

# 1996 SESSION

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## SENATE RESOLUTION NO. 17

*Directing the Revenue Resources Subcommittee of the Senate Committee on Finance to study the advisability of reducing or eliminating the tangible personal property tax in the Commonwealth.*

Agreed to by the Senate, March 9, 1996

WHEREAS, the tangible personal property tax has been administered by counties, cities, and towns in the Commonwealth since 1926; and

WHEREAS, the tangible personal property tax generates over \$900 million annually and is the second largest source of revenue for Virginia's local governments; and

WHEREAS, due to the exemption of many classes of personal property, the personal property tax in the Commonwealth is levied primarily on motor vehicles, boats, and aircraft; and

WHEREAS, rapid increases in the cost of the items typically subjected to the tangible personal property tax, notably motor vehicles, has caused many citizens to express concern over the rising rate of increases in tangible personal property tax assessments; and

WHEREAS, the tangible personal property tax generally is required to be paid in a single installment, which creates an undue burden on many taxpayers; and

WHEREAS, the number of classes of tangible personal property, many of which are taxed at a lower rate than the rate on the general classification of personal property applicable to motor vehicles, has increased from eight in 1979 to 24 in 1995; and

WHEREAS, the proliferation in the number of classes of tangible personal property has compounded the perception that the owners of motor vehicles are required to bear a disproportionate share of the local tax burden; and

WHEREAS, limiting, reducing, or eliminating local taxation of tangible personal property would substantially affect the ability of the counties, cities, and towns of the Commonwealth to raise adequate revenues to provide essential services, unless localities are authorized to implement alternate methods of generating revenue; now, therefore, be it

RESOLVED by the Senate, That the Revenue Resources Subcommittee of the Senate Committee on Finance be directed to study the advisability of reducing or eliminating the tangible personal property tax in the Commonwealth. In its deliberations, the subcommittee shall examine (i) the fairness of the current system of taxing tangible personal property and (ii) the advantages and disadvantages of any alternate sources of revenue that may be authorized to offset any reduction or elimination of the tangible personal property tax.

The staff of the Senate Finance Committee shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the subcommittee, upon request.

The subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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