

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron Robert D. Orrock, Sr.

3. Committee House Finance

4. Title Local Tangible Personal Property Tax;
Special Classification for Certain Motor
Vehicles.

2. Bill Number HB 143

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize localities to increase from one to two the number of motor vehicles that are eligible for inclusion in the special classifications of tangible personal property for motor vehicles owned or leased by members and auxiliary members of volunteer rescue squads and volunteer fire departments that localities may tax at lower rates than applicable to the general class of tangible personal property in the locality.

Under current law, only one vehicle per member is eligible for this special classification.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have a negative revenue impact on those localities that choose to enact a lower tax rate for a second vehicle because more property would be subject to tax at a lower rate for the local tangible personal property tax. To the extent that additional vehicles are taxed at a lower rate, this bill would have a minimal impact on the cost of the car tax relief program to the Commonwealth.

9. Specific agency or political subdivisions affected:

All counties, cities and towns.

10. Technical amendment necessary: No.

11. Other comments:

Under current law, localities are authorized to enact a special classification of tangible personal property for one vehicle owned or leased by certain members of volunteer rescue squads and fire departments and another special classification for one vehicle owned or leased by certain members of volunteer rescue squad and fire department auxiliaries. Localities may tax property in these special classifications at lower rates than applicable to the general class of tangible personal property in the locality. This bill would authorize localities to tax up to two vehicles owned or leased by members of volunteer rescue squads and fire departments and their auxiliaries at a lower rate.

SB 349 would increase from one to two the number of motor vehicles that are eligible for inclusion in these special classifications in households containing both a member and an auxiliary member of a volunteer rescue squad or a volunteer fire department.

cc : Secretary of Finance

Date: 1/20/2004 JEM