

SENATE JOINT RESOLUTION NO. 366

Establishing a joint subcommittee to study the taxation of the equipment of motor carriers in the Commonwealth.

Agreed to by the Senate, February 7, 1995

Agreed to by the House of Delegates, February 22, 1995

WHEREAS, equipment owned and operated by a motor carrier in Virginia is subject to ad valorem taxation either under the tangible personal property tax administered by the locality in which the equipment is normally garaged, docked or parked or under the rolling stock tax administered by the State Corporation Commission; and

WHEREAS, rates for local personal property taxation of motor carrier equipment vary among localities in the Commonwealth, and some localities tax such equipment at higher rates than other commercial and industrial property; and

WHEREAS, the burden of local personal property taxation of motor carrier equipment in Virginia is higher than in surrounding states; and

WHEREAS, methods of assessment and determining taxable situs of motor carrier equipment vary among localities in the Commonwealth, and some localities refuse to apportion property taxes on interstate vehicles; and

WHEREAS, the state rolling stock tax is assessed by the State Corporation Commission in lieu of local tangible personal property tax on equipment of a motor carrier operating over regular routes under a certificate of public need and necessity issued by the Commission; and

WHEREAS, the rolling stock tax is imposed at the rate of \$1 per \$100 of assessed value on equipment of certificated motor vehicle carriers that enters the Commonwealth, based on the carrier's Virginia miles, and is not limited to rolling stock domiciled in Virginia; and

WHEREAS, 12 certificated motor vehicle carriers are currently subject to the rolling stock tax; and

WHEREAS, both local personal property taxation of motor carrier equipment and the rolling stock tax impose tremendous record keeping and reporting burdens on motor carriers based in the Commonwealth; and

WHEREAS, federal legislation effective January 1, 1995, prohibits states from enforcing or enacting laws or regulations related to the price, route, or service of motor carriers transporting property other than household goods, and thereby negates the certificates of public convenience and necessity issued by the State Corporation Commission; and

WHEREAS, negation of certificates of public convenience and necessity may make motor carriers ineligible for taxation under the state rolling stock tax, thereby subjecting the 12 certificated carriers to significantly higher ad valorem taxation of their equipment under local tangible personal property tax ordinances; and

WHEREAS, the deregulation of the trucking industry may encourage motor carriers to register and domicile their equipment in other states in order to avail themselves of lower rates of ad valorem taxation; and

WHEREAS, the equipment of motor carriers is also subject to the Virginia Motor Vehicle Sales and Use Tax, collected by the Department of Motor Vehicles, which is levied at the rate of three percent of the equipment's price; and

WHEREAS, the current system of taxation makes it difficult for motor carriers based in the Commonwealth to compete with motor carriers based in lower-tax states; and

WHEREAS, the relocation of the equipment of motor carriers to other states may cause the Commonwealth and its localities to lose more tax revenues than they might otherwise receive if the taxation system was uniform and competitive with those of other states; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study the taxation of motor carrier equipment in the Commonwealth. The joint subcommittee shall endeavor to recommend, if appropriate, a system of taxation of motor carrier equipment that (i) makes it more cost-effective for motor carriers to register their equipment in the Commonwealth than in other states; (ii) provides uniformity in assessments and rates; (iii) allows the tax to be apportioned based on the number of miles driven in Virginia; (iv) eases record keeping and reporting burdens; (v) provides clear criteria for determining the taxable situs of vehicles; and (vi) is revenue neutral to the greatest extent possible.

The joint subcommittee shall consist of seven members as follows: three members from the Senate to be appointed by the Senate Committee on Privileges and Elections; and four members from the House of Delegates to be appointed by the Speaker of the House.

The direct costs of this study shall not exceed \$4,200.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Department of Taxation, the State Corporation Commission, and the Department of Motor Vehicles.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1996 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.