

2004 SPECIAL SESSION I

SENATE SUBSTITUTE

049230712

SENATE BILL NO. 5005

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on April 26, 2004)

(Patron Prior to Substitute—Senator Bell)

A BILL to amend and reenact §§ 3.1-1111, 30-133, 58.1-3506, 58.1-3506.1, 58.1-3523, 58.1-3524, and 58.1-3912 of the Code of Virginia and to repeal §§ 58.1-3525 through 58.1-3533, 58.1-3536, and 58.1-3916.01 of the Code of Virginia, relating to property taxes on vehicles qualifying for tangible personal property tax relief and payments to localities for providing tangible personal property tax relief.

Be it enacted by the General Assembly of Virginia:

1. That §§ 3.1-1111, 30-133, 58.1-3506, 58.1-3506.1, 58.1-3523, 58.1-3524, and 58.1-3912 of the Code of Virginia are amended and reenacted as follows:

§ 3.1-1111. Tobacco Indemnification and Community Revitalization Fund; tax credits for technology industries in tobacco-dependent localities.

A. Money received by the Commonwealth pursuant to the Master Settlement Agreement shall be deposited into the state treasury subject to the special nonreverting funds established by subsection B and by §§ 3.1-1109.1 and 32.1-360. ~~However, in no case shall the amount received by the Endowment and Fund be included in general fund revenue calculations for purposes of subsection C of § 58.1-3524 and subsection B of § 58.1-3536.~~

B. There is created in the state treasury a special nonreverting fund to be known as the Tobacco Indemnification and Community Revitalization Fund. The Fund shall be established on the books of the Comptroller. Subject to the sale of all or any portion of the Commission Allocation, fifty percent of the annual amount received by the Commonwealth from the Master Settlement Agreement shall be paid into the state treasury and credited to the Fund. In the event of such sale (i) the Commission Allocation shall be paid in accordance with the agreement for the period of sale and (ii) the Fund shall receive the amounts withdrawn from the Endowment in accordance with § 3.1-1109.1. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes described in this chapter; however, starting with the fiscal year beginning July 1, 2000, through December 31, 2009, the Commission may deposit moneys from the Fund into the Technology Initiative in Tobacco-Dependent Localities Fund, established under § 58.1-439.15, for purposes of funding the tax credits provided in §§ 58.1-439.13 and 58.1-439.14 and the grants provided in § 58.1-439.17. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written authorization signed by the chairman of the Commission or his designee. The Fund shall also consist of other moneys received by the Commission, from any source, for the purpose of implementing the provisions of this chapter.

C. The obligations of the Commission shall not be a debt or grant or loan of credit of the Commonwealth of Virginia, and the Commonwealth shall not be liable thereon, nor shall such obligations be payable out of any funds other than those credited to the Fund.

§ 30-133. Duties and powers generally.

A. The Auditor of Public Accounts shall audit all the accounts of every state department, officer, board, commission, institution or other agency handling any state funds. In the performance of such duties and the exercise of such powers he may employ the services of certified public accountants, provided the cost thereof shall not exceed such sums as may be available out of the appropriation provided by law for the conduct of his office.

B. The Auditor of Public Accounts shall review the information required in § 2.2-1501 to determine that state agencies are providing and reporting appropriate information on financial and performance measures, and the Auditor shall review the accuracy of the management systems used to accumulate and report the results. The Auditor shall report annually to the General Assembly the results of such audits and make recommendations, if indicated, for new or revised accountability or performance measures to be implemented for the agencies audited.

C. The Auditor of Public Accounts shall prepare, by November 1, a summary of the results of all of the audits and other oversight responsibilities performed for the most recently ended fiscal year. The Auditor of Public Accounts shall present this summary to the Senate Finance, House Appropriations and House Finance Committees on the day the Governor presents to the General Assembly the Executive Budget in accordance with §§ 2.2-1508 and 2.2-1509 or at the direction of the respective Chairman of the Senate Finance, House Appropriations or House Finance Committees at one of their committee

SENATE SUBSTITUTE

SB5005S1

60 meetings prior to the meeting above.

