

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Tata

2. Bill Number HB 1160

3. Committee Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. Title Personal Property Tax: Refund or Credit for
Certain Property Sold after Tax Day

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would provide that the amount of tax relieved when a motor vehicle, trailer, semi-trailer or boat is disposed of after tax day shall be either (i) refunded, or (ii) credited against other personal property taxes owed by the taxpayer, at the option of the locality. Under current law, the option of choosing a refund or a credit against other taxes owed is offered to the taxpayer.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Unknown (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state or local revenues. It would eliminate the taxpayer's choice of a refund or a credit against other taxes when he sold or otherwise transferred title of a vehicle, trailer, semi-trailer or boat. Under this bill, the localities would decide which option would apply.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: None.

11. Other comments:

The concept of proration for personal property taxes already paid was introduced on a limited basis by Chapter 433 of the 1982 Acts of Assembly. This chapter limited the concept to a few localities.

Since then, Code of Virginia § 58.1-3516 has been modified several times to include all localities. It currently provides that:

1. Localities may provide by ordinance for the levy and collection of personal property tax on those motor vehicles, trailers, semitrailers, and boats which have moved into a locality and acquired situs therein after tax day.
2. The ordinance must provide for relief from tax and a (i) refund or (ii) credit of the appropriate amount of tax already paid on those certain properties.
3. The relief shall be prorated on a monthly basis in those instances when the certain property loses situs after the tax day, or after the day on which it acquires a situs in a locality.
4. No refund has to be made when the motor vehicle, trailer, semi-trailer, or boat acquires a situs non-prorating locality.

Under current law, the taxpayer, rather than the locality has the option for requesting either a refund or a credit for personal property taxes paid on a motor vehicle, trailer, semi-trailer or boat that is sold after tax day. This bill would change that, giving the localities, rather than the taxpayer, the option.

cc: Secretary of Finance

Date: 2/27/02/SLR

Document: \\TAXOFFICE\LEGISDIR\2002leg\WorkInProcess\OTPwork\HB1160FENR161.doc