

# DEPARTMENT OF TAXATION

## 2022 Fiscal Impact Statement

1. **Patron** Phillip A. Scott

2. **Bill Number** HB 1239

3. **Committee** Senate Finance and Appropriations

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

4. **Title** Tangible Personal Property Tax

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

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

This bill would create a new class of tangible personal property for rate purposes. This class would include most automobiles, passenger trucks, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, mopeds, all-terrain vehicles, and off-road motorcycles, campers and other recreational vehicles. Localities would have the option to assign a rate of tax or rate of assessment to this class different from the rate applicable to the general class of tangible personal property.

Under current law, most passenger vehicles are classified as general tangible personal property and not designated as special classes for rate purposes. Current law identifies forty-seven classes of tangible personal property to which localities may assign a rate of tax or rate of assessment different from the rates assigned to the general class of tangible personal property. The tax and assessment rates on forty-one of these classes may not exceed that applicable to the general class of tangible personal property.

This bill would be applicable for taxable years beginning on and after January 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 result in administrative costs to localities that choose to apply different tax or assessment rates to the new class of property. This bill would have no impact on state administrative costs.

## Revenue Impact

This bill could result in an unknown revenue impact to localities that choose to apply different tax or assessment rates to the new class of property. This bill would have no impact on state revenue.

**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.

## Proposal

This bill would create a new class of tangible personal property for rate purposes. This class would include most automobiles, passenger trucks, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, mopeds, all-terrain vehicles, and off-road motorcycles, campers and other recreational vehicles. Localities would have the option to assign a rate of tax or rate of assessment to this class different from the rate applicable to the general class of tangible personal property.

This bill would be applicable for taxable years beginning on and after January 1, 2022.

## Similar Legislation

**Senate Bill 771** would also create a separate class of property for most automobiles, passenger trucks, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, mopeds, all-terrain vehicles, and off-road motorcycles, campers and other recreational vehicles, but is structured differently.

cc : Secretary of Finance

Date: 2/16/2022 SK  
HB1239FH1161