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## HOUSE BILL NO. 731

Offered January 23, 1998

A *BILL to amend and reenact §§ 46.2-752 and 58.1-3506 of the Code of Virginia, relating to the issuance of local vehicle licenses and the classification of certain motor vehicles as tangible personal property for purposes of taxation.*

Patrons—Johnson, Almand, Grayson, Kilgore, Plum, Stump and Tate

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 46.2-752 and 58.1-3506 of the Code of Virginia are amended and reenacted as follows:**

§ 46.2-752. Taxes and license fees imposed by counties, cities, and towns; limitations on amounts; disposition of revenues; requiring evidence of payment of personal property taxes; prohibiting display of licenses after expiration; failure to display valid local license required by other localities.

A. Except as provided in § 46.2-755, counties, cities, and towns may levy and assess taxes and charge license fees on motor vehicles, trailers, and semitrailers. However, none of these taxes and license fees shall be assessed or charged by any county on vehicles owned by residents of any town located in the county when such town constitutes a separate school district if the vehicles are already subject to town license fees and taxes. The amount of the license fee or tax imposed by any county, city, or town on any motor vehicle, trailer, or semitrailer shall not be greater than the amount of the license tax imposed by the Commonwealth on the motor vehicle, trailer, or semitrailer. The license fees and taxes shall be imposed in such manner, on such basis, for such periods, and subject to proration for fractional periods of years, as the proper local authorities may determine. Local licenses may be issued free of charge for any or all of the following:

1. Vehicles powered by clean special fuels as defined in § 58.1-2101, including dual-fuel and bi-fuel vehicles,

2. Vehicles owned by volunteer rescue squads,

3. Vehicles owned by volunteer fire departments,

4. Vehicles owned or leased by active members of volunteer rescue squads,

5. Vehicles owned or leased by active members of volunteer fire departments,

6. Vehicles owned or leased by auxiliary police officers,

7. Vehicles owned or leased by volunteer police chaplains,

8. Vehicles owned by surviving spouses of persons qualified to receive special license plates under § 46.2-739,

9. Vehicles owned or leased by auxiliary deputy sheriffs,

10. Vehicles owned by persons qualified to receive special license plates under § 46.2-739,

11. Vehicles owned by any of the following who served at least ten years in the locality: former members of volunteer rescue squads, former members of volunteer fire departments, former auxiliary police officers, former volunteer police chaplains, and former volunteer special police officers appointed under § ~~45.1-144~~ 5.2-1737. In the case of active members of volunteer rescue squads and volunteer fire departments, applications for such licenses shall be accompanied by written evidence, in a form acceptable to the locality, of their active membership, and no member shall be issued more than one such license free of charge, or

12. All vehicles having a situs for the imposition of licensing fees under this section in the locality.

The governing body of any county, city, or town issuing licenses free of charge under this subsection may by ordinance provide for (i) the limitation, restriction, or denial of such free issuance to an otherwise qualified applicant, *including without limitation the denial of free issuance to a taxpayer who has failed timely to timely pay personal property taxes due with respect to the vehicle*, and (ii) the grounds for such limitation, restriction, or denial.

The situs for the imposition of licensing fees under this section shall in all cases, except as hereinafter provided, be the county, city, or town in which the motor vehicle, trailer, or semitrailer is normally garaged, stored, or parked. If it cannot be determined where the personal property is normally garaged, stored, or parked, the situs shall be the domicile of its owner. In the event the owner of the motor vehicle is a full-time student attending an institution of higher education, the situs shall be the domicile of such student, provided the student has presented sufficient evidence that he has paid a personal property tax on the motor vehicle in his domicile.

B. The revenue derived from all county, city, or town taxes and license fees imposed on motor vehicles, trailers, or semitrailers shall be applied to general county, city, or town purposes.

