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**HOUSE BILL NO. 140**

Offered January 11, 2006

Prefiled December 28, 2005

*A BILL to amend and reenact §§ 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 amend the Code of Virginia by adding sections numbered 58.1-3524.1 through 58.1-3524.6, and 58.1-3916.01:1, relating to personal property tax relief.*

Patrons—Cole, Cline, McQuigg, O'Bannon and Ware, R.L.

Referred to Committee on Appropriations

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

**1. That §§ 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, and that the Code of Virginia is amended by adding sections numbered 58.1-3524.1 through 58.1-3524.6, and 58.1-3916.01:1 as follows:**

§ 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 meetings prior to the meeting above.

D. As part of his normal oversight responsibilities, the Auditor of Public Accounts shall incorporate into his audit procedures and processes a review process to ensure that the Commonwealth's payments to counties, cities, and towns under Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1 for qualifying vehicles, as defined in § 58.1-3523, are consistent with the provisions of §§ 58.1-3524 58.1-3524.1 and 58.1-3524.2. The Auditor of Public Accounts shall report to the Governor and the Chairman of the Senate Finance Committee annually any material failure by a locality or the Commonwealth to comply with the provisions of Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1.

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

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

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

H. 1. The Auditor of Public Accounts shall compile and maintain on its Internet website a searchable database providing certain state expenditure, revenue, and demographic information as described in this subsection. In maintaining the database, the Auditor of Public Accounts shall work with and coordinate his efforts with the Joint Legislative Audit and Review Commission in obtaining, summarizing, and compiling the information to avoid duplication of efforts. The database shall be updated each year by October 15 to provide the information required in this subsection for the 10 most recently ended fiscal

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59 years of the Commonwealth.

60 The online database shall be made available to citizens of the Commonwealth to allow public access  
61 to historical revenue collections and appropriations with related demographic information, to the extent  
62 that the information is available and provided to the Auditor of Public Accounts. All state departments,  
63 courts officers, boards, commissions, institutions, or other agencies of the Commonwealth shall furnish  
64 all information requested by the Auditor of Public Accounts and shall cooperate with him to the fullest  
65 extent.

66 2. The database shall contain the following for each of the 10 most recently ended fiscal years of the  
67 Commonwealth:

68 a. Major categories of spending by each secretariat and for major agencies;

69 b. The number of full-time state employees;

70 c. Total fiscal year revenues from state taxes, fees, and other charges, and total fiscal year revenues  
71 from state taxes, fees, and other charges computed on a per capita basis and as a percentage of personal  
72 income in the Commonwealth;

73 d. With regard to state taxes, fees, and other charges computed on a per capita basis and as a  
74 percentage of personal income, a comparison of such statistics for Virginia with the same statistics for  
75 other states;

76 e. Total fiscal year revenues from federal sources, including the major categories of spending for  
77 such revenues;

78 f. Total population and total population by various age groups including, but not limited to,  
79 school-age population and the population of persons 65 years of age and older;

80 g. Student enrollment in grades K through 12;

81 h. Enrollment in public institutions of higher education of the Commonwealth;

82 i. Enrollment in private institutions of higher education in the Commonwealth;

83 j. The annual prison population;

84 k. Virginia adjusted gross income and Virginia taxable income by various age groups;

85 l. The number of citizens in the Commonwealth receiving food stamps;

86 m. The number of driver's licenses issued;

87 n. The number of registered motor vehicles;

88 o. The number of full-time private sector employees;

89 p. The number of households;

90 q. The number of prepaid tuition contracts outstanding pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of  
91 Title 23 and the estimated total liability under such contracts; and

92 r. Other data as the Auditor deems appropriate relating to the Commonwealth of Virginia.

93 3. By October 15 of each year, the Auditor shall also produce a paper copy or a computer file  
94 containing the information described in this subsection and shall distribute the copy or file to  
95 newspapers of general circulation in the Commonwealth. The distribution shall include the address of the  
96 Internet website for the searchable database.

