

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Richard L. Anderson

3. **Committee** House Finance

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

2. **Bill Number** HB 2232

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require localities to value all automobiles, trucks and other highway vehicles for purposes of the personal property tax using the lowest value specified in the National Automobile Dealers Association pricing guide for the model and year of the vehicle.

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.

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 would result in an unknown positive or negative revenue impact on localities to the extent that the lowest value specified in the National Automobile Dealers Association pricing guide differs from valuation provided by the recognized pricing guide currently used by each locality.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

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 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.

Proposal

This bill would require localities to value all automobiles, trucks and other highway vehicles for purposes of the personal property tax using the lowest value specified in the National Automobile Dealers Association pricing guide for the model and year of the vehicle.

According to *Virginia Local Tax, Rates 2009*, published by the Weldon Cooper Center for Public Service, while all localities use the National Automobile Dealers' Association's Official Used Car Guide as their primary valuation guide for cars and sport utility vehicles, when the vehicle is not listed in that guide, localities report using the Kelley Blue Book, the Black Book, Department of Motor Vehicles Reports, and the MacLean Hunter Market Reports.

The effective date of this bill is not specified.

Similar Legislation

House Bill 1652 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 to the commissioner proof of original cost, less any rebate.

cc : Secretary of Finance

Date: 1/16/2011 AM
DLAS File Name: HB2232F161.doc