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60 C. A county, city, or town may require that no motor vehicle, trailer, or semitrailer shall be locally  
61 licensed until the applicant has produced satisfactory evidence that all personal property taxes on the  
62 motor vehicle, trailer, or semitrailer to be licensed have been paid and satisfactory evidence that any  
63 delinquent motor vehicle, trailer, or semitrailer personal property taxes owing have been paid which  
64 have been properly assessed or are assessable against the applicant by the county, city, or town. A  
65 county, city, or town may also provide that no motor vehicle license shall be issued unless the tangible  
66 personal property taxes properly assessed or assessable by that locality on any tangible personal property  
67 used or usable as a dwelling titled by the Department of Motor Vehicles and owned by the taxpayer  
68 have been paid. Any county and any town within any such county may by agreement require that all  
69 personal property taxes assessed by either the county or the town on any vehicle be paid before  
70 licensure of such vehicle by either the county or the town.

71 C1. Any county having a population of at least 24,000, but no more than 24,600, may, by ordinance  
72 or resolution adopted after public notice and hearing and, ~~in the case of a county,~~ with the consent of  
73 the treasurer, require that no license may be issued under this section unless the applicant has produced  
74 satisfactory evidence that all fees, including delinquent fees, payable to such county or local solid waste  
75 authority, for the disposal of solid waste pursuant to the Virginia Water and ~~Sewer~~ Waste Authorities  
76 Act (§ ~~45.1-1239~~ 15.2-5100 et seq.), have been paid in full. For purposes of this subsection, all fees,  
77 including delinquent fees, payable to a county for waste disposal services described herein, shall be paid  
78 to the treasurer of such county.

79 D. The Counties of Arlington, Fairfax, Loudoun, and Prince William and towns within them and any  
80 city may require that no motor vehicle, trailer, or semitrailer shall be licensed by that jurisdiction unless  
81 all fines owed to the jurisdiction by the owner of the vehicle, trailer, or semitrailer for violation of the  
82 jurisdiction's ordinances governing parking of vehicles have been paid. The provisions of this subsection  
83 shall not apply to vehicles owned by firms or companies in the business of renting motor vehicles.

84 E. If in any county imposing license fees and taxes under this section, a town therein imposes like  
85 fees and taxes on vehicles of owners resident in the town, the owner of any vehicle subject to the fees  
86 or taxes shall be entitled, on the owner's displaying evidence that he has paid the fees or taxes, to  
87 receive a credit on the fees or taxes imposed by the county to the extent of the fees or taxes he has paid  
88 to the town. Nothing in this section shall deprive any town now imposing these licenses and taxes from  
89 increasing them or deprive any town not now imposing them from hereafter doing so, but subject to the  
90 limitations provided in subsection D of this section. The governing body of any county and the  
91 governing body of any town in that county wherein each imposes the license tax herein provided may  
92 provide mutual agreements so that not more than one license plate or decal in addition to the state plate  
93 shall be required.

94 F. Notwithstanding the provisions of subsection E of this section, in a consolidated county wherein a  
95 tier-city exists, the tier-city may, in accordance with the provisions of the agreement or plan of  
96 consolidation, impose license fees and taxes under this section in addition to those fees and taxes  
97 imposed by the county, provided that the combined county and tier-city rates do not exceed the  
98 maximum provided in subsection A of this section. No credit shall be allowed on the fees or taxes  
99 imposed by the county for fees or taxes paid to the tier-city, except as may be provided by the  
100 consolidation agreement or plan. The governing body of any county and the governing body of any  
101 tier-city in said county wherein each imposes the license tax herein may provide by mutual agreement  
102 that no more than one license plate or decal in addition to the state license plate shall be required.

103 G. Any county, city, or town may by ordinance provide that it shall be unlawful for any owner or  
104 operator of a motor vehicle, trailer, or semitrailer to fail to obtain and display the local license required  
105 by any ordinance of the county, city or town in which the vehicle is registered or to display upon a  
106 motor vehicle, trailer, or semitrailer any such local license after its expiration date. The ordinance may  
107 provide that a violation shall constitute a misdemeanor the penalty for which shall not exceed that of a  
108 Class 4 misdemeanor and may, in the case of a motor vehicle registered to a resident of the locality  
109 where such vehicle is registered, authorize the issuance by local law-enforcement officers of citations,  
110 summonses, parking tickets, or uniform traffic summonses for violations. Any such ordinance may also  
111 provide that a violation of the ordinance by the registered owner of the vehicle may not be discharged  
112 by payment of a fine except upon presentation of satisfactory evidence that the required license has been  
113 obtained.

