

# DEPARTMENT OF TAXATION

## 2013 Fiscal Impact Statement

1. **Patron** John S. Edwards

3. **Committee** Senate Finance

4. **Title** Tangible Personal Property Tax; Separate  
Classification for Campers and Other  
Recreational Vehicles

2. **Bill Number** SB 1308

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

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

This bill would, effective for tax years beginning on or after January 1, 2012, provide a separate classification for purposes of the Tangible Personal Property Tax for campers and other recreational vehicles that are used as a primary residence and do not travel more than 250 miles per year. Such property would be taxed at a rate equal to the rate applicable to real property. The bill would require localities to refund the difference between the amount due at the personal property tax rate and the amount due at the real property tax rate for personal property tax paid for the 2012 tax year on such property.

Under current law, i) privately owned motor homes that are used for recreational purposes only, and ii) privately owned camping trailers and travel trailers, which are used for recreational purposes only, and privately owned trailers which are designed and used for the transportation of horses, are separate classifications for purposes of the Tangible Personal Property Tax and are taxed at a rate not to exceed that applicable to the general class of tangible personal property. Vehicles without motive power, used or designed to be used as manufactured homes, are separately classified for purposes of the Tangible Personal Property Tax, and are taxed at a rate equal to the rate applicable to real property.

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 localities must tax campers and recreation vehicles that are used as a primary residence and do not travel more than 250 miles per year at the real property tax rate, this bill would result in a unknown impact on local tax revenues. According to the Weldon Cooper Center for Public Service's Tax Rates 2011, all 39 cities and 95 counties, as well as the 140 towns responding to the survey, impose the real property tax. The mean nominal real property

tax rate reported for cities was \$0.94 per \$100 of assessed value, the mean tax rate for counties was \$0.61 per \$100 of assessed value, and the mean tax rate for towns was \$0.18 per \$100 of assessed value. 38 cities, 84 counties, and 36 towns reported having a specific tangible personal property tax rate for recreational vehicles. The reported nominal rates ranged from \$0.00001 per \$100 of assessed value to \$8.50 per \$100.

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

All localities

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

**11. Other comments:**

Current Law

Article X, Section 1 of the *Virginia Constitution* requires that all property be subject to tax. All taxes must be levied and collected under general laws and must be uniform upon the same class of subjects within the territorial limits of the authority levying the tax. Article X, Section 2 requires all assessments of real estate and tangible personal property be made at their fair market value, and authorizes the General Assembly to define and separately classify certain real estate depending upon its use.

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. Vehicles without motive power, used or designed to be used as manufactured homes, are separately classified for purposes of the Tangible Personal Property Tax, and are taxed at a rate equal to the rate applicable to real property. Privately owned motor homes that are used for recreational purposes only are separately classified for purposes of the Tangible Personal Property Tax, and taxed at a rate equal to the rate applicable to real property. Privately owned camping trailers and travel trailers, which are used for recreational purposes only, and privately owned trailers which are designed and used for the transportation of horses, are also separately classified for purposes of the Tangible Personal Property Tax and taxed at a rate not to exceed that applicable to the general class of tangible personal property.

Proposal

This bill would, effective for tax years beginning on or after January 1, 2012, provide a separate classification for purposes of the Tangible Personal Property Tax for campers and other recreational vehicles that are used as a primary residence and do not travel more than 250 miles per year. Such property would be taxed at a rate equal to the rate applicable to real property. The bill would require localities to refund the difference between the amount due at the personal property tax rate and the amount due at the real property tax rate for personal property tax paid for the 2012 tax year on such property.

The effective date of this bill is not specified.

### Similar Legislation

**House Bill 1522** would create a separate classification of property for motor vehicles leased by a county, city, town or constitutional officer if the locality or constitutional officer is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle.

**House Bill 1699** and **Senate Bill 1133** would create a separate classification of property for computer equipment and peripherals used in a data center. The bill would also mandate that the rate for computer equipment and peripherals that fall under multiple classifications would be the lowest rate assigned to the classification.

**House Bill 1860** and **Senate Bill 1236** would: i) specify that outdoor advertising signs are included in the separate classification for tangible personal property employed in a trade or business for purposes of the tangible personal property tax; ii) require localities to tax such signs as personal property; and iii) prohibit such signs or income generated by such signs from being considered in assessing the value of real property.

cc : Secretary of Finance

Date: 1/21/2013 AM  
DLAS File Name SB1308F161