97 § 58.1-3506. Other classifications of tangible personal property for taxation.

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

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

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

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

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

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

109 6. Heavy construction machinery not used for business purposes, including but not limited to land  
110 movers, bulldozers, front-end loaders, graders, packers, power shovels, cranes, pile drivers, forest  
111 harvesting and silvicultural activity equipment and ditch and other types of diggers;

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

118 8. Vehicles without motive power, used or designed to be used as manufactured homes as defined in  
119 § 36-85.3;

120 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, 18 feet and over, used for recreational purposes only;

11. Privately owned vans with a seating capacity of not less than seven nor more than 15 persons, including the driver, 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 volunteer fire department member regularly responds to emergency calls. The volunteer 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 a member of the volunteer rescue squad or fire department 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 no more than two special classifications 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 except those trailers described in subdivision A 11 of § 58.1-3505;

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

182 applies for such classification shall identify the vehicle for which this classification is sought, and shall  
183 furnish the commissioner of revenue or other assessing officer with a certification from the governing  
184 body which has appointed such auxiliary police officer or from the official who has appointed such  
185 auxiliary officers. That certification shall state that the applicant is an auxiliary police officer who  
186 regularly uses a motor vehicle to respond to auxiliary police duties, and it shall state that the vehicle for  
187 which the classification is sought is the vehicle which is regularly used for that purpose. The  
188 certification shall be submitted by January 31 of each year to the commissioner of revenue or other  
189 assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in  
190 his discretion, and for good cause shown and without fault on the part of the member, to accept a  
191 certification after the January 31 deadline;

192 19. Until the first to occur of June 30, 2009, or the date that a special improvements tax is no longer  
193 levied under § 15.2-4607 on property within a Multicounty Transportation Improvement District created  
194 pursuant to Chapter 46 (§ 15.2-4600 et seq.) of Title 15.2, tangible personal property that is used in  
195 manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District,  
196 provided that such business personal property is put into service within the District on or after July 1,  
197 1999;

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

199 21. Wild or exotic animals kept for public exhibition in an indoor or outdoor facility which is  
200 properly licensed by the federal government, the Commonwealth, or both, and which is properly zoned  
201 for such use. "Wild animals" means any animals which are found in the wild, or in a wild state, within  
202 the boundaries of the United States, its territories or possessions. "Exotic animals" means any animals  
203 which are found in the wild, or in a wild state, and are native to a foreign country;

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

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

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

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

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

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

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

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

223 30. Motor vehicles (i) owned by persons who serve as auxiliary, reserve or special deputy sheriffs or  
224 (ii) leased by persons who serve as auxiliary, reserve or special deputy sheriffs if the person is obligated  
225 by the terms of the lease to pay tangible personal property tax on the motor vehicle. For purposes of  
226 this subdivision, the term "auxiliary deputy sheriff" means auxiliary, reserve or special deputy sheriff.  
227 One motor vehicle that is regularly used by each auxiliary deputy sheriff to respond to auxiliary deputy  
228 sheriff duties may be specially classified under this section. In order to qualify for such classification,  
229 any auxiliary deputy sheriff who applies for such classification shall identify the vehicle for which this  
230 classification is sought, and shall furnish the commissioner of revenue or other assessing officer with a  
231 certification from the governing body that has appointed such auxiliary deputy sheriff or from the  
232 official who has appointed such auxiliary deputy sheriff. That certification shall state that the applicant  
233 is an auxiliary deputy sheriff who regularly uses a motor vehicle to respond to such auxiliary duties, and  
234 it shall state that the vehicle for which the classification is sought is the vehicle that is regularly used  
235 for that purpose. The certification shall be submitted by January 31 of each year to the commissioner of  
236 revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall  
237 be authorized, in his discretion, and for good cause shown and without fault on the part of the member,  
238 to accept a certification after the January 31 deadline;