61 D. As part of his normal oversight responsibilities, the Auditor of Public Accounts shall incorporate
62 into his audit procedures and processes a review process to ensure that the Commonwealth's payments
63 for qualifying vehicles, as defined in ~~§ 58.1-3523~~, to counties, cities, and towns under Chapter 35.1
64 (~~§ 58.1-3523 et seq.~~) of Title 58.1 are consistent with the provisions of ~~§§ 58.1-3525 and 58.1-3526~~
65 ~~§ 58.1-3524~~. The Auditor of Public Accounts shall report to the Governor and the Chairman of the
66 Senate Finance Committee annually any material failure by a locality or the Commonwealth to comply
67 with the provisions of Chapter 35.1 (~~§ 58.1-3523 et seq.~~) of Title 58.1.

68 E. The Auditor of Public Accounts when called upon by the Governor shall examine the accounts of
69 any institution maintained in whole or in part by the Commonwealth and, upon the direction of the
70 Comptroller, shall examine the accounts of any officer required to settle his accounts with him; and
71 upon the direction of any other state officer at the seat of government he shall examine the accounts of
72 any person required to settle his accounts with such officer.

73 F. Upon the written request of any member of the General Assembly, the Auditor of Public Accounts
74 shall furnish the requested information and provide technical assistance upon any matter requested by
75 such member.

76 G. In compliance with the provisions of the federal Single Audit Act Amendments of 1996, Public
77 Law 104-156, the Joint Legislative Audit and Review Commission may authorize the Auditor of Public
78 Accounts to audit biennially the accounts pertaining to federal funds received by state departments,
79 officers, boards, commissions, institutions or other agencies.

80 § 58.1-3506. Other classifications of tangible personal property for taxation.

81 A. The items of property set forth below are each declared to be a separate class of property and
82 shall constitute a classification for local taxation separate from other classifications of tangible personal
83 property provided in this chapter:

84 1. Boats or watercraft weighing five tons or more;

85 2. Aircraft having a maximum passenger seating capacity of no more than 50 which are owned and
86 operated by scheduled air carriers operating under certificates of public convenience and necessity issued
87 by the State Corporation Commission or the Civil Aeronautics Board;

88 3. All other aircraft not included in subdivision A 2 and flight simulators;

89 4. Antique motor vehicles as defined in § 46.2-100 which may be used for general transportation
90 purposes as provided in subsection C of § 46.2-730;

91 5. Tangible personal property used in a research and development business;

92 6. Heavy construction machinery, including but not limited to land movers, bulldozers, front-end
93 loaders, graders, packers, power shovels, cranes, pile drivers, forest harvesting and silvicultural activity
94 equipment and ditch and other types of diggers;

95 7. Generating equipment purchased after December 31, 1974, for the purpose of changing the energy
96 source of a manufacturing plant from oil or natural gas to coal, wood, wood bark, wood residue, or any
97 other alternative energy source for use in manufacturing and any cogeneration equipment purchased to
98 achieve more efficient use of any energy source. Such generating equipment and cogeneration equipment
99 shall include, without limitation, such equipment purchased by firms engaged in the business of
100 generating electricity or steam, or both;

101 8. Vehicles without motive power, used or designed to be used as manufactured homes as defined in
102 § 36-85.3;

103 9. Computer hardware used by businesses primarily engaged in providing data processing services to
104 other nonrelated or nonaffiliated businesses;

105 10. Privately owned pleasure boats and watercraft, 18 feet and over, used for recreational purposes
106 only;

107 11. Privately owned vans with a seating capacity of not less than seven nor more than 15 persons,
108 including the driver, used exclusively pursuant to a ridesharing arrangement as defined in § 46.2-1400;

109 12. Motor vehicles specially equipped to provide transportation for physically handicapped
110 individuals;

