

Department of Planning and Budget 2003 Fiscal Impact Statement

1. **Bill Number** HB2537

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron** Louderback

3. **Committee** Passed both houses

4. **Title** Motor vehicle sales and use tax; casual sales.

5. **Summary/Purpose:**

The proposed legislation sets out procedures to be used by the Department of Motor Vehicles (DMV) in determining the amount of motor vehicle sales and use tax owed in the case of a sale of a used vehicle between private persons, neither of whom is a licensed dealer. If the vehicle is more than five years old, the DMV commissioners shall determine the evidence needed to establish the total sale price. If the vehicle is less than five years old and is listed in a recognized pricing guide, the total sale price, for the purpose of determining the motor vehicle sales and use tax, shall be the value listed in the guide, less \$1,500. However, if the purchaser of the vehicle executes an affidavit under penalty of perjury stating a lesser total sale price, DMV shall use that sale price as a basis for determining the tax owed.

6. **Fiscal Impact:** Final.

Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$2.5 - \$3.5 million		NGF
2004-05	\$2.5 - \$3.5 million		NGF

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

8. **Fiscal implications:** The fiscal impact of this legislation is uncertain. The Department of Motor Vehicles (DMV) estimates that the bill will generally increase the reported values of vehicles sold between private parties and thus significantly increase revenues. The bill as written will require only minimum system changes to modify the manner in which Motor Vehicle Sales and Use Tax (MVSUT) is calculated, with minimal costs to the agency. It should be noted that any additional revenues would be distributed to the Department of Transportation (VDOT) for use as highway maintenance and operating funds and transportation trust funds.

9. **Specific agency or political subdivisions affected:** Department of Motor Vehicles, Department of Transportation.

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

11. **Other comments:** None.

Date: 02/21/03MEM

Document: G:\LEGIS\MemFis\HB2537er.DOC DickHall -Sizemore
cc:SecretaryofTransportation