

# DEPARTMENT OF TAXATION

## 2020 Fiscal Impact Statement

1. **Patron** David A. Reid

2. **Bill Number** HB 724

3. **Committee** Passed House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

4. **Title** Tangible Personal Property Tax; Classes of Property; Satellites

**Second House:**

           **In Committee**

           **Substitute**

      X       **Enrolled**

**5. Summary/Purpose:**

This bill would extend the sunset date for the classification of tangible personal property used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District as a separate class of property from June 30, 2019, to June 30, 2029.

This bill would become effective on July 1, 2020, for taxable years beginning on and after January 1, 2019.

**6. Budget amendment necessary:** No

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

**8. Fiscal implications:**

Administrative Costs

This bill would have no impact on state administrative costs but could result in administrative costs to localities.

Revenue Impact

This bill would have no impact on state revenues but could have an unknown impact on local revenues.

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

**10. Technical amendment necessary:** No

## 11. Other comments:

### Current Law

The Code of Virginia segregates personal property for local taxation only. Personal property is classified into separate categories for tax rate purposes. Under current law, until the first to occur of June 30, 2019, or the date that a special improvements tax is no longer levied, personal property that is used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District, is classified as a distinct category of personal property, provided that such business personal property is put into service within the District on or after July 1, 1999. Property in this class may be taxed at a rate that does not exceed the rate applicable to machinery and tools in the locality.

A transportation improvement district may be created by the resolutions of the boards of supervisors of adjoining counties. An annual special improvements tax may be levied by the boards of supervisors. Each board of supervisors may levy and collect an annual special improvements tax on taxable real estate zoned for commercial or industrial use or used for such purposes and taxable leasehold interests in that portion of the improvement district within its jurisdiction.

### Proposal

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### Similar Legislation

**Senate Bill 273** is identical to this bill.

cc: Secretary of Finance

Date: 2/27/2020 SK  
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