111 13. Motor vehicles (i) owned by members of a volunteer rescue squad or volunteer fire department
112 or (ii) leased by members of a volunteer rescue squad or volunteer fire department if the member is
113 obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One
114 motor vehicle which is owned by each volunteer rescue squad member or volunteer fire department
115 member, or leased by each volunteer rescue squad member or volunteer fire department member if the
116 member is obligated by the terms of the lease to pay tangible personal property tax on the motor
117 vehicle, may be specially classified under this section, provided the volunteer rescue squad member or
118 volunteer fire department member regularly responds to emergency calls. The volunteer shall furnish the
119 commissioner of revenue, or other assessing officer, with a certification by the chief or head of the
120 volunteer organization, that the volunteer is a member of the volunteer rescue squad or fire department
121 who regularly responds to calls or regularly performs other duties for the rescue squad or fire

department, and the motor vehicle owned or leased by the volunteer rescue squad member or volunteer fire department member is identified. The certification shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the part of the member, to accept a certification after the January 31 deadline. In any county which prorates the assessment of tangible personal property pursuant to § 58.1-3516, a replacement vehicle may be certified and classified pursuant to this subsection when the vehicle certified as of the immediately prior January date is transferred during the tax year;

14. Motor vehicles (i) owned by auxiliary members of a volunteer rescue squad or volunteer fire department or (ii) leased by auxiliary 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 regularly used by each auxiliary volunteer fire department or rescue squad member may be specially classified under this section. The auxiliary member shall furnish the commissioner of revenue, or other assessing officer, with a certification by the chief or head of the volunteer organization, that the volunteer is an auxiliary member of the volunteer rescue squad or fire department who regularly performs duties for the rescue squad or fire department, and the motor vehicle is identified as regularly used for such purpose; however, if a volunteer rescue squad or fire department member and an auxiliary member are members of the same household, that household shall be allowed only one special classification under this subdivision or subdivision 13 of this section. The certification shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the part of the member, to accept a certification after the January 31 deadline;

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

16. Privately owned camping trailers as defined in § 46.2-100, and privately owned travel trailers as defined in § 46.2-1900, which are used for recreational purposes only, and privately owned trailers as defined in § 46.2-100 that are designed and used for the transportation of horses;

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

18. Motor vehicles (i) owned by persons who have been appointed to serve as auxiliary police officers pursuant to Article 3 (§ 15.2-1731 et seq.) of Chapter 17 of Title 15.2 or (ii) leased by persons who have been so appointed to serve as auxiliary police officers if the person is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One motor vehicle which is regularly used by each auxiliary police officer to respond to auxiliary police duties may be specially classified under this section. In order to qualify for such classification, any auxiliary police officer who applies for such classification shall identify the vehicle for which this classification is sought, and shall furnish the commissioner of revenue or other assessing officer with a certification from the governing body which has appointed such auxiliary police officer or from the official who has appointed such auxiliary officers. That certification shall state that the applicant is an auxiliary police officer who regularly uses a motor vehicle to respond to auxiliary police duties, and it shall state that the vehicle for which the classification is sought is the vehicle which is regularly used for that purpose. The certification shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the part of the member, to accept a certification after the January 31 deadline;

19. Until the first to occur of June 30, 2009, or the date that a special improvements tax is no longer levied under § 15.2-4607 on property within a Multicounty Transportation Improvement District created pursuant to Chapter 46 (§ 15.2-4600 et seq.) of Title 15.2, tangible personal property that is used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District, provided that such business personal property is put into service within the District on or after July 1, 1999;

20. Motor vehicles which use clean special fuels as defined in § 46.2-749.3;

21. Wild or exotic animals kept for public exhibition in an indoor or outdoor facility which is properly licensed by the federal government, the Commonwealth, or both, and which is properly zoned

183 for such use. "Wild animals" means any animals which are found in the wild, or in a wild state, within
184 the boundaries of the United States, its territories or possessions. "Exotic animals" means any animals
185 which are found in the wild, or in a wild state, and are native to a foreign country;

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

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

192 24. All tangible personal property employed in a trade or business other than that described in
193 subdivisions A 1 through A 18, except for subdivision A 17, of § 58.1-3503;

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

195 26. Privately owned pleasure boats and watercraft, motorized and under 18 feet, used for recreational
196 purposes only;

197 27. Privately owned pleasure boats and watercraft, nonmotorized and under 18 feet, used for
198 recreational purposes only;

199 28. Privately owned motor homes as defined in § 46.2-100 that are used for recreational purposes
200 only;

