

24102228D

SENATE BILL NO. 126

Offered January 10, 2024

Prefiled January 5, 2024

A BILL to amend and reenact §§ 2.2-1514, as it is currently effective and as it may become effective, and 58.1-3524 of the Code of Virginia, relating to personal property tax relief; reimbursement and appropriation.

Patron—Craig

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1514, as it is currently effective and as it may become effective, and 58.1-3524 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-1514. (Contingent expiration date) Commitment of general fund for nonrecurring expenditures.

A. As used in this section:

"The Budget Bill" means "The Budget Bill" submitted pursuant to § 2.2-1509, including any amendments to a general appropriation act pursuant to such section.

"Nonrecurring expenditures" means the acquisition or construction of capital outlay projects as defined in § 2.2-1518, the acquisition or construction of capital improvements, the acquisition of land, the acquisition of equipment, or other expenditures of a one-time nature as specified in the general appropriation act.

B. At the end of each fiscal year, the Comptroller shall commit within his annual report pursuant to § 2.2-813 as follows: (i) 67 percent of the remaining amount of the general fund balance that is not otherwise restricted, committed, or assigned for other usage within the general fund shall be committed by the Comptroller for deposit into the Commonwealth Transportation Fund established pursuant to § 33.2-1524 or a subfund thereof; and (ii) on or after June 30, 2024, if the remaining 33 percent is (a) at least equal to \$250 million, up to 25 percent of such remaining amount shall not be assigned but shall be held in reserve for appropriation by the General Assembly to increase personal property tax relief pursuant to subdivision B 2 of § 58.1-3524 or (b) less than \$250 million, the remaining amount shall be committed for nonrecurring expenditures. No such commitment shall be made unless the full amounts required for other restrictions, commitments, or assignments including but not limited to (i) (a) the Revenue Stabilization Fund deposit pursuant to § 2.2-1829, (ii) (b) the Virginia Water Quality Improvement Fund deposit pursuant to § 10.1-2128, but excluding any deposits provided under the Virginia Natural Resources Commitment Fund established under § 10.1-2128.1, (iii) (c) capital outlay reappropriations pursuant to the general appropriation act, (iv) (d) (1) operating expense reappropriations pursuant to the general appropriation act, and (v) (2) reappropriations of unexpended appropriations to certain public institutions of higher education pursuant to § 23.1-1002, (vi) (e) pro rata rebate payments to certain public institutions of higher education pursuant to § 23.1-1002, (vii) (f) the unappropriated balance anticipated in the general appropriation act for the end of such fiscal year, (viii) (g) interest payments on deposits of certain public institutions of higher education pursuant to § 23.1-1002, and (ix) (h) the Revenue Reserve Fund deposit pursuant to § 2.2-1831.2 are set aside. The Comptroller shall set aside amounts required for clauses (iv) (b), (v), and (viii) (d) (2), (e), and (g) beginning with the initial fiscal year as determined under § 23.1-1002 and for all fiscal years thereafter.

C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended appropriations from the general fund or recommended amendments to general fund appropriations in the general appropriation act in effect at that time an amount for deposit into the Commonwealth Transportation Fund or a subfund thereof, and an amount for nonrecurring expenditures equal to the amounts committed by the Comptroller for such purposes pursuant to the provisions of subsection B. Such deposit to the Commonwealth Transportation Fund or a subfund thereof shall not preclude the appropriation of additional amounts from the general fund for transportation purposes.

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59 restricted, committed, or assigned for other usage within the general fund shall be committed by the
 60 Comptroller for deposit into the Commonwealth Transportation Fund established pursuant to § 33.2-1524 or
 61 a subfund thereof; and (ii) on or after June 30, 2024, if the remaining 33 percent is (a) at least equal to \$250
 62 million, up to 25 percent of such remaining amount shall not be assigned but shall be held in reserve for
 63 appropriation by the General Assembly to increase personal property tax relief pursuant to subdivision B 2
 64 of § 58.1-3524 or (b) less than \$250 million, the remaining amount shall be committed for nonrecurring
 65 expenditures. No such commitment shall be made unless the full amounts required for other restrictions,
 66 commitments, or assignments including but not limited to (i) the Revenue Stabilization Fund deposit
 67 pursuant to § 2.2-1829, (ii) the Virginia Water Quality Improvement Fund deposit pursuant to § 10.1-
 68 2128, but excluding any deposits provided under the Virginia Natural Resources Commitment Fund
 69 established under § 10.1-2128.1, (iii) (c) capital outlay reappropriations pursuant to the general appropriation
 70 act, (iv) (a) (d) (1) operating expense reappropriations pursuant to the general appropriation act, and (b) (2)
 71 reappropriations of unexpended appropriations to certain public institutions of higher education pursuant to §
 72 23.1-1002, (v) (e) pro rata rebate payments to certain public institutions of higher education pursuant to §
 73 23.1-1002, (vi) (f) the unappropriated balance anticipated in the general appropriation act for the end of such
 74 fiscal year, (vii) (g) interest payments on deposits of certain public institutions of higher education pursuant
 75 to § 23.1-1002, and (viii) (h) the Revenue Reserve Fund deposit pursuant to § 2.2-1831.2 are set aside. The
 76 Comptroller shall set aside amounts required for clauses (iv) (b), (v), and (vii) (d) (2), (e), and (h) beginning
 77 with the initial fiscal year as determined under § 23.1-1002 and for all fiscal years thereafter.

