

DEPARTMENT OF TAXATION

2014 Fiscal Impact Statement

1. **Patron** Mark L. Cole

2. **Bill Number** HB 44

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Tangible Personal Property Tax; Separate
Classification for Virginia Defense Force
Member Vehicles

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create a separate classification for purposes of the Tangible Personal Property Tax for a motor vehicle that is owned or leased and regularly used by a person who serves as a uniformed member of the Virginia Defense Force to fulfill his official duties. Localities would be permitted to tax these vehicles at a rate not to exceed the rate applicable to the general class of tangible personal property. In order to qualify for this classification, the Virginia Defense Force member would need to identify the qualifying vehicle and furnish the commissioner of revenue or other assessing officer with a certification from the Adjutant General of the Department of Military Affairs by January 31 of each year.

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:**

To the extent that a locality elects to tax qualifying vehicles owned or leased by Virginia Defense Force members at a lower rate, the bill would result in a decrease in revenue for that locality. This bill would have no impact on state revenues.

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

All localities

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

11. Other comments:

Background

Currently, there are forty-three categories of property that are separately classified for purposes of the Tangible Personal Property Tax, thirty-eight of which can be taxed at a rate not to exceed the general rate imposed on tangible personal property, four of which can be taxed at a rate not to exceed the general rate imposed on machinery and tools, and one that may be taxed at a rate equal to the general rate imposed on real property.

Under current law, there are seventeen different classifications of tangible personal property for motor vehicles for rate purposes.

- Antique motor vehicles;
- Privately owned vans with a seating capacity of not less than seven, nor more than 15;
- Motor vehicles specially equipped to provide transportation for physically handicapped individuals;
- Motor vehicles owned by nonprofit organizations and used to deliver meals to homebound persons or provide transportation to senior or handicapped citizens in the community;
- Privately owned camping trailers, and privately owned travel trailers used for recreational purposes or for the transportation of horses;
- One motor vehicle owned and regularly used by a disabled veteran;
- Motor vehicles which use clean special fuels;
- Motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more used to transport property for hire by a motor carrier engaged in interstate commerce;
- Privately owned motor homes used for recreational purposes only;
- Low-speed vehicles;
- Motor vehicles with a seating capacity of not less than 30 persons;
- Motor vehicles powered solely by electricity;
- Motor vehicles owned or leased by members of a volunteer rescue squad or volunteer fire department;
- Motor vehicles owned or leased by auxiliary members of a volunteer rescue squad or volunteer fire department;
- Motor vehicles owned or leased by persons who have been appointed to serve as auxiliary police officers; and
- Motor vehicles owned or leased by auxiliary, reserve, volunteer, or special deputy sheriffs;
- Motor vehicles leased by county, city, town or constitutional officers.

In order for vehicles leased by volunteer rescue squads, auxiliary police officers, and auxiliary, reserve, volunteer or special deputy sheriffs to fall under the separate classifications set forth above, such individuals must be obligated by the terms of the lease to pay the tangible personal property tax on the vehicle.

Virginia Defense Force

The Virginia Defense Force is an organization created to provide for an organized reserve militia to assume control of Virginia National Guard facilities and secure federal and state property left in place in the event of mobilization of the Virginia National Guard, assist in the mobilization of the National Guard, and provide family assistance to military dependents in the event of the mobilization of the Virginia National Guard. The Force consists of over 1,000 volunteers who are residents of Virginia or any contiguous state and are between the ages of 16 and 64.

Proposal

This bill would create a separate classification for purposes of the Tangible Personal Property Tax for a motor vehicle that is owned or leased by a person who serves as a uniformed member of the Virginia Defense Force. A Defense Force member would be authorized to use this special classification for one motor vehicle regularly used by him to respond to his official duties. Localities would be permitted to tax any such specially classified vehicles at a rate not to exceed the rate applicable to the general class of tangible personal property.

In order to qualify for this classification, the Virginia Defense Force member would need to identify the qualifying vehicle and furnish the commissioner of revenue or other assessing officer with a certification from the Adjutant General of the Department of Military Affairs by January 31 of each year, stating that the applicant is a uniformed Virginia Defense Force member who regularly uses the motor vehicle for which the classification is sought to respond to his official duties. The bill would also grant the commissioner of the revenue or other assessing official the discretion to accept a certification after the January 31 deadline.

The effective date of this bill is not specified.

Similar Legislation

House Bill 617 would create a separate classification for tangible personal property tax purposes for property owned by a business during its first two years of operation, if the business's annual gross revenues do not exceed \$100,000.

House Bill 589 would add electronic communication and processing devices and peripheral equipment, such as cell phones, personal computers, and printers to the list of household goods that a locality may elect to exempt from the tangible personal property tax.

cc : Secretary of Finance

Date: 2/4/2014 KP
DLAS File Name: HB44F161