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HOUSE BILL NO. 2363

Offered January 8, 2003

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*A BILL to amend and reenact §§ 58.1-3524, 58.1-3526, 58.1-3528, 58.1-3531, and 58.1-3536 of the Code of Virginia, relating to reimbursement of tangible personal property tax.*

Patrons—Shuler and Keister

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-3524, 58.1-3526, 58.1-3528, 58.1-3531, and 58.1-3536 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-3524. Reimbursement of tangible personal property taxes; deduction on tangible personal property tax bills.

A. For tax year 1998, the Commonwealth shall directly reimburse taxpayers, for tangible personal property tax levies paid on any qualifying vehicle, a percentage of the reimbursable amount determined pursuant to subdivision B 1, as provided in § 58.1-3525. For tax year 1999 and tax years thereafter, the Commonwealth shall pay to treasurers a percentage of the reimbursable amount determined pursuant to subdivisions B 2 through B 5 on any qualifying vehicle, as provided in § 58.1-3526.

B. Subject to the conditions of subsections C and D, the amount of the reimbursement to taxpayers for tax year 1998 and the amount of the payments to treasurers for tax years after 1998 shall be 100 percent for qualifying vehicles with a value of one thousand dollars or less and for each qualifying vehicle with a value of more than one thousand dollars shall be as follows:

Percentage Level

1. For any tax year beginning in	12.5 percent of the reimbursable cal-
endar year 1998	amount for each qualifying vehicle 2. -
For any tax year beginning in	27.5 percent of the reimbursable
calendar year 1999	amount for each qualifying vehicle 3-
. For any tax year beginning in	47.5 percent of the reimbursable cale-
ndar year 2000	amount for each qualifying vehicle
4. For any tax year beginning in	70 percent of the reimbursable calen-
dar year 2001	amount for each qualifying vehicle 5. Fo-
r any tax year beginning in	100 percent of the reimbursable
calendar year 2002 and tax	amount for each qualifying vehicle y-
ears thereafter	

C. Notwithstanding the schedule set forth in subsection B, the percentage level for each qualifying vehicle to be paid by the Commonwealth for a tax year shall not be increased at the beginning of any calendar year above the percentage level paid by the Commonwealth in the preceding tax year if:

1. Actual general fund revenues for a fiscal year, including transfers, are less than the projected general fund revenues, as reported in the general appropriation act in effect at that time, by one-half of one percent or more of the amount of actual general fund revenues for such fiscal year;

2. The general fund revenue forecast provided by the Governor in December pursuant to § 2.2-1503 indicates that general fund revenues, excluding transfers, for any fiscal year will be less than five percent greater than general fund revenues for the immediately preceding fiscal year; or

3. The general fund revenue forecast provided by the Governor in December pursuant to § 2.2-1503 indicates that total general fund revenues available for appropriation, including transfers, for either of the fiscal years covered by the general appropriation act in effect at that time will be less than the general fund appropriations for such fiscal year or years.

D. If the percentage level remains the same for consecutive tax years, the percentage level to be used in the following tax year shall remain the same unless none of the conditions described in subsection C have occurred, in which event the amount to be paid by the Commonwealth for the immediately following tax year shall be equal to the next highest percentage amount listed in subsection B.

E. Notwithstanding the provisions in subsections B, C, and D, the amount of the reimbursement for tax year 2003 shall be 50 percent for qualifying vehicles. The reimbursement amount shall remain at 50 percent until such time as the general fund revenues, including transfers, for the most recently ended

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58 *fiscal year after 2004 equal or exceed the amount of such revenues collected in tax year 2000 and*  
59 *adjusted for inflation. The percentage level to be used in the following tax year shall be equal to the*  
60 *next highest percentage amount greater than 50 percent listed in subsection B.*

61 E F. An amount equal to the percentage of the reimbursable amount as determined under  
62 subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, shall appear as a deduction on  
63 the tangible personal property tax bill for qualifying vehicles, as provided by subsection E of  
64 § 58.1-3912.

65 1. In the event the General Assembly changes the percentage of the reimbursable amount as  
66 described under ~~subsection~~ *subsections B or E, whichever is applicable*, for the current tax year and a  
67 locality has already printed its tangible personal property tax bills for qualifying vehicles for the year  
68 that the percentage is changed, the following procedures shall apply:

69 a. If the percentage of the reimbursable amount is decreased for the current tax year and the taxpayer  
70 has paid the assessment, the locality may (i) levy an additional amount for the amount of the difference  
71 between the percentage of the reimbursable amount for the tax year reflected on the original assessment  
72 and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in  
73 the current year or (ii) carry forward the additional levy and include it on the subsequent tax bill,  
74 provided such levy is not subject to penalty and interest.

