

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Michael J. Weibert

3. **Committee** Senate Finance

4. **Title** Personal Property Tax; Exemption for
Agricultural Vehicles

2. **Bill Number** HB 2733

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would expand the definition of agricultural use motor vehicles for personal property taxation purposes. It would change the criteria from motor vehicles used “exclusively” for agricultural purposes to motor vehicles used “primarily” for agricultural purposes, and for which the owner is not required to obtain a registration certificate, license plate, and decal or pay a registration fee.

It would also expand the definition of trucks or tractor trucks that are used by farmers in their farming operations for the transportation of farm animals or other farm products or for the transport of farm-related machinery. It would change the criteria from vehicles used “exclusively” by farmers in their farming operations to vehicles used “primarily” by farmers in their farming operations.

Further, this bill would expand the classification of farm machinery and equipment that a local governing body may exempt, to include equipment and machinery used by a nursery for the production of horticultural products, and any farm tractor, regardless of whether such farm tractor is used exclusively for agricultural purposes.

Local governing bodies would have the option to exempt these classifications, in whole or in part, from taxation or to provide for a different rate of taxation thereon.

If enacted during the regular session of the 2019 General Assembly, this bill would be effective July 1, 2019.

6. **Budget amendment necessary:** No

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

8. Fiscal implications:

Administrative Costs

This bill could have an unknown impact on local administrative costs. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown impact on local revenues, depending on the value of agricultural use vehicles in each locality. It would have no impact on state revenue.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No

11. Other comments:

Personal property is defined and segregated for local taxation under state law. Personal property is divided into classifications, and all taxes are required to be uniform upon the same class of property.

Current law provides a separate classification for motor vehicles that are used exclusively for agricultural purposes, and for which the owner is not required to obtain a registration certificate, license plate, and decal or pay a registration fee.

There is an additional classification for trucks or tractor trucks that are exclusively used by farmers in their farming operations for the transportation of farm animals or other farm products or for the transport of farm-related machinery.

Also under current law, there is a separate classification of personal property consisting of farm machinery and farm implements that includes equipment and machinery used by farm wineries in the production of wine.

Local governing bodies are given the option of exempting these classifications, in whole or in part, from taxation.

Proposal

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cc : Secretary of Finance

Date: 2/8/2019 SK
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