239 31. Forest harvesting and silvicultural activity equipment;

240 32. Equipment used primarily for research, development, production, or provision of biotechnology  
241 for the purpose of developing or providing products or processes for specific commercial or public  
242 purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related  
243 purposes; agricultural purposes; or environmental purposes but not for human cloning purposes as

defined in § 32.1-162.21 or for products or purposes related to human embryo stem cells. For purposes of this section, biotechnology equipment means equipment directly used in activities associated with the science of living things; and

33. Boats or watercraft weighing less than five tons, used for business purposes only.

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, and 24 through 33 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. Notwithstanding any other provision of this section, for any qualifying vehicle, as such term is defined in § 58.1-3523, (i) included in any separate class of property in subsection A 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 county, city, or town may levy the tangible personal property tax on such qualifying vehicle at a rate not to exceed the rates of tax and rates of assessment required under such chapter.

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

The governing body of any county, city or town may, by ordinance, levy a tax on one motor vehicle owned and used primarily by or for anyone at least 65 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 tangible personal property tax on the general class of tangible personal property tax rates levied on other motor vehicles. 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 65 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.

§ 58.1-3523. Definitions.

As used in this chapter:

"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 Taxation.

"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 any the 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 of Motor Vehicles 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

305 by such town, and means the treasurer of the county or counties in which such town is located if such  
306 functions are performed for the town by the county treasurer or treasurers.

307 "Used for nonbusiness purposes" means the preponderance of use is for other than business purposes.  
308 The preponderance of use for other than business purposes shall be deemed not to be satisfied if: (i) the  
309 motor vehicle is expensed on the taxpayer's federal income tax return pursuant to Internal Revenue Code  
310 § 179; (ii) more than 50 percent of the basis for depreciation of the motor vehicle is depreciated for  
311 federal income tax purposes; or (iii) the allowable expense of total annual mileage in excess of 50  
312 percent is deductible for federal income tax purposes or reimbursed pursuant to an arrangement between  
313 an employer and employee.

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

316 § 58.1-3524. Tangible personal property tax relief; local tax rates on vehicles qualifying for tangible  
317 personal property tax relief.

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

320 B. For tax year 2006 and all tax years thereafter, the Commonwealth shall pay a total of \$950  
321 million for each such tax year in reimbursements to localities for providing the required tangible  
322 personal property tax relief on qualifying vehicles in subsection C. No other amount shall be paid to  
323 counties, cities, and towns for providing tangible personal property tax relief on qualifying vehicles.  
324 Each county's, city's, or town's share of the \$950 million for each such tax year shall be determined pro  
325 rata based upon the actual payments to such county, city, or town pursuant to this chapter for tax year  
326 2005 as compared to the actual payments to all counties, cities, and towns pursuant to this chapter for  
327 tax year 2005, as certified in writing by the Auditor of Public Accounts no later than March 1, 2006, to  
328 the Governor and to the chairmen of the Senate Committee on Finance and the House Committee on  
329 Appropriations. The amount reimbursed to a particular county, city, or town for tax year 2006 for  
330 providing tangible personal property tax relief shall be the same amount reimbursed to such county, city,  
331 or town for each subsequent tax year.

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

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

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

344 2. After fixing or establishing its tangible personal property tax rate for its general class of tangible  
345 personal property, the local governing body of the county, city, or town shall fix or establish one or  
346 more reduced tax rates (lower than the rate applied to the general class of tangible personal property)  
347 that shall be applied solely to that portion of the value of each qualifying vehicle that is not in excess of  
348 \$20,000. No other tangible personal property tax rate shall be applied to that portion of the value of  
349 each qualifying vehicle that is not in excess of \$20,000. Such reduced tax rate or rates shall be set at an  
350 effective tax rate or rates such that (i) the revenue to be received from such reduced tax rate or rates on  
351 that portion of the value of qualifying vehicles not in excess of \$20,000 plus (ii) the revenue to be  
352 received on that portion of the value of qualifying vehicles in excess of \$20,000 plus (iii) the  
353 Commonwealth's reimbursement is approximately equal to the total revenue that would have been  
354 received by the county, city, or town from its tangible personal property tax had the tax rate for its  
355 general class of tangible personal property been applied to 100 percent of the value of all qualifying  
356 vehicles.

