

26102059D

1 **HOUSE BILL NO. 566**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to amend and reenact § 58.1-3524 of the Code of Virginia, relating to tangible personal property tax*  
5 *relief; rate of taxation.*

6 Patron—McNamara

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That § 58.1-3524 of the Code of Virginia is amended and reenacted as follows:**10 **§ 58.1-3524. Tangible personal property tax relief; local tax rates on vehicles qualifying for tangible**  
11 **personal property tax relief.**12 A. For tax year 2006 and all tax years thereafter, counties, cities, and towns shall be reimbursed by the  
13 Commonwealth for providing the required tangible personal property tax relief as set forth herein.14 B. For tax year 2006 and all tax years thereafter, the Commonwealth shall pay a total of \$950 million for  
15 each such tax year in reimbursements to localities for providing the required tangible personal property tax  
16 relief on qualifying vehicles in subsection C. No other amount shall be paid to counties, cities, and towns for  
17 providing tangible personal property tax relief on qualifying vehicles. Each county's, city's, or town's share of  
18 the \$950 million for each such tax year shall be determined pro rata based upon the actual payments to such  
19 county, city, or town pursuant to this chapter for tax year 2005 as compared to the actual payments to all  
20 counties, cities, and towns pursuant to this chapter for tax year 2005, as certified in writing by the Auditor of  
21 Public Accounts no later than March 1, 2006, to the Governor and to the chairmen of the Senate Committee  
22 on Finance and Appropriations and the House Committee on Appropriations. The amount reimbursed to a  
23 particular county, city, or town for tax year 2006 for providing tangible personal property tax relief shall be  
24 the same amount reimbursed to such county, city, or town for each subsequent tax year.25 The reimbursement to each county, city, or town for tax year 2006 shall be paid by the Commonwealth  
26 over the 12-month period beginning with the month of July 2006 and ending with the month of June 2007, as  
27 provided in the general appropriation act. For all tax years subsequent to tax year 2006, reimbursements shall  
28 be paid over the same 12-month period. All reimbursement payments shall be made by check issued by the  
29 State Treasurer to the respective treasurer of the county, city, or town on warrant of the Comptroller.30 C. For tax year 2006 and all tax years thereafter through tax year 2026, each county, city, or town that  
31 will receive a reimbursement from the Commonwealth pursuant to subsection B shall provide tangible  
32 personal property tax relief on qualifying vehicles by reducing its local tax rate on qualifying vehicles as  
33 follows:34 1. The local governing body of each county, city, or town shall fix or establish its tangible personal  
35 property tax rate for its general class of tangible personal property, which rate shall also be applied to that  
36 portion of the value of each qualifying vehicle that is in excess of \$20,000.37 2. After fixing or establishing its tangible personal property tax rate for its general class of tangible  
38 personal property, the local governing body of the county, city, or town shall fix or establish one or more  
39 reduced tax rates (lower than the rate applied to the general class of tangible personal property) that shall be  
40 applied solely to that portion of the value of each qualifying vehicle that is not in excess of \$20,000. No other  
41 tangible personal property tax rate shall be applied to that portion of the value of each qualifying vehicle that  
42 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  
43 (i) the revenue to be received from such reduced tax rate or rates on that portion of the value of qualifying  
44 vehicles not in excess of \$20,000 plus (ii) the revenue to be received on that portion of the value of qualifying  
45 vehicles in excess of \$20,000 plus (iii) the Commonwealth's reimbursement is approximately equal to the  
46 total revenue that would have been received by the county, city, or town from its tangible personal property  
47 tax had the tax rate for its general class of tangible personal property been applied to 100 percent of the value  
48 of all qualifying vehicles.49 3. Notwithstanding the provisions of subdivisions 1 and 2, beginning with tax year 2016 through tax year  
50 2026, each county, city, and town that receives reimbursement shall ensure that the reimbursement pays for  
51 all of the tax attributable to the first \$20,000 of value on each qualifying vehicle leased by an active duty  
52 member of the United States military, his spouse, or both, pursuant to a contract requiring him, his spouse, or  
53 both to pay the tangible personal property tax on such vehicle. The provisions of this subdivision apply only  
54 to a vehicle that would not be taxed in Virginia if the vehicle were owned by such military member, his  
55 spouse, or both.

56 D. For tax year 2027 and all tax years thereafter, each county, city, or town that will receive a

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59 *reimbursement from the Commonwealth pursuant to subsection B shall provide tangible personal property*  
60 *tax relief on qualifying vehicles by reducing its local tax rate on qualifying vehicles as follows:*

61 *1. The local governing body of each county, city, or town shall fix or establish its tangible personal*  
62 *property tax rate for its general class of tangible personal property, which rate shall also be applied to that*  
63 *portion of the value of each qualifying vehicle that is in excess of the eligible assessed value.*

64 *2. The local governing body of the county, city, or town shall apply a tax rate no greater than \$0.000001*  
65 *per \$100 of the eligible assessed value of each qualifying vehicle. For tax year 2028 and all tax years*  
66 *thereafter, for any year in which the revenues of a county, city, or town grow by five percent or more, the*  
67 *eligible assessed value applied in such county, city, or town shall increase by an additional \$5,000 until such*  
68 *time that the eligible assessed value equals \$20,000.*

69 *For purposes of this subsection, "eligible assessed value" means \$5,000 of the assessed value of a*  
70 *qualifying vehicle.*

71 *E. On or before the date the certified personal property tax book is required by § 58.1-3118 to be provided*  
72 *to the treasurer, the commissioner of the revenue shall identify each qualifying vehicle and its value to the*  
73 *treasurer of the locality.*

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