

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** Wendell S. Walker

2. **Bill Number** HB 1774

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Tangible Personal Property Taxes;
Classification of Certain Motor Vehicles,
Trailers

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would expand the class of tangible personal property for rate purposes that encompasses motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more used by a motor carrier engaged in interstate commerce on a for-hire basis to include such vehicles used to transport passengers.

Under current law, this class of property includes motor vehicles used to transport property for hire by a motor carrier engaged in interstate commerce.

If enacted during the 2021 General Assembly, Special Session I, this bill would become effective July 1, 2021.

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 administrative cost to localities due to the change in property classification. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown revenue impact on localities due to the change in property classification. It would have no impact on state revenues.

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

10. **Technical amendment necessary:** No

11. Other comments:

Classification for Rate Purposes

Currently, there are forty-seven categories of property that are separately classified for tangible personal property tax purposes and that may be taxed at different rates than other tangible personal property. Localities may elect to tax four specified categories at a rate that does not exceed the rate applicable to machinery and tools, must tax vehicles without motive power, designed as manufactured homes at a rate equal to the rate applied to real property, and may tax the remaining forty-one categories of tangible personal property at a rate that does not exceed the general rate imposed on tangible personal property.

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 are one such class of property.

Proposal

This bill would expand the class of tangible personal property for rate purposes that encompasses motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more used by a motor carrier engaged in interstate commerce on a for-hire basis to include such vehicles used to transport passengers.

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Similar Legislation

Senate Bill 1130 would provide that one motor vehicle of a veteran who has a 100 percent service-connected, permanent, and total disability is exempt from local taxes. It is the enabling legislation for a constitutional amendment ratified by Virginia voters at the November 2020 general election.

cc : Secretary of Finance

Date: 2/25/2021 SK
HB1774FER161