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HOUSE BILL NO. 1622

Offered January 8, 1997

Prefiled December 19, 1996

A BILL to amend and reenact §§ 58.1-3503 and 58.1-3515 of the Code of Virginia, relating to tangible personal property classifications and assessment.

Patron—Marshall

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That §§ 58.1-3503 and 58.1-3515 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-3503. General classification of tangible personal property.

A. Tangible personal property is classified for valuation purposes according to the following separate categories which are not to be considered separate classes for rate purposes:

1. Farm animals, except as exempted under § 58.1-3505.

2. Farm machinery, except as exempted under § 58.1-3505.

3. Automobiles, except those described in subdivisions 7, 8 and 9 of this subsection, which shall be valued by means of a recognized pricing guide or if the model and year of the individual automobile are not listed in the recognized pricing guide, the individual vehicle may be valued on the basis of percentage or percentages of original cost. In using a recognized pricing guide, the commissioner shall use either of the following two methods. The commissioner may use all applicable adjustments in such guide to determine the value of each individual automobile, or alternatively, if the commissioner does not utilize all applicable adjustments in valuing each automobile, he shall use the base value specified in such guide which may be either average retail, wholesale, or loan value, so long as uniformly applied within classifications of property. If the model and year of the individual automobile are not listed in the recognized pricing guide, the taxpayer may present to the commissioner proof of the original cost, and the basis of the tax for purposes of the motor vehicle sales and use tax as described in § 58.1-2405 shall constitute proof of original cost. If such 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 such other method which establishes fair market value. *Notwithstanding the foregoing, the basis of the tax shall not exceed the sales price when it is verified by a notarized statement signed by the buyer and seller and a copy of which is provided to the commissioner of the revenue.*

4. Trucks of less than two tons, which may be valued by means of a recognized pricing guide or if the model and year of the individual truck are not listed in the recognized pricing guide on the basis of a percentage or percentages of original cost.

5. Trucks and other vehicles, as defined in § 46.2-100, except those described in subdivisions 4, and 6 through 10 of this subsection, which shall be valued by means of either a recognized pricing guide using the lowest value specified in such guide or a percentage or percentages of original cost.

6. Manufactured homes, as defined in § 36-85.3, which may be valued on the basis of square footage of living space.

7. Antique motor vehicles, as defined in § 46.2-100.

8. Taxicabs.

9. Motor vehicles with specially designed equipment for use by the handicapped, which shall not be valued in relation to their initial cost, but by determining their actual market value if offered for sale on the open market.

10. Motorcycles, campers and other recreational vehicles, which shall be valued by means of a recognized pricing guide or a percentage or percentages of original cost.

11. Boats weighing under five tons and boat trailers, which shall be valued by means of a recognized pricing guide or a percentage or percentages of original cost.

12. Boats or watercraft weighing five tons or more, which shall be valued by means of a percentage or percentages of original cost.

13. Aircraft, which shall be valued by means of a recognized pricing guide or a percentage or percentages of original cost.

14. Household goods and personal effects, except as exempted under § 58.1-3504.

15. Tangible personal property used in a research and development business, which shall be valued by means of a percentage or percentages of original cost.

16. Programmable computer equipment used in business which shall be valued by means of a

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60 percentage or percentages of original cost to the taxpayer, or by such other method as may reasonably
61 be expected to determine the actual fair market value.

62 17. All tangible personal property employed in a trade or business other than that described in
63 subdivisions 1 through 16 of this subsection, which shall be valued by means of a percentage or
64 percentages of original cost.

65 18. All other tangible personal property.

66 B. Methods of valuing property may differ among the separate categories, so long as each method
67 used is uniform within each category, is consistent with requirements of this section and may reasonably
68 be expected to determine actual fair market value. A commissioner of revenue shall upon request take
69 into account the condition of the property. The term "condition of the property" includes, but is not
70 limited to, technological obsolescence of property where technological obsolescence is an appropriate
71 factor for valuing such property. The commissioner of revenue shall make available to taxpayers on
72 request a reasonable description of his valuation methods. Such commissioner, or other assessing officer,
73 or his authorized agent, when using a recognized pricing guide as provided for in this section, may
74 automatically extend the assessment if the pricing information is stored in a computer.

75 § 58.1-3515. Tax day January 1.

76 Except as provided under § 58.1-3010, and except as provided by ordinance or special act in
77 localities authorized to tax certain property on a proportional monthly or quarterly basis, tangible
78 personal property, machinery and tools and merchants' capital shall be returned for taxation as of
79 January 1 of each year, which date shall be known as the effective date of assessment or the tax day;
80 *however, the tax day for automobiles shall be the actual date of purchase by the taxpayer.* The status of
81 all persons, firms, corporations and other taxpayers liable for taxation on any of such property shall be
82 fixed as of the date aforesaid in each year and the value of all such property shall be taken as of such
83 date, except that any county, city or town may permit a taxpayer to return as merchants' capital the
84 average amount of capital employed in his business on such date and on the next preceding August first
85 1.