

# DEPARTMENT OF TAXATION

## 2008 Fiscal Impact Statement

1. **Patron** Mark R. Herring

2. **Bill Number** SB 192

3. **Committee** Passed House and Senate

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Personal Property Tax; Extension of Sunset  
Date for Classification of Personal Property  
Used in Manufacturing, Testing, or Operating  
Satellites in Multicounty Transportation  
Improvement Districts

**Second House:**

☐ In Committee

☐ Substitute

☒ Enrolled

### 5. **Summary/Purpose:**

This bill would extend the sunset date from June 30, 2009 to June 30, 2019 for the separate classification, for personal property tax rate purposes, of tangible personal property used in manufacturing, testing or operating satellites within a Multicounty Transportation Improvement District.

Under current law, tangible personal property used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District is separately classified for purposes of local personal property taxation, provided that such business personal property is put into service within the District on or after July 1, 1999. This separate classification is currently set to expire on the earlier of June 30, 2009, or the date on which a special improvements tax on real property in a Multicounty Transportation Improvement District is no longer levied in accordance with *Va. Code* § 15.2-4607.

The effective date of this bill is not specified.

### 6. **No Fiscal Impact**

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

### 8. **Fiscal implications:**

This bill would have no impact on state revenues. Localities within a Multicounty Transportation Improvement District that have, in the past, chosen to tax personal property used in manufacturing, testing, or operating satellites at a tax rate lower than that applicable to localities' general class of tangible personal property will not experience any change in revenues beyond the decrease already experienced as a result of the separate classification.

### 9. **Specific agency or political subdivisions affected:**

Localities within a Multicounty Transportation Improvement District

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

**11. Other comments:**

Background:

Generally, tangible personal property is classified, for personal property tax valuation purposes, according to eighteen separate categories. These categories are not considered separate classes for rate purposes; however, methods of valuing property may differ among separate categories, provided that each method used is uniform within each category. Categories include, but are not limited to farm animals, farm machinery, trucks of less than two tons, manufactured homes, antique motor vehicles used for general transportational purposes, taxicabs, motorcycles, and household goods and personal effects.

Under *Va. Code* § 58.1-3506, the governing body of any county, city or town is authorized to levy a tax on certain separately classified tangible personal property at different rates than those rates imposed on generally classified tangible personal property, such as those set forth above. The provision identifies the various separate classifications and places limitations on the rates that can be imposed by counties, cities and towns. For example, separate classifications are available for boats or watercraft weighing five tons or more, certain aircraft, antique automobiles, certain heavy construction machinery, and certain computer hardware, provided that the tax rate on these items does not exceed that levied on other classifications of tangible personal property. In addition, tangible personal property used in research and development of businesses and certain energy conversion equipment used in manufacturing are segregated as separate classes of tangible personal property, conditioned upon the assessment ratio and the tax not exceeding that applicable to machinery and tools. Currently, there are thirty-seven categories of tangible personal property that are classified as separate classes of property for rate purposes.

One particular separate classification has been dedicated to tangible personal property that is used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District, provided that such personal property is business property and is put into service within the District on or after July 1, 1999. Transportation improvement districts, created pursuant to resolutions by boards of supervisors of adjoining counties, are created to facilitate regional transportation initiatives. These districts are authorized to levy and collect special improvements taxes on taxable real estate zoned for commercial or industrial use or used for such purposes, as well as taxable leasehold interests located within the transportation improvement districts. Any district can be abolished by resolutions passed by each board of supervisors upon the joint petition of the commission and the owners of at least fifty-one percent of the land area located within the district in each county.

The separate classification for tangible personal property used in manufacturing, testing or operating satellites within a Multicounty Transportation Improvement District is set to expire at the earlier of June 30, 2009, or the date that a special improvements tax is no longer levied under *Va. Code* § 15.2-4607 on property within a Multicounty Transportation Improvement District.

## Proposal

This bill would extend the sunset date for the separate classification available for tangible personal property used in manufacturing, testing or operating satellites within a Multicounty Transportation Improvement District from its current date of June 30, 2009 to June 30, 2019. If the transportation district chose to abolish the special improvements tax before June 30, 2019, the separate classification would expire.

## Similar Legislation

**House Bill 625** is identical to this bill.

cc : Secretary of Finance

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