201 29. Tangible personal property used in the provision of Internet services. For purposes of this
202 subdivision, "Internet service" means a service, including an Internet Web-hosting service, that enables
203 users to access content, information, electronic mail, and the Internet as part of a package of services
204 sold to customers;

205 30. Motor vehicles (i) owned by persons who serve as auxiliary, reserve or special deputy sheriffs or
206 (ii) leased by persons who serve as auxiliary, reserve or special deputy sheriffs if the person is obligated
207 by the terms of the lease to pay tangible personal property tax on the motor vehicle. For purposes of
208 this subdivision, the term "auxiliary deputy sheriff" means auxiliary, reserve or special deputy sheriff.
209 One motor vehicle that is regularly used by each auxiliary deputy sheriff to respond to auxiliary deputy
210 sheriff duties may be specially classified under this section. In order to qualify for such classification,
211 any auxiliary deputy sheriff who applies for such classification shall identify the vehicle for which this
212 classification is sought, and shall furnish the commissioner of revenue or other assessing officer with a
213 certification from the governing body that has appointed such auxiliary deputy sheriff or from the
214 official who has appointed such auxiliary deputy sheriff. That certification shall state that the applicant
215 is an auxiliary deputy sheriff who regularly uses a motor vehicle to respond to such auxiliary duties, and
216 it shall state that the vehicle for which the classification is sought is the vehicle that is regularly used
217 for that purpose. The certification shall be submitted by January 31 of each year to the commissioner of
218 revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall
219 be authorized, in his discretion, and for good cause shown and without fault on the part of the member,
220 to accept a certification after the January 31 deadline;

221 31. Forest harvesting and silvicultural activity equipment; and

222 32. Equipment used primarily for research, development, production, or provision of biotechnology
223 for the purpose of developing or providing products or processes for specific commercial or public
224 purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related
225 purposes; agricultural purposes; or environmental purposes but not for human cloning purposes as
226 defined in § 32.1-162.21 or for products or purposes related to human embryo stem cells. For purposes
227 of this section, biotechnology equipment means equipment directly used in activities associated with the
228 science of living things.

229 B. The governing body of any county, city or town may levy a tax on the property enumerated in
230 subsection A at different rates from the tax levied on other tangible personal property. The rates of tax
231 and the rates of assessment shall (i) for purposes of subdivisions 1, 2, 3, 4, 6, 9 through 18, 20 through
232 22, and 24 through 32 of subsection A, not exceed that applicable to the general class of tangible
233 personal property, (ii) for purposes of subdivisions A 5, A 7, A 19, and A 23, not exceed that applicable
234 to machinery and tools, and (iii) for purposes of subdivision A 8, equal that applicable to real property.

235 C. *Notwithstanding any other provision of this section, for any qualifying vehicle, as such term is*
236 *defined in § 58.1-3523, (i) included in any separate class of property in subsection A and (ii) assessed*
237 *for tangible personal property taxes by a county, city, or town receiving a payment from the*
238 *Commonwealth under Chapter 35.1 of this title for providing tangible personal property tax relief, the*
239 *county, city, or town may levy the tangible personal property tax on such qualifying vehicle at a rate*
240 *not to exceed the rates of tax and rates of assessment required under such chapter.*

241 § 58.1-3506.1. Other classification for taxation of certain tangible personal property owned by certain
242 elderly and handicapped persons.

243 The governing body of any county, city or town may, by ordinance, levy a tax on one motor vehicle
244 owned and used primarily by or for anyone at least sixty-five years of age or anyone found to be

permanently and totally disabled, as defined in § 58.1-3506.3, at a different rate from the tax levied on other tangible personal property, upon such conditions as the ordinance may prescribe. Such rate shall not exceed the ~~tax rates levied on other motor vehicles~~ *the tangible personal property tax on the general class of tangible personal property*. For purposes of this article, the term motor vehicle shall include only automobiles and pickup trucks. Any such motor vehicle owned by a husband and wife may qualify if either spouse is sixty-five or over or if either spouse is permanently and totally disabled. *Notwithstanding any other provision of this section or article, for any automobile or pickup truck that is (i) a qualifying vehicle, as such term is defined in § 58.1-3523, and (ii) assessed for tangible personal property taxes by a county, city, or town receiving a payment from the Commonwealth under Chapter 35.1 of this title for providing tangible personal property tax relief, the rate of tax levied pursuant to this article shall not exceed the rates of tax and rates of assessment required under such chapter.*

CHAPTER 35.1.

