

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** Mark L. Cole

2. **Bill Number** HB 1030

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Senate Finance

4. **Title** Tangible Personal Property: Classifications
for Taxation

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would add privately owned trailers that are used by farmers in their farming operations for the transportation of farm animals or other farm products to the list of farm property that a locality may, by ordinance, exempt or tax at a different rate from tangible personal property taxation. In addition, under the classification for tangible personal property that may be taxed only at a different rate, this bill would clarify that the definition of privately owned trailers designed and used for the transportation of horses does not include trailers used by farmers in their farming operations.

The effective date of this bill is not specified.

6. **No Fiscal Impact**

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. Taxing the tangible personal property in these classifications at a different rate than that applicable to the general class of tangible personal property is a local option. Therefore, it is not possible to determine the impact on local revenues.

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

All localities.

10. Technical amendment necessary: No.

11. Other comments:

Virginia Code § 58.1-3505(A) provides for the special classification of farm animals, grains and other feeds used for the nurture of farm animals, farm machinery, and farm implements and equipment for purposes of tangible personal property taxation. This bill would include privately owned trailers used to transport farm animals, feed grains and grain, tobacco, wine and other agricultural products by farmers in the farming operations. Under this section, localities may provide, by ordinance, for the exemption, partial exemption a special rate of taxation on any or all of the goods in this classification. Localities also may elect to tax any or all of these items at a rate not to exceed the rate applied to the general class of tangible personal property.

Virginia Code § 58.1-3506 provides for special classification of certain non-farm items of tangible personal property. These items may be taxed at a rate not to exceed that applicable to the general class of tangible personal property; however, such items may not be exempted from tax. This bill would clarify that the special classification for privately owned horse trailers would exclude any trailers used by farmers in their farming operations.

cc : Secretary of Finance

Date: 2/17/2004/AMS