75 b. If the percentage of the reimbursable amount is increased for the current tax year and the taxpayer  
76 has paid the assessment, the locality shall issue a refund to the taxpayer for the amount of the difference  
77 between the percentage of the reimbursable amount for the tax year reflected on the original assessment  
78 and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in  
79 the current tax year. Such refunds shall be issued by the treasurer no later than thirty days after receipt  
80 of the payment from the Commonwealth pursuant to § 58.1-3526.

81 2. In the event the General Assembly changes the percentage of the reimbursable amount as  
82 described under ~~subsection~~ *subsections B or E, whichever is applicable*, before a locality has printed its  
83 tangible personal property tax bills for qualifying vehicles, the following procedures shall apply:

84 a. If the percentage of the reimbursable amount is decreased for the current tax year, the locality may  
85 adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General  
86 Assembly to the percentage of the reimbursable amount.

87 b. If the percentage of the reimbursable amount is increased for the current tax year, the locality  
88 shall adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the  
89 General Assembly to the percentage of the reimbursable amount.

90 § 58.1-3526. Payment to treasurers for tax year 1999 and thereafter.

91 A. For tax year 1999 and tax years thereafter, the Commonwealth shall pay to treasurers the amount  
92 specified in subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of § 58.1-3524 for  
93 each qualifying vehicle, if the conditions of this section are satisfied.

94 B. As provided by subsection E of § 58.1-3912, the treasurer shall include such amount as a  
95 deduction on the face of tangible personal property tax bills for qualifying vehicles and shall clearly  
96 designate such deduction as an amount to be paid by the Commonwealth. In addition to tangible  
97 personal property taxes levied on property other than qualifying vehicles, the taxpayer shall pay to the  
98 treasurer any payment due for the difference between tangible personal property taxes levied on a  
99 qualifying vehicle and such deduction. On or before the date the certified personal property tax book is  
100 required by § 58.1-3118 to be provided to the treasurer, the commissioner of the revenue shall identify  
101 each qualifying vehicle and its value to the treasurer of the locality.

102 C. Except as provided by subsection B of § 58.1-3528, upon full payment of the tangible personal  
103 property tax levied on a qualifying vehicle, less the amount of the deduction, as described in subsection  
104 B of this section, the treasurer shall make a request to the Commonwealth for payment of the amount  
105 equal to the amount specified in subdivisions B 2 through B 5 *or subsection E, whichever is applicable*,  
106 of § 58.1-3524 for the qualifying vehicle. Such request shall include a summary of the information  
107 appearing on the related tangible personal property tax bill. The summary information to be included in  
108 the request and the form of such request shall be prescribed by the Comptroller. Upon receipt of such  
109 information, the Comptroller shall issue the proper warrant for payment by the State Treasurer. If the  
110 Comptroller determines that a treasurer is unable to provide the summary information, he shall issue a  
111 warrant for payment to such treasurer in an amount equal to the estimate made by the Department under  
112 § 58.1-3529. Provided that the request for payment is received by the deadlines established and in the  
113 format prescribed by the Comptroller, he shall issue the warrant for payment no later than two business  
114 days after the receipt of the request from the treasurer.

115 D. 1. If a taxpayer is required to make a payment for the difference between the tangible personal  
116 property tax levied on a qualifying vehicle and the deduction as described in subsection B, the amount  
117 as determined under subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of  
118 § 58.1-3524 for such qualifying vehicle shall be paid by the Commonwealth to the treasurer at such  
119 times as are consistent with the treasurer's receipt of tangible personal property tax payments on

qualifying vehicles as of January 1, 1998.

2. Except as provided in subdivision D 3, if a taxpayer is not required to return to the treasurer any payment of tangible personal property tax for a qualifying vehicle, the amount as determined under subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of § 58.1-3524 for such qualifying vehicle shall be paid by the Commonwealth to the treasurer over a four-week period. There shall be one equal payment in each week. The first payment shall be made four weeks prior to the county, city, or town's due date for tangible personal property taxes on qualifying vehicles as of January 1, 1998. However, the Comptroller shall not issue a warrant for payment unless he has received the certification described in § 58.1-3916.01.

3. If (i) a taxpayer is not required to return to the treasurer any payment of tangible personal property tax for a qualifying vehicle and (ii) the tangible personal property tax levy on such vehicle has been made as authorized under § 58.1-3516, the amount as determined under subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of § 58.1-3524 for such qualifying vehicle shall be paid by the Commonwealth to the treasurer at such times as are consistent with the treasurer's receipt of tangible personal property tax payments on qualifying vehicles as of January 1, 1998.

E. In addition to the summary information described in subsection C, the treasurer shall provide any additional information related to qualifying vehicles to the Department. Such additional information shall be prescribed in the guidelines promulgated under § 58.1-3532.