PERSONAL PROPERTY TAX RELIEF.

§ 58.1-3523. Definitions.

As used in this chapter:

"Commissioner" means the Commissioner of the Department of Motor Vehicles.

"Commissioner of the revenue" means the same as that set forth in § 58.1-3100. For purposes of this chapter, in a county or city which does not have an elected commissioner of the revenue, "commissioner of the revenue" means the officer who is primarily responsible for assessing motor vehicles for the purposes of tangible personal property taxation.

"Department" means the Department of Motor Vehicles.

"Effective tax rate" means the tax rate imposed by a locality on tangible personal property on the applicable class of tangible personal property multiplied by the *any* assessment ratio *in effect*.

"Leased" means leased by a natural person as lessee and used for nonbusiness purposes.

"Percentage level" means the percentage of the reimbursable amount to be reimbursed or paid by the Commonwealth.

"Privately owned" means owned by a natural person and used for nonbusiness purposes.

"Qualifying vehicle" means any passenger car, motorcycle, and pickup or panel truck, as those terms are defined in § 46.2-100, that is determined by the commissioner of the revenue of the county or city in which the vehicle has situs as provided by § 58.1-3511 to be (i) privately owned or (ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle. In determining whether a vehicle is a qualifying vehicle, the commissioner of revenue may rely on the registration of such vehicle with the Department pursuant to Chapter 6 (§ 46.2-600 et seq.) of Title 46.2.

"Reimbursable amount" means the value of a qualifying vehicle, up to the first \$20,000 of value, multiplied by the effective tax rate in effect in the locality on July 1, 1997, or August 1, 1997, whichever is greater.

"Tangible personal property tax" means the tax levied pursuant to Article 1 (§ 58.1-3500 et seq.) of Chapter 35 of Title 58.1.

"Tax year" means the 12-month period beginning in the calendar year for which tangible personal property taxes are imposed.

"Treasurer" means the same as that set forth in § 58.1-3123, when used herein with respect to a county or city. When used herein with respect to a town, "treasurer" means the officer who is primarily responsible for the billing and collection of tangible personal property taxes levied upon motor vehicles by such town, and means the treasurer of the county or counties in which such town is located if such functions are performed for the town by the county treasurer or treasurers.

"Used for nonbusiness purposes" means the preponderance of use is for other than business purposes. The preponderance of use for other than business purposes shall be deemed not to be satisfied if: (i) the motor vehicle is expensed on the taxpayer's federal income tax return pursuant to Internal Revenue Code § 179; (ii) more than fifty percent of the basis for depreciation of the motor vehicle is depreciated for federal income tax purposes; or (iii) the allowable expense of total annual mileage in excess of fifty percent is deductible for federal income tax purposes or reimbursed pursuant to an arrangement between an employer and employee.

"Value" means the fair market value determined by the method prescribed in § 58.1-3503 and used by the locality as of August 1, 1997, in valuing the qualifying vehicle.

§ 58.1-3524. Tangible personal property tax relief; local tax rates on vehicles qualifying for tangible personal property tax relief.

A. For tax year 1998, the Commonwealth shall directly reimburse taxpayers, for tangible personal property tax levies paid on any qualifying vehicle, a percentage of the reimbursable amount determined pursuant to subdivision B 1, as provided in § 58.1-3525. For tax year 1999 and tax years thereafter, the Commonwealth shall pay to treasurers a percentage of the reimbursable amount determined pursuant to subdivisions B 2 through B 5 on any qualifying vehicle, as provided in § 58.1-3526.

