

DEPARTMENT OF TAXATION 2008 Fiscal Impact Statement

- | | |
|--|--|
| 1. Patron Joseph P. Johnson, Jr. | 2. Bill Number <u>HB 869</u> |
| | House of Origin: |
| | <input type="checkbox"/> Introduced |
| | <input type="checkbox"/> Substitute |
| | <input type="checkbox"/> Engrossed |
| 3. Committee Passed House and Senate | |
| 4. Title Tangible Personal Property Taxes;
Uncollected Vehicle Taxes Added to Lists
Maintained by Treasurer | Second House: |
| | <input type="checkbox"/> In Committee |
| | <input type="checkbox"/> Substitute |
| | <input checked="" type="checkbox"/> Enrolled |

5. Summary/Purpose:

This bill would require that the Treasurer furnish to local governing bodies a list of uncollected balances of personal property taxes on vehicles that (i) were owned by taxpayers, now deceased, upon whose estates no qualification has been made, or (ii) were transferred to bona fide purchasers for value without knowledge, on the part of the persons who made the transfer, of the unpaid taxes. This bill would also require that the Treasurer be given credit for all uncollected taxes shown on the list, thus relieving the Treasurer of any further duty to collect such taxes.

Under current law, the Treasurer is required to create lists for six separate categories of delinquent or uncollectible taxes within 60 days of the end of the fiscal year, including the category for uncollected balances of personal property taxes on certain vehicles, as set forth above. The current statute requires that, upon request by a governing body of any locality, the Treasurer must furnish a copy of any of the first five separate categories of uncollected or delinquent taxes maintained by the Treasurer. The statute does not currently require the Treasurer to furnish to local governing bodies the sixth category, consisting of uncollected balances of personal property taxes on certain vehicles, as set forth above.

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 no impact on state revenues. The impact of this bill on local revenues is unknown. As this bill would relieve the Treasurer of any further duty to collect certain delinquent taxes, localities may experience a decrease in administrative costs associated with collecting delinquent taxes that may be of doubtful collectibility.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Generally

Under *Va. Code*, § 58.1-3921, the Treasurer of each locality is required to create lists for six categories of uncollected and delinquent taxes no later than 60 days after the end of the fiscal year. The categories of delinquent or uncollected taxes include:

1. Real estate improperly placed or not ascertainable on the commissioner's land book with the amount of taxes charged;
2. Other real estate which is delinquent for nonpayment of the taxes on the property;
3. Uncollected taxes assessed on tangible personal property, machinery and tools and merchant's capital, and other subjects of local taxation other than real estate;
4. Uncollected taxes amounting to less than twenty dollars each for which no bills were sent;
5. Uncollected balances of previously billed taxes amounting to less than twenty dollars each, which the treasurer has determined that the costs of collecting would exceed the amount recoverable, along with any balance the treasurer has reason to believe that the taxpayer purposely paid less than the amount owed.
6. Uncollected balances of previously billed taxes on vehicles that (i) were owned by taxpayers, now deceased, upon whose estates no qualification has been made, or (ii) were transferred to bona fide purchasers for value without knowledge on the part of the persons so transferring of the unpaid taxes.

The 2007 General Assembly enacted House Bill 2390 (*Acts of Assembly 2007*, Chapter 867), which added the sixth category of uncollected balances of previously billed taxes on certain vehicles, as set forth above, to the list of uncollected taxes which the Treasurer must create no later than 60 days after the end of the fiscal year. Although the list was extended to include this category, *Va. Code* § 58.1-3924 was not updated to require the Treasurer to furnish this new category of information to governing bodies of localities upon their request.

Proposal

This bill would update *Va. Code* § 58.1-3924 to require that the Treasurer furnish to local governing bodies, upon their request, a list containing uncollected balances of previously billed taxes on certain vehicles, as set forth in *Va. Code*, § 58.1-3921, added as a result of House Bill 2390. This bill would also require that the Treasurer be

given credit for all uncollected taxes shown on the list, thus relieving the Treasurer of any further duty to collect such taxes.

cc : Secretary of Finance

Date: 3/3/2008 KP
DLAS File Name: HB869FER161.doc