

**DEPARTMENT OF TAXATION
2013 Fiscal Impact Statement**

1. Patron Ronald A. Villanueva

2. Bill Number HB 1522

3. Committee Passed House and Senate

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. Title Tangible Personal Property Tax; Separate
Classification for Certain Vehicles Leased by
Localities or Constitutional Officers

Second House:

☐ In Committee

☐ Substitute

☒ Enrolled

5. Summary/Purpose:

This bill would allow motor vehicles leased by a county, city, town or constitutional officer to be separately classified for purposes of the Tangible Personal Property Tax, provided that the locality or constitutional officer is obligated by the lease to pay the vehicle's tangible personal property tax. Localities would be permitted to tax these vehicles at a rate not to exceed the rate applicable to the general class of tangible personal property. The bill would also mandate that motor vehicles that fall under multiple classifications be taxed at the lowest rate assigned to such classifications.

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. To the extent that a locality elects to tax vehicles leased by localities or constitutional officers at a lower rate, and to the extent that motor vehicles subject to multiple classifications are taxed at a lower rate, the bill would result in a decrease in local revenue.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Background

Currently, there are forty-one categories of property that are separately classified for purposes of the Tangible Personal Property Tax, thirty-six of which can be taxed at a rate not to exceed the general rate imposed on tangible personal property, four of which can be taxed at a rate not to exceed the general rate imposed on machinery and tools, and one that may be taxed at a rate equal to the general rate imposed on real property.

Under current law, there are 16 different classifications of tangible personal property for motor vehicles for rate purposes.

- Antique motor vehicles;
- Privately owned vans with a seating capacity of not less than seven, nor more than 15;
- Motor vehicles specially equipped to provide transportation for physically handicapped individuals;
- Motor vehicles owned by a nonprofit organizations and used to deliver meals to homebound persons or provide transportation to senior or handicapped citizens in the community;
- Privately owned camping trailers, and privately owned travel trailers used for recreational purposes or for the transportation of horses;
- One motor vehicle owned and regularly used by a disabled veteran;
- Motor vehicles which use clean special fuels;
- Motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more used to transport property for hire by a motor carrier engaged in interstate commerce;
- Privately owned motor homes used for recreational purposes only;
- Low-speed vehicles;
- Motor vehicles with a seating capacity of not less than 30 persons;
- Motor vehicles powered solely by electricity;
- Motor vehicles owned or leased by members of a volunteer rescue squad or volunteer fire department;
- Motor vehicles owned or leased by auxiliary members of a volunteer rescue squad or volunteer fire department;
- Motor vehicles owned or leased by persons who have been appointed to serve as auxiliary police officers; and
- Motor vehicles owned or leased by auxiliary, reserve, volunteer, or special deputy sheriffs;

In order for vehicles leased by volunteer rescue squads, auxiliary police officers, and auxiliary, reserve, volunteer or special deputy sheriffs to fall under the separate classifications set forth above, such individuals must be obligated by the terms of the lease to pay the tangible personal property tax on the vehicle.

Proposal

This bill would allow motor vehicles leased by a county, city, town or constitutional officer to be separately classified for purposes of the Tangible Personal Property Tax, provided that the locality or constitutional officer is obligated by the lease to pay the vehicle's tangible personal property tax. The *Constitution of Virginia* sets out the five locally-elected officials that are often referred to as "constitutional officers," which include sheriffs, Commonwealth's Attorneys, Circuit Court Clerks, Commissioners of the Revenue, and Treasurers. Localities would be permitted to tax vehicles leased by localities or by these officers at a rate not to exceed the rate applicable to the general class of tangible personal property. The bill would also mandate that motor vehicles that fall under multiple classifications be taxed at the lowest rate assigned to such classifications.

The effective date of this bill is not specified.

Similar Legislation

House Bill 1699 and Senate Bill 1133 would create a separate classification for purposes of the tangible personal property tax, on computer equipment and peripherals used in data centers.

cc : Secretary of Finance

Date: 2/14/2013 KP
DLAS File Name: HB1522FER161