

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. **Patron** Albert C. Pollard, Jr.

2. **Bill Number** HB 2686

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Senate Finance

4. **Title** Local Property Tax: Valuation of
Commercial Fishing Vessels

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would include boats and watercraft regularly used in a commercial fishing business, operated by a commercial fisherman, as a separate class of property for valuation and tax rate purposes.

The effective date of this bill is not specified.

6. **No Fiscal Impact:** See Line 8.

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

8. Fiscal implications:

This bill would have no impact on state revenues. This bill may have a positive or negative impact on local revenues depending on the method currently used by localities to set valuation of commercial fishing boats and the property tax rate assigned to commercial fishing boats.

9. Specific agency or political subdivisions affected:

All localities that impose a local property tax on commercial fishing vessels.

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

11. Other comments:

For valuation purposes, current law provides separate classifications for local property tax purposes for any boat or vessel weighing five tons or more and for boats weighing under five tons. Boats weighing under five tons are valued by means of a recognized pricing guide or a percentage of the original cost. Boats or watercraft weighing over five tons are valued by a percentage of original cost. This bill would create a separate classification for

local property tax purposes applicable to all commercial fishing boats, operated by a commercial fisherman, regardless of the boat's weight.

This bill would require that all boats or vessels regularly used in a commercial fishing business, operated by a commercial fisherman, be valued based on a percentage of original cost, regardless of its weight. The current valuation methods applicable to both private and commercial boats are dependent on the boat's weight.

In addition, for local property tax rate purposes, boats and vessels used in a commercial fishing business and operated by a commercial fisherman as defined in *Va. Code* § 28.1-241 would be classified separately. "Commercial fisherman" means any person who fishes the tidal waters using any gear and sells, trades or barter his catch or gives his catch to another to be sold, traded or bartered.

This bill would allow localities to tax boats and vessels used in a commercial fishing business differently than boats or vessels used either for recreation or for other business purposes.

Senate Bill 1273 would provide for a separate classification for any boat or watercraft that weighs less than five tons and is used solely for business purposes.

cc : Secretary of Finance

Date: 2/10/2005 WBS
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