

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** Mamie E. Locke

2. **Bill Number** SB 217

3. **Committee** Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Personal Property Tax; Local Boat and
Watercraft Registration Fees

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would allow localities to assess a registration fee on boats or watercraft in lieu of the Personal Property Tax on i) boats and watercraft not used solely for business purposes; ii) privately owned pleasure boats, motorized and under 18 feet, used for recreational purposes only; and iii) privately owned pleasure boats, nonmotorized and under 18 feet, used for recreational purposes only. The registration fee could not be imposed more than every 3 years. The locality would be authorized to issue a decal as evidence of payment of the registration fee.

For purposes of determining the amount of the fee there would be four separate classifications of property: i) privately owned pleasure boats under 18 feet and weighing less than 5 tons used for recreational purposes only; ii) all other privately owned pleasure boats under 18 feet and weighing less than 5 tons; iii) motorboats 18 feet or over weighing less than 5 tons; and iv) motorboats weighing 5 tons or more.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state revenues. To the extent that a locality elects to assess the registration fee instead of the Personal Property Tax on boats or watercraft not used solely for business purposes, this bill would have an unknown impact on local revenues.

9. **Specific agency or political subdivisions affected:**

All localities.

10. **Technical amendment necessary:** No.

11. Other comments:

Background

Currently, there are forty categories of property that are classified as separate classes of property for the Personal Property Tax, three of which include boats or watercraft not used solely for business purposes: i) boats and watercraft not used solely for business purposes; ii) privately owned pleasure boats, motorized and under 18 feet, used for recreational purposes only; and iii) privately owned pleasure boats, nonmotorized and under 18 feet, used for recreational purposes only. Under current law, these classifications of property cannot be taxed at a rate exceeding the general rate imposed on tangible personal property.

Article X, §1 of the *Constitution of Virginia* mandates that all property, except as provided otherwise in the *Constitution*, be taxed. Article X, §6 of the *Constitution* lists all property that may be exempted from taxation.

Proposal

This bill would allow localities to assess a registration fee on boats or watercraft in lieu of the Personal Property Tax on i) boats and watercraft not used solely for business purposes; ii) privately owned pleasure boats, motorized and under 18 feet, used for recreational purposes only; and iii) privately owned pleasure boats, nonmotorized and under 18 feet, used for recreational purposes only. The registration fee could not be imposed more than every 3 years. The locality would be authorized to issue a decal as evidence of payment of the registration fee.

For purposes of determining the amount of the fee there would be four separate classifications of property: i) privately owned pleasure boats under 18 feet and weighing less than 5 tons used for recreational purposes only; ii) all other privately owned pleasure boats under 18 feet and weighing less than 5 tons; iii) motorboats 18 feet or over weighing less than 5 tons; and iv) motorboats weighing 5 tons or more. This bill does not specify the amount of the fee that may be imposed/

Although the registration fee authorized by this bill would be in lieu of the tangible personal property tax, it may be subject to constitutional challenge.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/17/2010 AM
DLAS File Name: SB217F161