

## DEPARTMENT OF TAXATION 2020 Fiscal Impact Statement

1. **Patron** Glenn R. Davis

3. **Committee** House Finance

4. **Title** Personal Property Tax Exemption;  
Household Goods and Personal Effects

2. **Bill Number** HB 1008

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide that household goods and personal effects owned and used by an individual incident to maintaining a vacation home shall be exempt for purposes of any tangible personal property tax exemption provided by a locality if the preponderance of use for the vacation home is as residence for its owners.

Current law provides for the separate classification of a number of specified household goods and personal effects, such as bicycles, household furniture, musical instruments, and all other tangible personal property used by an individual or a family or household incident to maintaining an abode. Localities are authorized to enact ordinances exempting the separately classified property from the tangible personal property tax. The separate classifications apply to such property only if it is owned and used by an individual or by a family or household incident to maintaining an abode.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

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

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

### 8. **Fiscal implications:**

This bill would have an unknown negative revenue impact on localities that offer a tangible personal property tax exemption for household goods and personal effects.

This bill would have no impact on state revenues.

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

All localities that offer a tangible personal property tax exemption for household goods and personal effects.

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

**11. Other comments:**

Article X, Section 6 of the *Constitution of Virginia* authorizes the General Assembly to define as a separate subject of taxation, household goods, personal effects, and tangible farm property and products. The General Assembly has separately classified household goods and personal effects and allows localities to enact ordinances exempting the following classes of household goods from tangible personal property taxation:

- Bicycles;
- Household and kitchen furniture;
- Pianos, organs, other musical instruments, phonographs, record plays and records, and radio and television instruments and equipment;
- Works of art;
- Precious stones and precious metals used as ornaments or jewelry;
- Sporting and photographic equipment;
- Clothing and objects of apparel;
- Antique motor vehicles not used for general transportation;
- All-terrain vehicles, mopeds, and off-road motorcycles; and
- All other tangible personal property used by an individual or a family or household incident to maintaining an abode.

The separate classifications apply only if the property is owned and used by an individual, family, or household incident to maintaining an abode.

Household appliances in residential rental property used by an individual, family, or household incident to maintaining an abode are deemed fixtures, and are assessed as part of the real property.

Proposal

This bill would provide that for any tangible personal property tax exemption provided by a locality, household goods and personal effects owned and used by an individual incident to maintaining a vacation home shall be exempt if the preponderance of use for the vacation home is as residence for its owners.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

Similar Legislation

**House Bill 1021** would provide that “farm machinery” includes any machinery designed solely for planting or harvesting of any agricultural product. The bill would remove forest harvesting and silvicultural activity equipment from the list from the property that may be classified and taxed at a lower rate than general personal property.

cc : Secretary of Finance

