

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** Frank M. Ruff, Jr.

3. **Committee** House Finance

4. **Title** Personal Property Tax; Definition of
Agricultural Products

2. **Bill Number** SB 314

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify the definition of “agricultural products” for local property tax purposes to mean any livestock, aquaculture, poultry, horticultural, floricultural, viticulture, silvicultural, or other farm crops.

Under current law, “agricultural products” are not defined but are granted an exemption from local property tax while the products are in the hands of the producer.

The effective date of this bill is not specified.

6. Budget amendment necessary: No

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

8. Fiscal implications:

Administrative Costs

There could be increased administrative costs for localities as a result of this bill.

Revenue Impact

This bill could have a negative fiscal impact on some localities due to the fact that some property currently taxed could become exempt under the new definition of “agricultural products.” 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:

Personal property is defined and segregated for local taxation under state law. Personal property is divided into classifications, and all taxes are required to be uniform upon the same class of property.

Current law provides a separate classification for farm animals, certain grains, agricultural products, farm machinery, farm implements and equipment. Local governing bodies are given the option of exempting this classification from taxation.

A specific mandatory exemption is given to agricultural products while in the hands of a producer. Currently, there is no specific definition given to “agricultural products” for local property tax purposes.

Proposal

This bill would clarify the definition of “agricultural products” for local personal property tax purposes to mean any livestock, aquaculture, poultry, horticultural, floricultural, viticulture, silvicultural, or other farm crops.

The effective date of this bill is not specified.

Similar Legislation

House Bill 1022 is identical to this bill.

cc : Secretary of Finance

Date: 2/13/2018 SK
DLAS SB314F161