B. Subject to the conditions of subsections C and D, the amount of the reimbursement to taxpayers for tax year 1998 and the amount of the payments to treasurers for tax years after 1998 shall be 100 percent for qualifying vehicles with a value of one thousand dollars or less and for each qualifying vehicle with a value of more than one thousand dollars shall be as follows:

	Percentage Level
1. For any tax year beginning in	12.5 percent of the reimbursable
calendar year 1998	amount for each qualifying vehicle
2. For any tax year beginning in	27.5 percent of the reimbursable
calendar year 1999	amount for each qualifying vehicle
3. For any tax year beginning in	47.5 percent of the reimbursable
calendar year 2000	amount for each qualifying vehicle
4. For any tax year beginning in	70 percent of the reimbursable
calendar year 2001	amount for each qualifying vehicle
5. For any tax year beginning in	100 percent of the reimbursable
calendar year 2002 and tax	amount for each qualifying vehicle
years thereafter	

C. Notwithstanding the schedule set forth in subsection B, the percentage level for each qualifying vehicle to be paid by the Commonwealth for a tax year shall not be increased at the beginning of any calendar year above the percentage level paid by the Commonwealth in the preceding tax year if:

1. Actual general fund revenues for a fiscal year, including transfers, are less than the projected general fund revenues, as reported in the general appropriation act in effect at that time, by one-half of one percent or more of the amount of actual general fund revenues for such fiscal year;

2. The general fund revenue forecast provided by the Governor in December pursuant to § 2.2-1503 indicates that general fund revenues, excluding transfers, for any fiscal year will be less than five percent greater than general fund revenues for the immediately preceding fiscal year; or

3. The general fund revenue forecast provided by the Governor in December pursuant to § 2.2-1503 indicates that total general fund revenues available for appropriation, including transfers, for either of the fiscal years covered by the general appropriation act in effect at that time will be less than the general fund appropriations for such fiscal year or years.

D. If the percentage level remains the same for consecutive tax years, the percentage level to be used in the following tax year shall remain the same unless none of the conditions described in subsection C have occurred, in which event the amount to be paid by the Commonwealth for the immediately following tax year shall be equal to the next highest percentage amount listed in subsection B.

E. An amount equal to the percentage of the reimbursable amount as determined under subdivisions B 2 through B 5 shall appear as a deduction on the tangible personal property tax bill for qualifying vehicles, as provided by subsection E of § 58.1-3912.

1. In the event the General Assembly changes the percentage of the reimbursable amount as described under subsection B for the current tax year and a locality has already printed its tangible personal property tax bills for qualifying vehicles for the year that the percentage is changed, the following procedures shall apply:

a. If the percentage of the reimbursable amount is decreased for the current tax year and the taxpayer has paid the assessment, the locality may (i) levy an additional amount for the amount of the difference between the percentage of the reimbursable amount for the tax year reflected on the original assessment and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in the current year or (ii) carry forward the additional levy and include it on the subsequent tax bill, provided such levy is not subject to penalty and interest.

b. If the percentage of the reimbursable amount is increased for the current tax year and the taxpayer has paid the assessment, the locality shall issue a refund to the taxpayer for the amount of the difference

between the percentage of the reimbursable amount for the tax year reflected on the original assessment and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in the current tax year. Such refunds shall be issued by the treasurer no later than thirty days after receipt of the payment from the Commonwealth pursuant to § 58.1-3526.

2. In the event the General Assembly changes the percentage of the reimbursable amount as described under subsection B before a locality has printed its tangible personal property tax bills for qualifying vehicles, the following procedures shall apply:

a. If the percentage of the reimbursable amount is decreased for the current tax year, the locality may adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General Assembly to the percentage of the reimbursable amount.

b. If the percentage of the reimbursable amount is increased for the current tax year, the locality shall adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General Assembly to the percentage of the reimbursable amount.

A. For tax year 2006 and all tax years thereafter, counties, cities, and towns shall be reimbursed by the Commonwealth for providing the required tangible personal property tax relief as set forth herein.