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

360 A. For tax year 2007 and tax years thereafter, the Commonwealth shall pay to treasurers 100% of  
361 the reimbursable amount on any qualifying vehicle.

362 B. The reimbursable amount shall appear as a deduction on the tangible personal property tax bill  
363 for qualifying vehicles, as provided by subsection E of § 58.1-3912.

364 § 58.1-3524.1. Payment to treasurers for tax year 2007 and thereafter.

365 A. For tax year 2007 and tax years thereafter, the Commonwealth shall pay to treasurers 100% of  
366 the reimbursable amount for each qualifying vehicle, if the conditions of this section are satisfied.

B. As provided by subsection E of § 58.1-3912, the treasurer shall include such amount as a deduction on the face of tangible personal property tax bills for qualifying vehicles and shall clearly designate such deduction as an amount to be paid by the Commonwealth. In addition to tangible personal property taxes levied on property other than qualifying vehicles, the taxpayer shall pay to the treasurer any payment due for the difference between tangible personal property taxes levied on a qualifying vehicle and such deduction. 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.

C. Upon full payment of the tangible personal property tax levied on a qualifying vehicle, less the amount of the deduction, as described in subsection B, the treasurer shall make a request to the Commonwealth for payment of the reimbursable amount. Such request shall include a summary of the information appearing on the related tangible personal property tax bill. The summary information to be included in the request and the form of such request shall be prescribed by the Comptroller. Upon receipt of such information, the Comptroller shall issue the proper warrant for payment by the State Treasurer. If the Comptroller determines that a treasurer is unable to provide the summary information, he shall issue a warrant for payment to such treasurer in an amount equal to the estimate made by the Department under § 58.1-3524.4. Provided that the request for payment is received by the deadlines established and in the format prescribed by the Comptroller, he shall issue the warrant for payment no later than two business days after the receipt of the request from the treasurer.

D. 1. If a taxpayer is required to make a payment for the difference between the tangible personal property tax levied on a qualifying vehicle and the deduction as described in subsection B, the amount for such qualifying vehicle shall be paid by the Commonwealth to the treasurer at such times as are consistent with the treasurer's receipt of tangible personal property tax payments on qualifying vehicles as of January 1, 2007.

2. Except as provided in subdivision D 3, if a taxpayer is not required to return to the treasurer any payment of tangible personal property tax for a qualifying vehicle, the amount for such qualifying vehicle shall be paid by the Commonwealth to the treasurer over a four-week period. There shall be one equal payment in each week. The first payment shall be made four weeks prior to the county, city, or town's due date for tangible personal property taxes on qualifying vehicles as of January 1, 2007. However, the Comptroller shall not issue a warrant for payment unless he has received the certification described in § 58.1-3916.01:1.

3. If (i) a taxpayer is not required to return to the treasurer any payment of tangible personal property tax for a qualifying vehicle and (ii) the tangible personal property tax levy on such vehicle has been made as authorized under § 58.1-3516, the amount for such qualifying vehicle shall be paid by the Commonwealth to the treasurer at such times as are consistent with the treasurer's receipt of tangible personal property tax payments on qualifying vehicles as of January 1, 2007.

E. In addition to the summary information described in subsection C, the treasurer shall provide any additional information related to qualifying vehicles to the Department as required by the Department.

§ 58.1-3524.2. Reconciliation of amounts paid to counties, cities, and towns.

