

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB5025

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Potts

3. Committee Finance

4. Title Tangible personal property tax relief; repealed

5. Summary/Purpose: Repeals tangible personal property tax relief on passenger cars, motorcycles, and pickup or panel trucks for tax years beginning on or after January 1, 2008. Under the bill, the annual \$950 million currently dedicated for tangible personal property tax relief would be appropriated for transportation purposes.

6. Fiscal Impact Estimates are: Preliminary, see Item 8 below

7. Budget amendment necessary: No budget amendment is necessary in the current Appropriation Act (Chapter 3, 2006 Acts of Assembly, Special Session I).

8. Fiscal implications: There is no general fund impact of this bill to the current Appropriation Act. This bill will not yield \$950 million for transportation during the current biennium because § 58.1-3524 of the *Code of Virginia* stipulates that the amount appropriated in the current Appropriation Act for fiscal year 2008, is intended to make payments to localities for tax year 2007 (January 1, 2007, to December 31, 2007). This bill would end these general fund payments to localities beginning with tax year 2008. Amounts payable for tax year 2008 would be paid to localities from appropriations included for fiscal year 2009 which is not included in the current Appropriation Act.

In budgets for future biennia, the \$950 million general fund appropriation that is currently included in Central Appropriations (Item 459 of the current Appropriation Act) would be eliminated and appropriated elsewhere (in the Transportation Secretariat) for transportation uses, resulting in a net-zero impact to the general fund appropriation in the budget.

This statement of fiscal implication applies to the state budget alone and does not take into account the impact on local government or taxpayers.

9. Specific agency or political subdivisions affected: Department of Taxation, Department of Accounts, and all local governments.

10. Technical amendment necessary: None

11. Other comments: None

Date: 09/21/06 / jdh

Document: G:\2007Session\SpecialSessionLegislation\SB5025.Doc

cc: Secretary of Finance