

DEPARTMENT OF TAXATION

2025 Fiscal Impact Statement

1. **Patron** Tim Griffin

3. **Committee** House Finance

4. **Title** Tangible personal property tax; Classification of boats and watercraft powered by green technology

2. **Bill Number** HB 2410

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 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 boats or watercraft weighing less than five tons and any accompanying trailers for such craft, not used solely for business purposes and powered exclusively by green technology. Localities would have the option to assign a rate of tax or rate of assessment to this class different from, but not higher than, the rate applicable to the general class of tangible personal property. The bill would also exempt such boats and watercraft from titling and registration requirements administered by the Department of Wildlife, Inland Fisheries and Boating ("DWIF").

Under current law, localities have the option to assign a rate of tax or rate of assessment to boats or watercraft not used solely for business purposes that is different from, but not higher than, the rate applicable to the general class of tangible personal property. Current law identifies 48 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 42 of these classes may not exceed that applicable to the general class of tangible personal property.

If enacted during the regular session of the 2025 General Assembly this bill would become effective July 1, 2025.

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 may have an unknown impact to administrative costs for DWIF.

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 an unknown impact to state revenues.

9. Specific agency or political subdivisions affected:

All localities
Department of Wildlife, Inland Fisheries and Boating

10. Technical amendment necessary: No.

11. Other comments:

Classification for Rate Purposes

Currently, there are 48 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 42 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 boats or watercraft weighing less than five tons and any accompanying trailers for such craft, not used solely for business purposes and powered exclusively by green technology. Localities would have the option to assign a rate of tax or rate of assessment to this class different from, but not higher than, the rate applicable to the general class of tangible personal property. The bill would also exempt such boats and watercraft from titling and registration requirements.

The bill would define "green technology" as the form by which power is generated to operate a boat or watercraft that is clean, sustainable, renewable, and causes minimal environmental damage, including power generated by means of a paddle or oar, pedal drive, wind, solar energy, hydroelectricity, electric battery, or electric motor.

If enacted during the regular session of the 2025 General Assembly this bill would become effective July 1, 2025.

Similar Legislation

House Bill 1939 would create a new class of tangible personal property for rate purposes. This class would include electric-powered landscaping equipment employed in

a trade or business and used to maintain commercial, public, or private gardens, lawns, trees, shrubs, or other plants, including lawn mowers, edgers, trimmers, leaf blowers, and chainsaws. Localities would have the option to assign a rate of tax or rate of assessment to this class different from, but not higher than, the rate applicable to the general class of tangible personal property.

House Bill 2428 would include “digital asset mining business activities” within the definition of “data center” for purposes of what constitutes computer equipment and peripherals used in a data center that is treated as a separate class of tangible personal property for rate purposes. Localities have the option to assign a rate of tax or rate of assessment to this class different from, but not higher than, the rate applicable to the general class of tangible personal property.

cc : Secretary of Finance

Date: 01/26/2025 VB
HB2410F161