For tax years 2007 and tax years thereafter, the Department and each treasurer shall reconcile the amount paid by the Commonwealth to such treasurer. The Department may use the information described in subsections C and E of § 58.1-3524.1 and any other source or data it deems appropriate in making such a reconciliation. If the Department determines that the correct amount has not been paid to such treasurer, the Department shall (i) for any underpayments, make a written request to the Comptroller to make a payment for any underpayment; or (ii) for any overpayment, direct the Comptroller to reduce the respective county, city, or town's next payment or payments, in the current or succeeding years, under § 58.1-3524.1 accordingly.

§ 58.1-3524.3. Interest; Commonwealth to make payments when taxes paid in full.

A. Payments to treasurers under this chapter shall not include interest.

B. The Commonwealth shall not make the reimbursement to a taxpayer, as provided under § 58.1-3524.1, unless the tangible personal property taxes for the related qualifying vehicle have been paid in full.

C. The Commonwealth shall not make the reimbursement to a treasurer, as provided under subsection C of § 58.1-3524.1, unless the tangible personal property taxes for the related qualifying vehicle, if in excess of \$5, have been paid in full. For the purposes of this section, taxes shall be deemed paid in full if (i) the taxpayer has been billed and has made a partial payment that is no more than \$5 less than the actual amount due, (ii) the treasurer has determined that there is no reason to believe the erroneous payment was made in bad faith, and (iii) the treasurer has elected, pursuant to subsection A of § 58.1-3912, not to pursue collection of the balance.

D. Notwithstanding the provisions of subsections B and C of this section, if a county, city, or town has entered into an agreement with a taxpayer under which such taxpayer is allowed to satisfy the

428 *tangible personal property tax liability on a qualifying vehicle in installment payments, due to financial*  
429 *hardship, the Commonwealth shall pay the amount for such vehicle to the treasurer if the taxpayer has*  
430 *paid at least 50% of such tangible personal property tax liability.*

431 *§ 58.1-3524.4. Estimate of payments to be made by the Commonwealth.*

432 *On November 1 of each year, the Department shall estimate the amount to be paid by the*  
433 *Commonwealth under this chapter for the upcoming tax year and shall provide a report to the Governor*  
434 *of the same. Upon the request of the Comptroller, the Department shall also make an estimate of the*  
435 *amount to be paid by the Commonwealth in any tax year to an individual county, city, or town and*  
436 *shall report the estimated amount to the Comptroller.*

437 *§ 58.1-3524.5. Full payment of tangible personal property tax on qualifying vehicles not made.*

438 *Beginning in tax year 2007, notwithstanding any other provision of law, general and special,*  
439 *including the provisions of the charter of any county, city, or town:*

440 *1. If a taxpayer fails to make the payment described in subsection B of § 58.1-3524.1 by its due date*  
441 *or fails to comply with the filing requirements for qualifying vehicles under §§ 58.1-3518 and*  
442 *58.1-3518.1, no interest may be imposed on any reimbursable amount to be paid by the Commonwealth.*  
443 *In calculating penalties to be imposed on the taxpayer for failure to make the payment described in*  
444 *subsection B of § 58.1-3524.1 by its due date or for failure of the taxpayer to comply with the filing*  
445 *requirements for qualifying vehicles under §§ 58.1-3518 and 58.1-3518.1, the treasurer may take into*  
446 *consideration the full amount of the tangible personal property tax levied including any reimbursable*  
447 *amount to be paid by the Commonwealth and any other relevant information.*

448 *2. If a taxpayer (i) fails to comply with the filing requirements for a qualifying vehicle under*  
449 *§§ 58.1-3518 and 58.1-3518.1 and (ii) is not required to return to the treasurer any payment of tangible*  
450 *personal property tax for such vehicle, no new or replacement local motor vehicle license for such*  
451 *vehicle, as described in Article 11 (§ 46.2-750 et seq.) of Chapter 6 of Title 46.2, shall be issued until*  
452 *the taxpayer complies with such filing requirements.*

