

069211496

HOUSE BILL NO. 1290**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on February 6, 2006)

(Patron Prior to Substitute—Delegate Saxman)

*A BILL to amend and reenact § 58.1-3507 of the Code of Virginia, relating to the taxation of property utilized in manufacturing.***Be it enacted by the General Assembly of Virginia:****1. That § 58.1-3507 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-3507. Certain machinery and tools segregated for local taxation only; notice prior to change in valuation, hearing.

A. Machinery and tools, except machinery and equipment used by farm wineries as defined in § 4.1-100, used in a manufacturing, mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry business shall be listed and are hereby segregated as a class of tangible personal property separate from all other classes of property and shall be subject to local taxation only. The rate of tax imposed by a county, city or town on such machinery and tools shall not exceed the rate imposed upon the general class of tangible personal property.

B. Machinery and tools segregated for local taxation pursuant to subsection A, other than energy conservation equipment of manufacturers, shall be valued by means of depreciated cost or a percentage or percentages of original total capitalized cost excluding capitalized interest. *In valuing machinery and tools, the commissioner of the revenue shall, upon the written request of the taxpayer, consider any bona fide, independent appraisal presented by the taxpayer.*

Whenever the commissioner of the revenue proposes to change the means of valuing machinery and tools, such proposed change shall be published in a newspaper having general circulation in the affected locality at least 30 days before the proposed change would take effect and the citizens of the locality shall be allowed to submit written comments, during the 30-day period, to the commissioner of the revenue regarding the proposed change.

C. All motor vehicles which are registered pursuant to § 46.2-600 with the Department of Motor Vehicles and owned by persons engaged in those businesses set forth in subsection A shall be taxed as tangible personal property by the county, city or town in accordance with the provisions of this chapter. All other motor vehicles and delivery equipment owned by persons engaged in those businesses set forth in subsection A shall be included in and taxed as machinery and tools.

2. That the Tax Commissioner convene a working group consisting of representatives of the Virginia Manufacturers Association, the Virginia Poultry Federation, the Printing Industries of Virginia, the Virginia Chamber of Commerce, the Virginia Association of Counties, the Virginia Municipal League, and the Commissioners of the Revenue Association of Virginia, to consider and report in writing to the Tax Commissioner, with copies of the report delivered to the Chairman of the House Committee on Finance and to the Chairman of the Senate Committee on Finance, not later than November 1, 2006, as to (i) the feasibility of, and fiscal impacts upon local governments associated with, transitioning to a uniform method of assessment of machinery and tools, and potential assessment methods suitable for uniform statewide application; (ii) the feasibility of, and fiscal impacts upon local governments associated with, adopting uniform criteria for evaluating and applying claims of technological obsolescence; (iii) proposed guidelines establishing minimum standards for appraisals of machinery and tools submitted pursuant to the amendments to § 58.1-3507 of the Code of Virginia made pursuant to this act; and (iv) the feasibility of, and fiscal impact upon local governments associated with, implementing a uniform method for classification of machinery and tools that are idle or stored as capital, and potential classification criteria suitable for uniform statewide application.