

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Colgan

3. **Committee** House Finance

4. **Title** Business Personal Property Tax: Situs for
Assessment of Business' Motor Vehicles

2. **Bill Number** SB 1033

House of Origin:

☐ **Introduced**

☐ **Substitute**

☐ **Engrossed**

Second House:

☒ **In Committee**

☐ **Substitute**

☐ **Enrolled**

5. **Summary/Purpose:**

This bill would provide that the situs for business vehicles with a weight of 10,000 pounds or less registered in Virginia and used in a business shall be the jurisdiction in which the owner of such business: (1) is required to file a tangible personal property tax return for any vehicle used in the business, and (2) has a definite place of business from which the use of the business vehicle is directed or controlled. In addition, the owner must have sufficient evidence that he has paid the personal property tax to such jurisdiction.

Current law provides that for purposes of the tangible personal property tax, vehicles shall be assessed by the jurisdiction in which they are normally garaged, docked or parked. It makes no distinction between business vehicles and personal vehicles.

The effective date of this bill is not specified.

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 revenue. This bill may result in some shifting of business personal property tax revenue between affected jurisdictions. Under this bill, a business' vehicles would be subject to personal property taxation in the jurisdiction in which the business is located and not necessarily in the jurisdiction in which they are garaged.

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

All localities

10. **Technical amendment necessary:** None.

11. Other comments:

For purposes of the local tangible personal property tax, all vehicles are assessed by the jurisdiction in which they are normally garaged, docked or parked, whether they are personal vehicles or vehicles belonging to a business. In some cases, however, vehicles owned by businesses and used for business purposes are kept by employees or owners in their own garages. These garages may be in another jurisdiction that has no nexus with the business. This bill would ensure that the vehicles, which are property of the business, are taxed by the jurisdiction in which the business is located.

This bill is similar to HB 2323.

cc: Secretary of Finance

Date: 01/30/03/SLR

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