

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Michael J. Weibert

3. **Committee** House Finance

4. **Title** Personal Property Tax; Exemption for
Agricultural Vehicles

2. **Bill Number** HB 2733

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would expand the definition of agricultural use vehicles for personal property taxation purposes. It would change the criteria from vehicles used “exclusively” for agricultural purposes to vehicles use “primarily” for agricultural purposes, and for which the owner is not required to obtain a registration certificate, license plate, and decal or pay a registration fee.

It would also expand the definition of trucks or tractor trucks that are used by farmers in their farming operations for the transportation of farm animals or other farm products or for the transport of farm-related machinery. It would change the criteria from vehicles used “exclusively” by farmers in their farming operations to vehicles used “primarily” by farmers in their farming operations.

Local governing bodies would have the option of exempting these classifications, in whole or in part, from taxation.

If enacted during the regular session of the 2019 General Assembly, this bill would be effective July 1, 2019.

6. **Budget amendment necessary:** No

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

8. **Fiscal implications:**

Administrative Costs

This bill could have an unknown impact on local administrative costs. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown impact on local revenues, depending on the value of agricultural use vehicles in each locality. It would have no impact on state revenue.

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 motor vehicles that are used exclusively for agricultural purposes, and for which the owner is not required to obtain a registration certificate, license plate, and decal or pay a registration fee (emphasis added).

There is an additional classification for trucks or tractor trucks that are exclusively used by farmers in their farming operations for the transportation of farm animals or other farm products or for the transport of farm-related machinery (emphasis added).

Local governing bodies are given the option of exempting these classifications, in whole or in part, from taxation.

Proposal

This bill would expand the definition of agricultural use vehicles for personal property taxation purposes. It would change the criteria from vehicles used “exclusively” for agricultural purposes to vehicles use “primarily” for agricultural purposes, and for which the owner is not required to obtain a registration certificate, license plate, and decal or pay a registration fee.

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cc : Secretary of Finance

