

§ 58.1-3524. Tangible personal property tax relief; local tax rates on vehicles qualifying for tangible personal property tax relief

A. For tax year 2006 and all tax years thereafter, counties, cities, and towns shall be reimbursed by the Commonwealth for providing the required tangible personal property tax relief as set forth herein.

B. For tax year 2006 and all tax years thereafter, the Commonwealth shall pay a total of \$950 million for each such tax year in reimbursements to localities for providing the required tangible personal property tax relief on qualifying vehicles in subsection C. No other amount shall be paid to counties, cities, and towns for providing tangible personal property tax relief on qualifying vehicles. Each county's, city's, or town's share of the \$950 million for each such tax year shall be determined pro rata based upon the actual payments to such county, city, or town pursuant to this chapter for tax year 2005 as compared to the actual payments to all counties, cities, and towns pursuant to this chapter for tax year 2005, as certified in writing by the Auditor of Public Accounts no later than March 1, 2006, to the Governor and to the chairmen of the Senate Committee on Finance and the House Committee on Appropriations. The amount reimbursed to a particular county, city, or town for tax year 2006 for providing tangible personal property tax relief shall be the same amount reimbursed to such county, city, or town for each subsequent tax year.

The reimbursement to each county, city, or town for tax year 2006 shall be paid by the Commonwealth over the 12-month period beginning with the month of July 2006 and ending with the month of June 2007, as provided in the general appropriation act. For all tax years subsequent to tax year 2006, reimbursements shall be paid over the same 12-month period. All reimbursement payments shall be made by check issued by the State Treasurer to the respective treasurer of the county, city, or town on warrant of the Comptroller.

C. For tax year 2006 and all tax years thereafter, each county, city, or town that will receive a reimbursement from the Commonwealth pursuant to subsection B shall provide tangible personal property tax relief on qualifying vehicles by reducing its local tax rate on qualifying vehicles as follows:

1. The local governing body of each county, city, or town shall fix or establish its tangible personal property tax rate for its general class of tangible personal property, which rate shall also be applied to that portion of the value of each qualifying vehicle that is in excess of \$20,000.

2. After fixing or establishing its tangible personal property tax rate for its general class of tangible personal property, the local governing body of the county, city, or town shall fix or establish one or more reduced tax rates (lower than the rate applied to the general class of tangible personal property) that shall be applied solely to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. No other tangible personal property tax rate shall be applied to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. Such reduced tax rate or rates shall be set at an effective tax rate or rates such that (i) the revenue to be received from such reduced tax rate or rates on that portion of the value of qualifying vehicles not in excess of \$20,000 plus (ii) the revenue to be received on that portion of

the value of qualifying vehicles in excess of \$20,000 plus (iii) the Commonwealth's reimbursement is approximately equal to the total revenue that would have been received by the county, city, or town from its tangible personal property tax had the tax rate for its general class of tangible personal property been applied to 100 percent of the value of all qualifying vehicles.

3. Notwithstanding the provisions of subdivisions 1 and 2, beginning with tax year 2016, each county, city, and town that receives reimbursement shall ensure that the reimbursement pays for all of the tax attributable to the first \$20,000 of value on each qualifying vehicle leased by an active duty member of the United States military, his spouse, or both, pursuant to a contract requiring him, his spouse, or both to pay the tangible personal property tax on such vehicle. The provisions of this subdivision apply only to a vehicle that would not be taxed in Virginia if the vehicle were owned by such military member, his spouse, or both.

D. On or before the date the certified personal property tax book is required by § [58.1-3118](#) to be provided to the treasurer, the commissioner of the revenue shall identify each qualifying vehicle and its value to the treasurer of the locality.

E. The provisions of this section are mandatory for any county, city, or town that will receive a reimbursement pursuant to subsection B.

1998, Sp. Sess. I, c. [2](#);2004, Sp. Sess. I, c. [1](#);2015, c. [266](#).

The chapters of the acts of assembly referenced in the historical citation at the end of this section may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.