

Department of Taxation 2003 Fiscal Impact Statement

1. Bill Number HB1414

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Janis

3. Committee Finance

4. Title Personal property tax; privately owned vehicle.

5. Summary/Purpose:

Personal property tax; privately owned vehicle. Add language to the definition of the term "privately owned" so that a vehicle held in trust for a natural person will qualify for the car tax phase out.

6. Fiscal Impact Estimates are preliminary.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$26,790	0	SF
2003-04	\$28,724	0	SF
2004-05	\$30,797	0	SF

7. Budget amendment necessary: Yes - Chapter 899 Item 510A.1

8. Fiscal implications: Fiscal impact is based on the assumption that the reimbursement rate remains constant at 70%. Forecasts provided by the Department of Taxation. Increase the amount of tax relief provided by the Commonwealth to taxpayers by the amounts shown in the fiscal impact statement.

9. Specific agency or political subdivisions affected: All cities, counties and towns that assess personal property taxes.

10. Technical amendment necessary: Not at this time.

11. Other comments: This amendment assists Commissioners of the Revenue determine a qualifying vehicle for tax relief. Questions on vehicles held in a "Living Trust" have been ongoing since the program was implemented in 1998.

An opinion was requested from the Attorney General as a result of this issue. The AG opinion was a strict interpretation of the current statute and did not specifically give the Commissioners of the Revenue direction on whether or not they should qualify a vehicle held in a Living Trust for tax relief. The opinion reiterated that the responsibility rested with the Commissioners of the Revenue on determining whether or not a vehicle should be qualified.

The Commissioners of the Revenue adopted an informal policy in 1998. This informal policy indicated that the vehicle in question would qualify for tax relief if the personal property taxes on the vehicle were paid by the individual and the vehicle was used by the individual for personal use.

Date: 01/13/03/dmvjag

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cc:Secretary of Transportation