78 C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended appropriations
 79 from the general fund or recommended amendments to general fund appropriations in the general
 80 appropriation act in effect at that time an amount for deposit into the Commonwealth Transportation Fund or
 81 a subfund thereof, and an amount for nonrecurring expenditures equal to the amount committed by the
 82 Comptroller for such purpose pursuant to the provisions of subsection B. Such deposit to the Commonwealth
 83 Transportation Fund or a subfund thereof shall not preclude the appropriation of additional amounts from the
 84 general fund for transportation purposes.

85 **§ 58.1-3524. Tangible personal property tax relief; local tax rates on vehicles qualifying for tangible**
 86 **personal property tax relief.**

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

89 B. 1. For tax year 2006 ~~and all tax years thereafter~~ through tax year 2024, the Commonwealth shall pay a
 90 total of \$950 million for each such tax year in reimbursements to localities for providing the required tangible
 91 personal property tax relief on qualifying vehicles in subsection C. For tax year 2025 and all tax years
 92 thereafter, the Commonwealth shall pay a total of \$950 million plus an amount as provided in subdivision 3
 93 for each such tax year in reimbursements to localities for providing the required tangible personal property
 94 tax relief on qualifying vehicles in subsection C. No other amount shall be paid to counties, cities, and towns
 95 for providing tangible personal property tax relief on qualifying vehicles.

96 2. a. For tax year 2025 and all tax years thereafter, the Commonwealth shall pay a total of \$950 million
 97 plus the amount, if any, held in reserve for appropriation that is necessary to increase personal property tax
 98 relief pursuant to clause (ii) of subsection B of § 2.2-1514 for each such tax year in reimbursements to
 99 localities for providing the required tax relief on qualifying vehicles in subsection C. No other amount shall
 100 be paid to counties, cities, and towns for providing tangible personal property tax relief on qualifying
 101 vehicles.

102 b. The Tax Commissioner shall provide to the General Assembly and the Governor a written certification
 103 reporting the amount described in subdivision a as soon as practicable.

104 3. Each county's, city's, or town's share of the (i) \$950 million for each such tax year 2006 through tax
 105 year 2024 or (ii) amount provided in subdivision 2 a for tax year 2025 and all tax years thereafter shall be
 106 determined pro rata based upon the actual payments to such county, city, or town pursuant to this chapter for
 107 tax year 2005 as compared to the actual payments to all counties, cities, and towns pursuant to this chapter for
 108 tax year 2005, as certified in writing by the Auditor of Public Accounts no later than March 1, 2006, to the
 109 Governor and to the ~~chairmen~~ Chairmen of the Senate Committee on Finance and Appropriations and, the
 110 House Committee on Appropriations, and the House Committee on Finance. The amount reimbursed to a
 111 particular county, city, or town for tax year 2006 for providing tangible personal property tax relief shall be
 112 the same amount reimbursed to such county, city, or town for each subsequent tax year through tax year 2024
 113 . The amount reimbursed to a particular county, city, or town for tax year 2025 and each subsequent tax year
 114 for providing tangible personal property tax relief shall not be in an amount below the same amount
 115 reimbursed to such county, city, or town in tax year 2024.

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

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

124 1. The local governing body of each county, city, or town shall fix or establish its tangible personal
125 property tax rate for its general class of tangible personal property, which rate shall also be applied to that
126 portion of the value of each qualifying vehicle that is in excess of *(i) for tax year 2006 through tax year 2024,*
127 *\$20,000 and (ii) for tax year 2025 and all tax years thereafter, \$30,000.*

128 2. After fixing or establishing its tangible personal property tax rate for its general class of tangible
129 personal property, the local governing body of the county, city, or town shall fix or establish one or more
130 reduced tax rates (lower than the rate applied to the general class of tangible personal property) that shall be
131 applied solely to that portion of the value of each qualifying vehicle that is not in excess of *(i) for tax year*
132 *2006 through tax year 2024, \$20,000 and (ii) for tax year 2025 and all tax years thereafter, \$30,000.* No
133 other tangible personal property tax rate shall be applied to that portion of the value of each qualifying
134 vehicle that is not in excess of ~~\$20,000~~ *such amount*. Such reduced tax rate or rates shall be set at an effective
135 tax rate or rates such that ~~(i)~~ *(a)* the revenue to be received from such reduced tax rate or rates on that portion
136 of the value of qualifying vehicles not in excess of ~~\$20,000~~ *such amount* plus ~~(ii)~~ *(b)* the revenue to be
137 received on that portion of the value of qualifying vehicles in excess of ~~\$20,000~~ *such amount* plus ~~(iii)~~ *(c)* the
138 Commonwealth's reimbursement is approximately equal to the total revenue that would have been received
139 by the county, city, or town from its tangible personal property tax had the tax rate for its general class of
140 tangible personal property been applied to 100 percent of the value of all qualifying vehicles.

141 3. Notwithstanding the provisions of subdivisions 1 and 2, beginning with tax year 2016, each county,
142 city, and town that receives reimbursement shall ensure that the reimbursement pays for all of the tax
143 attributable to the first *(i) for tax year 2006 through tax year 2024, \$20,000 and (ii) for tax year 2025 and all*
144 *tax years thereafter, \$30,000* of value on each qualifying vehicle leased by an active duty member of the
145 United States military, his spouse, or both, pursuant to a contract requiring him, his spouse, or both to pay the
146 tangible personal property tax on such vehicle. The provisions of this subdivision apply only to a vehicle that
147 would not be taxed in Virginia if the vehicle were owned by such military member, his spouse, or both.

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

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