453 *§ 58.1-3524.6. Personal Property Tax Relief Fund.*

454 *A. There is hereby created on the books of the Comptroller in the Department of the Treasury a*  
455 *special nonreverting fund that shall be known as the Personal Property Tax Relief Fund. The Fund shall*  
456 *consist of such funds as may be appropriated by the General Assembly from time to time. These funds*  
457 *shall be used exclusively for the payments to taxpayers and treasurers described in this chapter.*

458 *B. The Department shall annually, on or before November 1, make and deliver to the Governor and*  
459 *the Secretary of Finance a certificate stating the sum necessary to fund the payments to taxpayers and*  
460 *treasurers described in this chapter.*

461 *C. In the event the funds appropriated to the Fund are insufficient, or projected to be insufficient, to*  
462 *make payments to taxpayers or treasurers in the first year of a biennium, the Governor is authorized to*  
463 *transfer moneys from the second year to the first year to effect the payment.*

464 *In the event the funds appropriated to the Fund are insufficient, or projected to be insufficient, to*  
465 *make payments to treasurers in the second year of a biennium, the Governor is hereby directed to*  
466 *submit to the presiding officer of each house of the General Assembly, at its next regularly scheduled*  
467 *session, printed copies of a budget including the sum, if any, required to restore the Fund to a level*  
468 *sufficient to make payments to treasurers for the purpose set forth in this chapter.*

469 *§ 58.1-3912. Treasurers to mail certain bills to taxpayers; penalties; electronic transmission.*

470 *A. The treasurer of every city and county shall, as soon as reasonably possible in each year, but not*  
471 *later than 14 days prior to the due date of the taxes, send or cause to be sent by United States mail to*  
472 *each taxpayer assessed with taxes and levies for that year a bill or bills setting forth the amounts due.*  
473 *The treasurer may elect not to send a bill amounting to \$20 or less as shown by an assessment book in*  
474 *such treasurer's office. The treasurer may employ the services of a mailing service or other vendor for*  
475 *fulfilling the requirements of this section. The failure of any such treasurer to comply with this section*  
476 *shall be a Class 4 misdemeanor. Such treasurer shall be deemed in compliance with this section as to*  
477 *any taxes due on real estate if, upon certification by the obligee of any note or other evidence of debt*  
478 *secured by a mortgage or deed of trust on such real estate that an agreement has been made with the*  
479 *obligor in writing within the mortgage or deed of trust instrument that such arrangements be made, he*  
480 *mails the bill for such taxes to the obligee thereof. Upon nonpayment of taxes by either the obligee or*  
481 *obligor, a past-due tax bill will be sent to the taxpayer. No governing body shall publish the name of a*  
482 *taxpayer in connection with a tax debt for which a bill was not sent, without first sending a notice of*  
483 *deficiency to his last known address at least two weeks before such publication.*

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

488 *C. Notwithstanding the provisions of subsection A of this section, in any county which has adopted*  
489 *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 30 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 14 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 ~~2006~~ 2007, 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 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 a deduction for the reimbursable amount as defined in § 58.1-3523 to be paid by the Commonwealth;~~ (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. 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.

G. Any solid waste disposal fee imposed by a county may be attached to, mailed with, or stated on the appropriate real estate tax bill.

*§ 58.1-3916.01:1. Billing and due dates for personal property tax on qualifying vehicles.*

*Notwithstanding any changes a county, city, or town may adopt regarding its billing date or due date for tangible personal property tax or any proration ordinance that may be adopted pursuant to § 58.1-3516 or 58.1-3516.1, payment by the Commonwealth for qualifying vehicles to any county, city, or town shall be made in accordance with the provisions of § 58.1-3524.1 at such times as are consistent with each locality's billing date or due date in effect on January 1, 2006, for tangible personal property tax. The treasurer shall certify such billing dates and due dates in effect on January 1, 2006, to the Comptroller by January 1, 2007.*

**2. That the provisions of this act shall become effective on January 1, 2007.**