

**DEPARTMENT OF TAXATION
2022 Fiscal Impact Statement**

1. **Patron** Roxann L. Robinson
3. **Committee** Passed House and Senate
4. **Title** Tangible personal property taxes; Valuation of property

2. **Bill Number** HB 1231
House of Origin:
 Introduced
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 X **Enrolled**

5. Summary/Purpose:

This bill provides that in any locality in which the Commissioner of Revenue or other assessing official adjusts the valuation of automobiles to account for the amount of mileage accrued on a vehicle, such adjustment shall also be provided for motorcycles.

Under current law, motorcycles are valued by means of a recognized pricing guide or a percentage or percentages of original cost. While localities may take mileage into account as part of the condition of the vehicle, there is currently no requirement for parity between valuation methods used for automobiles and motorcycles with respect to the use of mileage.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

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 the administrative costs in localities that adjust valuation of tangible personal property for automobiles but not for motorcycles. This bill would have no impact on state administrative costs.

Revenue Impact

This bill could negatively impact local revenues to the extent that affected localities receive less tax revenues as a result of lower motorcycle valuations. This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

Localities that consider mileage to determine the value of automobiles for purposes of tangible personal property tax

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Generally, automobiles, with the exception of (i) taxicabs, (ii) antiques, and (iii) vehicles specially equipped for the handicapped, are a class of tangible personal property subject to taxation by localities based on valuation listed in a recognized pricing guide. Commissioners of the Revenue may use all applicable adjustments in such pricing guide to determine the value of each automobile. Alternatively, if not using all applicable adjustments in the pricing guide, the local commissioner may use the base value specified in such guide which may be either average retail, wholesale, or loan value, so long as uniformly applied within classifications of property.

Motorcycles, mopeds, all-terrain vehicles, and off-road motorcycles, campers and other recreational vehicles, are valued by means of a recognized pricing guide or a percentage or percentages of original cost.

Current law provides that methods of valuing property may differ among the separate categories of tangible personal property taxed by the locality, including automobiles and motorcycles, so long as each method used is uniform within each category, is consistent with the valuation methodologies for each class of property, and may reasonably be expected to determine actual fair market value as determined by the commissioner of revenue or other assessing official. Commissioner of revenue are also required to, upon request, take into account the condition of the property. The term "condition of the property" includes, but is not limited to, technological obsolescence of property where technological obsolescence is an appropriate factor for valuing such property.

Proposal

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cc : Secretary of Finance

Date: 3/1/2022 VB
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