

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. Patron Nick Rerras

2. Bill Number SB 1273

3. Committee Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. Title Local Property Tax: Separate
Classification of Boats or Watercraft
Weighing Less Than Five Tons and
Used Only For Business Purposes

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide a separate classification of tangible personal property for any boat or watercraft than weighs less than five tons and is used solely for business purposes.

The effective date of this legislation is not specified.

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

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill will have no impact on state revenues. Unless a locality elects to change the tax rate applicable to this class of watercraft and boats weighing less than five tons that is used solely for businesses purposes, to a rate different than the rate applicable to the general class of tangible personal property or other boats, there will be no effect on local revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

For tax rate purposes, this bill would provide a separate classification of tangible personal property for any boat or watercraft that weighs less than five tons and is used solely for business purposes. Currently, there are separate classifications for boats weighing five tons or more, and for privately owned pleasure boats, 18 feet and over in length that are used for recreational purposes. By adding a special classification for boats and watercraft weighing less than five tons and used for business purposes only, a locality would have the flexibility to apply a different tax rate to each of the three classes of boats and

watercraft. There are 32 categories of property that are classified as separate classes of tangible personal property that can be taxed by a locality at a lower rate than the general rate imposed on tangible personal property. This bill will give localities an option of imposing a different tax rate on these types of boats and watercraft.

cc : Secretary of Finance

Date: 1/23/2005 SM
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