

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** John A. Cosgrove

3. **Committee** House Finance

4. **Title** Personal Property Tax; Valuation of
Automobiles

2. **Bill Number** HB 1652

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that for the purposes of the personal property tax, when a vehicle is valued by the locality at a percentage of original cost because the automobile is not listed in a recognized pricing guide, the taxpayer may present the commissioner of the revenue with proof of original cost, less any rebate.

Under current law, automobiles are generally valued by means of a recognized pricing guide, or if the model and year of the automobile is not listed in the recognized pricing guide, the automobile is valued on the basis of percentage or percentages of original cost.

If the automobile is not listed in the recognized pricing guide, the taxpayer may present the local commissioner proof of the original cost, and the basis of the tax for purposes of the Motor Vehicle Sales and Use Tax constitutes proof of original cost. Under current law, original cost is not reduced by any rebates.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. This bill may result in an unknown revenue loss to localities to the extent that the value of automobiles based on the original cost is reduced by rebates for the purposes of the personal property tax.

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

All localities

10. Technical amendment necessary: Yes.

If the intent of this bill is to require localities to deduct rebates from original cost when valuing automobiles not listed in a recognized pricing guide, the following technical amendments are suggested:

Page 1, Line 20, After original cost
Insert: less any rebates

Page 1, Line 28, After § 58.1-2405
Insert: less any rebates

11. Other comments:

Current Law

Under current law, in general, when valuing automobiles for purposes of the personal property tax, localities must value automobiles by means of a recognized pricing guide if the model and year of the individual automobile are listed in the guide. If the model and year of the automobile is not listed in the recognized pricing guide, the automobile may be valued on the basis of percentage or percentages of original cost. The taxpayer may present the commissioner of the revenue proof of the original cost, and the basis of the tax for purposes of the Motor Vehicle Sales and Use Tax constitutes proof of original cost. The original cost is not reduced by any rebates received by the owner. If the percentage or percentages of original cost do not accurately reflect fair market value, or if the taxpayer does not supply proof of original cost, then the commissioner may select another method which establishes fair market value.

The Motor Vehicle Sales and Use Tax is levied on a vehicle's gross sales price. The gross sales price is the total price paid for a motor vehicle without any allowance or deduction for credits for trade-ins, rebates, unpaid liens or other unpaid credits.

Proposal

This bill would provide that for the purposes of the personal property tax, when a vehicle is valued by the locality at a percentage of original cost because the automobile is not listed in a recognized pricing guide, the taxpayer may present the commissioner of the revenue with proof of original cost, less any rebate.

The effective date of this bill is not specified.

cc : Secretary of Finance

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