114 H. Except as provided by subsections E and F, no vehicle shall be subject to taxation under the  
115 provisions of this section in more than one jurisdiction.

116 I. Purchasers of new or used motor vehicles shall be allowed at least a ten-day grace period,  
117 beginning with the date of purchase, during which to pay license fees charged by local governments  
118 under authority of this section.

119 J. Beginning October 1, 1992, the treasurer or director of finance of any county, city, or town may  
120 enter into an agreement with the Commissioner whereby the Commissioner will refuse to issue or renew  
121 any vehicle registration of any applicant therefor who owes to such county, city or town any delinquent

tangible personal property tax levied with respect to such vehicle in excess of \$50. Before being issued any vehicle registration or renewal of such license or registration by the Commissioner, the applicant must first satisfy all such delinquent taxes and present evidence satisfactory to the Commissioner that all such delinquent taxes have been paid in full. The Commissioner shall charge a reasonable fee to cover the costs of such enforcement action, and the treasurer or director of finance may add the cost of this fee to the delinquent tax bill. The treasurer or director of finance of any county, city, or town seeking to collect delinquent taxes through the withholding of registration or renewal thereof by the Commissioner as provided for in this subsection shall notify the Commissioner in the manner provided for in his agreement with the Commissioner and supply to the Commissioner information necessary to identify the debtor whose registration or renewal is to be denied. Any agreement entered into pursuant to the provisions of this subsection shall provide the debtor notice of the intent to deny renewal of registration at least thirty days prior to the expiration date of a current vehicle registration. For the purposes of this subsection, notice by first-class mail to the registrant's address as maintained in the records of the Department of Motor Vehicles shall be deemed sufficient.

K. The governing bodies of any two or more counties, cities, or towns may enter into compacts for the regional enforcement of local motor vehicle license requirements. The governing body of each participating jurisdiction may by ordinance require the owner or operator of any motor vehicle, trailer, or semitrailer to display on his vehicle a valid local license issued by another county, city, or town that is a party to the regional compact, provided that the owner or operator is required by the jurisdiction of situs, as provided in § 58.1-3511, to obtain and display such license. The ordinance may provide that a violation shall constitute a misdemeanor the penalty for which shall not exceed that of a Class 4 misdemeanor. Any such ordinance may also provide that a violation of the ordinance by the owner of the vehicle may not be discharged by payment of a fine except upon presentation of satisfactory evidence that the required license has been obtained.

§ 58.1-3506. Other classifications of tangible personal property for taxation.

A. ~~The Subject to the limitations set forth in subsection C of this section,~~ items of property set forth below are each declared to be a separate class of property and shall constitute a classification for local taxation separate from other classifications of tangible personal property provided in this chapter:

1. Boats or watercraft weighing five tons or more;
2. Aircraft having a maximum passenger seating capacity of no more than fifty which are owned and operated by scheduled air carriers operating under certificates of public convenience and necessity issued by the State Corporation Commission or the Civil Aeronautics Board;
3. All other aircraft not included in subdivision A 2 and flight simulators;
4. Antique motor vehicles as defined in § 46.2-100 which may be used for general transportation purposes as provided in subsection C of § 46.2-730;
5. Tangible personal property used in a research and development business;
6. Heavy construction machinery, including but not limited to land movers, bulldozers, front-end loaders, graders, packers, power shovels, cranes, pile drivers, forest harvesting equipment and ditch and other types of diggers;
7. Generating equipment purchased after December 31, 1974, for the purpose of changing the energy source of a manufacturing plant from oil or natural gas to coal, wood, wood bark, wood residue, or any other alternative energy source for use in manufacturing and any cogeneration equipment purchased to achieve more efficient use of any energy source. Such generating equipment and cogeneration equipment shall include, without limitation, such equipment purchased by firms engaged in the business of generating electricity or steam, or both;
8. Vehicles without motive power, used or designed to be used as manufactured homes as defined in § 36-85.3;
9. Computer hardware used by businesses primarily engaged in providing data processing services to other nonrelated or nonaffiliated businesses;
10. Privately owned pleasure boats and watercraft used for recreational purposes only;
11. Privately owned vans with a seating capacity for twelve or more persons used exclusively pursuant to a ridesharing arrangement as defined in § 46.2-1400;
12. Motor vehicles specially equipped to provide transportation for physically handicapped individuals;
13. Motor vehicles (i) owned by members of a volunteer rescue squad or volunteer fire department or (ii) leased by members of a volunteer rescue squad or volunteer fire department if the member is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One motor vehicle which is owned by each volunteer rescue squad member or volunteer fire department member, or leased by each volunteer rescue squad member or volunteer fire department member if the member is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle, may be specially classified under this section, provided the volunteer rescue squad member or

183 volunteer fire department member regularly responds to emergency calls. The volunteer shall furnish the  
184 commissioner of revenue, or other assessing officer, with a certification by the chief or head of the  
185 volunteer organization, that the volunteer is a member of the volunteer rescue squad or fire department  
186 who regularly responds to calls or regularly performs other duties for the rescue squad or fire  
187 department, and the motor vehicle owned or leased by the volunteer rescue squad member or volunteer  
188 fire department member is identified. The certification shall be submitted by January 31 of each year to  
189 the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other  
190 assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on  
191 the part of the member, to accept a certification after the January 31 deadline. In any county which  
192 prorates the assessment of tangible personal property pursuant to § 58.1-3516, a replacement vehicle may  
193 be certified and classified pursuant to this subsection when the vehicle certified as of the immediately  
194 prior January date is transferred during the tax year;

195 14. Motor vehicles (i) owned by auxiliary members of a volunteer rescue squad or volunteer fire  
196 department or (ii) leased by auxiliary members of a volunteer rescue squad or volunteer fire department  
197 if the member is obligated by the terms of the lease to pay tangible personal property tax on the motor  
198 vehicle. One motor vehicle which is regularly used by each auxiliary volunteer fire department or rescue  
199 squad member may be specially classified under this section. The auxiliary member shall furnish the  
200 commissioner of revenue, or other assessing officer, with a certification by the chief or head of the  
201 volunteer organization, that the volunteer is an auxiliary member of the volunteer rescue squad or fire  
202 department who regularly performs duties for the rescue squad or fire department, and the motor vehicle  
203 is identified as regularly used for such purpose; however, if a volunteer rescue squad or fire department  
204 member and an auxiliary member are members of the same household, that household shall be allowed  
205 only one special classification under this subdivision or subdivision 13 of this section. The certification  
206 shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer;  
207 however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion,  
208 and for good cause shown and without fault on the part of the member, to accept a certification after the  
209 January 31 deadline;

210 15. Motor vehicles owned by a nonprofit organization and used to deliver meals to homebound  
211 persons or provide transportation to senior or handicapped citizens in the community to carry out the  
212 purposes of the nonprofit organization;

213 16. Privately owned camping trailers and motor homes as defined in § 46.2-100 which are used for  
214 recreational purposes only;

215 17. One motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of,  
216 one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as  
217 certified by the Department of Veterans' Affairs. In order to qualify the veteran shall provide a written  
218 statement to the commissioner of revenue or other assessing officer from the Department of Veterans'  
219 Affairs that the veteran has been so designated or classified by the Department of Veterans' Affairs as to  
220 meet the requirements of this section, and that his disability is service-connected. For purposes of this  
221 section a person is blind if he meets the provisions of § 46.2-739;