§ 58.1-3528. Interest; Commonwealth to make payments when taxes paid in full.

A. Payments to taxpayers and treasurers under this chapter shall not include interest.

B. The Commonwealth shall not make the reimbursement to a taxpayer, as provided under § 58.1-3525, unless the tangible personal property taxes for the related qualifying vehicle have been paid in full.

C. The Commonwealth shall not make the reimbursement to a treasurer, as provided under subsection C of § 58.1-3526, unless the tangible personal property taxes for the related qualifying vehicle, if in excess of five dollars, have been paid in full.

D. Notwithstanding the provisions of subsections B and C of this section, if a county, city, or town has entered into an agreement with a taxpayer under which such taxpayer is allowed to satisfy the tangible personal property tax liability on a qualifying vehicle in installment payments, due to financial hardship, the Commonwealth shall pay the respective amount specified in subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of § 58.1-3524 for such vehicle to the treasurer if the taxpayer has paid at least fifty percent of such tangible personal property tax liability.

§ 58.1-3531. Full payment of tangible personal property tax on qualifying vehicles not made.

Beginning in tax year 1999, notwithstanding any other provision of law, general and special, including the provisions of the charter of any county, city, or town:

1. If a taxpayer fails to make the payment described in subsection B of § 58.1-3526 by its due date or fails to comply with the filing requirements for qualifying vehicles under §§ 58.1-3518 and 58.1-3518.1, no interest may be imposed on any amount to be paid by the Commonwealth as determined under subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of § 58.1-3524. In calculating penalties to be imposed on the taxpayer for failure to make the payment described in subsection B of § 58.1-3526 by its due date or for failure of the taxpayer to comply with the filing requirements for qualifying vehicles under §§ 58.1-3518 and 58.1-3518.1, the treasurer may take into consideration the full amount of the tangible personal property tax levied including any amount to be paid by the Commonwealth as determined under subdivisions B 2 through B 5 *or subsection E, whichever is applicable*, of § 58.1-3524 and any other relevant information.

2. If a taxpayer (i) fails to comply with the filing requirements for a qualifying vehicle under §§ 58.1-3518 and 58.1-3518.1 and (ii) is not required to return to the treasurer any payment of tangible personal property tax for such vehicle, no new or replacement local motor vehicle license for such vehicle, as described in Article 11 (§ 46.2-750 et seq.) of Chapter 6 of Title 46.2 shall be issued until the taxpayer complies with such filing requirements.

§ 58.1-3536. Limitation on payments to treasurers.

A. The Governor shall not submit any budget bill pursuant to subsection A of § 2.2-1509 or any amendments to a general appropriation act pursuant to subsection B of § 2.2-1509 for fiscal year 2000-2001 or any fiscal year thereafter that propose the appropriation of an amount that exceeds a total of eight and one-half percent of the amount of total general fund revenues available for appropriation for payments in any fiscal year to treasurers pursuant to § 58.1-3526.

B. If a general fund revenue forecast provided by the Governor in December of any year pursuant to § 2.2-1503 indicates that the appropriation of funds for payments to treasurers at the level stated in the Commissioner's certificate made pursuant to subsection B of § 58.1-3533 would exceed such eight and one-half percent limitation, then the percentage amount determined under subsection B *or E, whichever is applicable*, of § 58.1-3524 shall be reduced to a percentage of the reimbursable amount of each

181 qualifying vehicle, to be determined by the Department, that would require the amount to be paid by the  
182 Commonwealth to treasurers for payments to treasurers to not exceed such eight and one-half percent  
183 limitation. Upon determining such reduced percentage, the Department shall notify treasurers of the  
184 reduced percentage.

185 C. For any tax year corresponding to the fiscal year for which the percentage of payment is reduced  
186 as provided in subsection B, the Commonwealth shall pay to treasurers the reduced percentage of the  
187 reimbursable amount of each qualifying vehicle, if the conditions of subsections B through E of  
188 § 58.1-3526 are satisfied.

189 D. Treasurers shall include the product obtained by multiplying the reduced percentage by the  
190 reimbursable amount for the qualifying vehicle as a deduction on tangible personal property tax bills for  
191 such tax year. However, if the percentage for the current tax year is reduced after a locality has mailed  
192 its tangible personal property tax bills for qualifying vehicles for such tax year, the locality may issue an  
193 additional assessment for the amount of the difference between the percentage amount for the tax year  
194 reflected on the original assessment and the reduced amount of the deduction. If the percentage for the  
195 current tax year is reduced before a locality has mailed its tangible personal property tax bills for  
196 qualifying vehicles for such tax year, the locality may adjust each taxpayer's tangible personal property  
197 tax bill to reflect the reduced amount of the deduction.