B. For tax year 2006 and all tax years thereafter, the Commonwealth shall pay a total of \$950 million for each such tax year in reimbursements to localities for providing the required tangible personal property tax relief on qualifying vehicles in subsection C. No other amount shall be paid to counties, cities, and towns for providing tangible personal property tax relief on qualifying vehicles. Each county's, city's, or town's share of the \$950 million for each such tax year shall be determined pro rata based upon the actual payments to such county, city, or town pursuant to this chapter for tax year 2005 as compared to the actual payments to all counties, cities, and towns pursuant to this chapter for tax year 2005, as certified in writing by the Auditor of Public Accounts no later than March 1, 2006, to the Governor and to the chairmen of the Senate Committee on Finance and the House Committee on Appropriations. The amount reimbursed to a particular county, city, or town for tax year 2006 for providing tangible personal property tax relief shall be the same amount reimbursed to such county, city, or town for each subsequent tax year.

The reimbursement to each county, city, or town for tax year 2006 shall be paid by the Commonwealth over the 12-month period beginning with the month of July 2006 and ending with the month of June 2007, as provided in the general appropriation act. For all tax years subsequent to tax year 2006, reimbursements shall be paid over the same 12-month period. All reimbursement payments shall be made by check issued by the State Treasurer to the respective treasurer of the county, city, or town on warrant of the Comptroller.

C. For tax year 2006 and all tax years thereafter, each county, city, or town that will receive a reimbursement from the Commonwealth pursuant to subsection B shall provide tangible personal property tax relief on qualifying vehicles by reducing its local tax rate on qualifying vehicles as follows:

1. The local governing body of each county, city, or town shall fix or establish its tangible personal property tax rate for its general class of tangible personal property, which rate shall also be applied to that portion of the value of each qualifying vehicle that is in excess of \$20,000;

2. After fixing or establishing its tangible personal property tax rate for its general class of tangible personal property, the local governing body of the county, city, or town shall fix or establish one or more reduced tax rates (lower than the rate applied to the general class of tangible personal property) that shall be applied solely to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. No other tangible personal property tax rate shall be applied to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. Such reduced tax rate or rates shall be set at an effective tax rate or rates such that the revenue to be received from such reduced tax rate or rates on that portion of the value not in excess of \$20,000, when added to the Commonwealth's reimbursement, is approximately equal to the total revenue that would have been received by the county, city, or town from its tangible personal property tax had the tax rate for its general class of tangible personal property been applied to 100 percent of the value of all qualifying vehicles.

D. On or before the date the certified personal property tax book is required by § 58.1-3118 to be provided to the treasurer, the commissioner of the revenue shall identify each qualifying vehicle and its value to the treasurer of the locality.

E. The provisions of this section are mandatory for any county, city, or town that will receive a reimbursement pursuant to subsection B.

§ 58.1-3912. Treasurers to mail certain bills to taxpayers; penalties; electronic transmission.

A. The treasurer of every city and county shall, as soon as reasonably possible in each year, but not later than fourteen days prior to the due date of the taxes, send or cause to be sent by United States mail to each taxpayer assessed with taxes and levies for that year a bill or bills setting forth the amounts due. The treasurer may elect not to send a bill amounting to twenty dollars or less as shown by an assessment book in such treasurer's office. The treasurer may employ the services of a mailing service or

other vendor for fulfilling the requirements of this section. The failure of any such treasurer to comply with this section shall be a Class 4 misdemeanor. Such treasurer shall be deemed in compliance with this section as to any taxes due on real estate if, upon certification by the obligee of any note or other evidence of debt secured by a mortgage or deed of trust on such real estate that an agreement has been made with the obligor in writing within the mortgage or deed of trust instrument that such arrangements be made, he mails the bill for such taxes to the obligee thereof. Upon nonpayment of taxes by either the obligee or obligor, a past-due tax bill will be sent to the taxpayer. No governing body shall publish the name of a taxpayer in connection with a tax debt for which a bill was not sent, without first sending a notice of deficiency to his last known address at least two weeks before such publication.

B. The governing body of any county, city or town may attach to or mail with all real estate and tangible personal property tax bills, prepared for taxpayers in such locality, information indicating how the tax rate charged upon such property and revenue derived therefrom is apportioned among the various services and governmental functions provided by the locality.

C. Notwithstanding the provisions of subsection A of this section, in any county which has adopted the urban county executive form of government, and in any county contiguous thereto which has adopted the county executive form of government, tangible personal property tax bills shall be mailed not later than thirty days prior to the due date of such taxes.