222 18. Motor vehicles (i) owned by persons who have been appointed to serve as auxiliary police  
223 officers pursuant to Article 43 (§ ~~45.1-159.2~~ 15.2-1731 et seq.) of Chapter ~~317~~ of Title ~~45.1~~ 15.2 or (ii)  
224 leased by persons who have been so appointed to serve as auxiliary police officers if the person is  
225 obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One  
226 motor vehicle which is regularly used by each auxiliary police officer to respond to auxiliary police  
227 duties may be specially classified under this section. In order to qualify for such classification any  
228 auxiliary police officer who applies for such classification shall identify the vehicle for which this  
229 classification is sought, and shall furnish the commissioner of revenue or other assessing officer with a  
230 certification from the governing body which has appointed such auxiliary police officer or from the  
231 official who has appointed such auxiliary officers. That certification shall state that the applicant is an  
232 auxiliary police officer who regularly uses a motor vehicle to respond to auxiliary police duties, and it  
233 shall state that the vehicle for which the classification is sought is the vehicle which is regularly used  
234 for that purpose. The certification shall be submitted by January 31 of each year to the commissioner of  
235 revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall  
236 be authorized, in his discretion, and for good cause shown and without fault on the part of the member,  
237 to accept a certification after the January 31 deadline;

238 19. Machines and tools owned by a commercial air carrier which uses such machines and tools in a  
239 commercial airline maintenance, repair, and rebuilding facility, which has an assessed value of at least  
240 \$100,000,000 and which is located on or contiguous to an airport;

241 20. Motor vehicles which use clean special fuels as defined in § 58.1-2101;

242 21. Wild or exotic animals kept for public exhibition in an indoor or outdoor facility which is  
243 properly licensed by the federal government, the Commonwealth, or both, and which is properly zoned  
244 for such use. "Wild animals" means any animals which are found in the wild, or in a wild state, within

the boundaries of the United States, its territories or possessions. "Exotic animals" means any animals which are found in the wild, or in a wild state, and are native to a foreign country;

22. Furniture, office, and maintenance equipment, exclusive of motor vehicles, which are owned and used by an organization whose real property is assessed in accordance with § 58.1-3284.1 and which is used by that organization for the purpose of maintaining or using the open or common space within a residential development;

23. Motor vehicles, trailers and semitrailers with a gross vehicle weight of 10,000 pounds or more used to transport property for hire by a motor carrier engaged in interstate commerce;

24. All tangible personal property employed in a trade or business other than that described in subdivisions A 1 through A 18 of § 58.1-3503;

25. Programmable computer equipment and peripherals employed in a trade or business; and

26. Tangible personal property of Habitat for Humanity and local affiliates or subsidiaries thereof.

B. The governing body of any county, city or town may levy a tax on the property enumerated in subsection A at different rates from the tax levied on other tangible personal property. The rates of tax and the rates of assessment shall (i) for purposes of subdivisions 1, 2, 3, 4, 6, 9 through 18, 20 through 22, 24, 25 and 26 of subsection A, not exceed that applicable to the general class of tangible personal property, (ii) for purposes of subdivisions A 5, A 7, A 19, and A 23, not exceed that applicable to machinery and tools, and (iii) for purposes of subdivision A 8, equal that applicable to real property.

*C. The governing body of any county, city, or town may provide by ordinance or resolution that, whenever the owner of property eligible for inclusion in any of the classifications set forth in subdivisions A 13, A 14, and A 18 of this section fails to pay the tax due with respect to such property on or before the due date established by such locality pursuant to § 58.1-3916, such property shall no longer be eligible for classification pursuant to subdivisions A 13, A 14, or A 18, as the case may be, during any tax year for which taxes are delinquent. Such property shall instead be classified, for any tax year as to which taxes are delinquent, as general tangible personal property pursuant to § 58.1-3503. Nothing in this subsection shall preclude the owner of such property, upon satisfaction of all delinquent taxes, from qualifying such property for classification pursuant to subdivision A 13, A 14, or A 18 in a subsequent year.*