

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Scott A. Surovell

2. **Bill Number** HB 1802

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Personal Property Tax: Separate
Classification for Fuel-efficient Vehicles

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create a separate classification for local tangible personal property tax purposes for motor vehicles with an Environmental Protection Agency combined city and highway fuel-efficiency rating of 40 or more miles per gallon. The bill would also clarify that property classified in more than one class is taxed at the lowest tax rate among such classes.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. Unless a locality elects to change the tax rate applicable to this new classification of property from the current rate at which it is assessed, there would be no effect on local revenues. To the extent that this bill requires localities to tax property that falls within more than one classification of property at the lowest rate among such classes, this bill may have a negative impact on localities that do not do so currently.

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

All localities.

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

11. Other comments:

Background

Currently, there are forty-one categories of property that are classified as separate classes of property that can be taxed at a rate not to exceed the general rate imposed on tangible personal property.

For tax rate purposes, this bill would provide a separate classification of tangible personal property for motor vehicles with an Environmental Protection Agency combined city and highway fuel-efficiency rating of 40 or more miles per gallon. This bill would provide a forty-second classification of tangible personal property, and the fifteenth separate classification for motor vehicles.

Current law does not specify the application of the tax in situations in which property falls within more than one classification of property and the classes are subject to different rates.

Proposal

This bill would create a separate classification for local property tax purposes for motor vehicles with an Environmental Protection Agency combined city and highway fuel-efficiency rating of 40 or more miles per gallon. The bill would also clarify that personal property classified in more than one class is to be taxed at the lowest tax rate among such classes.

The effective date of this bill is not specified.

Similar Legislation

House Bill 1652 would provide that for the purposes of the personal property tax, when an automobile is not listed in a recognized pricing guide, and the vehicle is valued by the locality at a percentage of original cost, if the taxpayer presents to the commissioner proof of original cost, the value must be reduced by any rebate.

cc : Secretary of Finance

Date: 1/15/2011 AM
DLAS File Name:HB1802F161.doc