D. Notwithstanding the provisions of subsection A of this section, any county and town, the governing bodies of which mutually agree, shall be allowed to send, to each taxpayer assessed with taxes, by United States mail no later than fourteen days prior to the due date of the taxes, a single real property tax bill and a single tangible personal property tax bill.

E. Beginning with tax year 1999 2006, in addition to all other information currently appearing on tangible personal property tax bills, each such bill required to be sent pursuant to subsection A shall state on its face (i) whether the vehicle is a qualifying vehicle as defined in § 58.1-3523; (ii) a deduction for the amount to be paid by the Commonwealth as determined by § 58.1-3524 a statement indicating the reduced tangible personal property tax rates applied to qualifying vehicles resulting from the Commonwealth's reimbursements for tangible personal property tax relief pursuant to § 58.1-3524, and the locality's tangible personal property tax rate for its general class of tangible personal property, provided that such statement shall not be required for tax bills in any county, city, or town that will not receive any reimbursement pursuant to subsection B of § 58.1-3524; (iii) the vehicle's registration number pursuant to § 46.2-604; (iv) the amount of tangible personal property tax levied on the vehicle; and (v) if the locality prorates personal property tax pursuant to § 58.1-3516, the number of months for which a bill is being sent.

F. Beginning with tax year 1999 and through the end of tax year 2002, the treasurer shall include a statement, prepared by the Department, with or as part of the tangible personal property tax bills for such qualifying vehicles. The statement shall explain how the deduction for the percentage of the reimbursable amount was calculated, how the deduction shall be calculated in future years, and the taxpayer's liability for tangible personal property taxes on qualifying vehicles.

G. Notwithstanding the provisions of subsection A, the treasurer, consistent with guidelines promulgated by the Department of Taxation implementing the provisions of subdivision 2 of § 58.1-1820, may convey, with the written consent of the taxpayer, any tax bill by electronic means chosen by the taxpayer, including without limitation facsimile transmission or electronic mail (e-mail), in lieu of posting such bill by first-class mail. The treasurer conveying a bill by means authorized in this subsection shall maintain a copy (in written form or electronic media) of the bill reflecting the date of transmission until such time as the bill has been satisfied or otherwise removed from the treasurer's books by operation of law. Transmission of a bill pursuant to this subsection shall have the same force and effect for all purposes arising under this subtitle as mailing to the taxpayer by first-class mail on the date of transmission.

2. That the amendments to §§ 3.1-1111, 30-133, 58.1-3506, 58.1-3506.1, 58.1-3523, 58.1-3524, and 58.1-3912 of the Code of Virginia pursuant to the provisions of this act shall become effective on January 1, 2006.

3. That tangible personal property tax relief under Chapter 35.1 of Title 58.1 of the Code of Virginia for qualifying vehicles shall be as follows for any tax year beginning in 2004 and for any tax year beginning in 2005:

(i) For each qualifying vehicle with a value of \$1,000 or less, 100 percent of the reimbursable amount; and

(ii) For each qualifying vehicle with a value of more than \$1,000, 70 percent of the reimbursable amount.

The terms qualifying vehicle, value, and reimbursable amount as used herein shall have the same meaning as provided in § 58.1-3523 of the Code of Virginia.

4. That the Secretary of Finance, in consultation with representatives of the Virginia Municipal League and the Virginia Association of Counties, shall develop a schedule of payment dates (for

489 tax year 2006 and tax years thereafter) for reimbursement payments to localities that is consistent
 490 with the parameters for reimbursement payments to localities provided under the provisions of
 491 this act. The Secretary of Finance shall, by January 1, 2005, provide to the Governor and to the
 492 General Assembly the actual payment dates that will be used for reimbursing counties, cities, and
 493 towns for providing tangible personal property tax relief pursuant to Chapter 35.1 of Title 58.1 of
 494 the Code of Virginia.
 495 5. That §§ 58.1-3525 through 58.1-3533, 58.1-3536, and 58.1-3916.01 of the Code of Virginia are
 496 repealed effective January 1, 2006.
 497 6. That, except as provided in the third and fourth enactments, the provisions of this act shall be
 498 effective for tax years beginning in 2006 and for all tax years thereafter.