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HOUSE BILL NO. 1395

Offered January 26, 1998

A BILL to amend the Code of Virginia by adding in Title 58.1 a chapter numbered 39.1, consisting of a section numbered 58.1-3994, relating to the Personal Property Tax Relief Program.

Patron—Joannou

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 58.1 a chapter numbered 39.1, consisting of a section numbered 58.1-3994, as follows:

CHAPTER 39.1.**PERSONAL PROPERTY TAX RELIEF PROGRAM.**

§ 58.1-3994. Personal property tax relief to localities.

A. Upon passage of a 1998-2000 Budget that includes funding for a personal property tax relief plan, such funds set aside in the personal property tax relief program shall be used for tax relief to localities.

B. Each locality in the Commonwealth may establish a separate class of personal property for motor vehicles owned by individuals and used for purposes necessary to maintaining a domicile. Such vehicles shall be known as "necessary motor vehicles."

C. Each locality that adopts this separate classification of personal property shall provide one exemption plus no more than one cent tax for each necessary motor vehicle owned, provided that no individual shall be entitled to more than two such exemptions for necessary motor vehicles, for an assessed value of up to \$6,000 per vehicle in calendar year 1999, \$12,000 per vehicle in calendar year 2000, and \$20,000 per vehicle in calendar year 2001 and thereafter. Such amounts, beginning in the calendar year 2002, shall be indexed to reflect the Consumer Price Index as that amount is determined by the Department of Taxation.

D. Each locality adopting the necessary motor vehicle classification shall use the assessment ratio and technique used as of January 1, 1997, in assessing such vehicles and shall receive from the Commonwealth through the Personal Property Tax Relief Program the amount calculated as follows: the locality's tangible personal property tax rate in effect on January 1, 1997, or the statewide median personal property tax in effect as of January 1, 1997, whichever is greater, multiplied by the assessed value for each necessary motor vehicle exempted pursuant to subsection C. The Commonwealth shall reimburse each locality no later than the date on which the tax owed by the taxpayer is due.

E. The Commonwealth shall provide each locality with nine months written notice of its inability to reimburse the locality through the Personal Property Tax Relief Program and such locality may then impose a tax rate on the exempt amount for necessary motor vehicles equivalent to the rate effective on such automobiles as of January 1, 1997.

INTRODUCED

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