to retain the taxes imposed on Clifton Forge after it changed its status from a city to a town on July 1, 2001.

As an independent city, Clifton Forge imposed its own tangible personal property tax on its residents. This bill validates any tangible personal property taxes levied by the Town of Clifton Forge after it transitioned to town status effective July 1, 2001.

Under current law, tax day is considered to be January 1 of any tax year for purposes of the tangible personal property tax. This bill would create a limited exemption for Clifton Forge for tax year 2001 only, when its status changed from city to town on July 1, 2001.

cc: Secretary of Finance

**Date:** 2/22/02/SLR

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