

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Vivian E. Watts

3. **Committee** House Finance

4. **Title** Personal Property Tax; valuation

2. **Bill Number** HB 960

House of Origin:

Introduced

Substitute

Engrossed

Second House:

In Committee

Substitute

Enrolled

5. **Summary/Purpose:**

The bill would require that all tangible personal property used in a trade or business, except for categories already assigned a different valuation method in current law, be valued using a percentage or percentages of the original cost to the taxpayer.

Under current law, such property is valued only by a percentage of original cost.

This bill would become effective July 1, 2027.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill could have an unknown impact on the administrative costs in localities that adjust valuation of tangible personal property employed in a trade or business, except for categories already assigned a different valuation method in current law.

The bill would have no impact on state administrative costs.

Revenue Impact

This bill may have an unknown impact on local revenues, depending on each locality's current valuation practices.

The bill would have no impact on state revenues.

9. **Specific agency or political subdivisions affected:**

All localities

10. Technical amendment necessary: No.

11. Other comments:

Background

All tangible personal property employed in a trade or business other than categories already assigned a different valuation method in current law, constitutes a class of tangible personal property subject to taxation by localities based on a percentage or percentages of original cost.

Under current law, Virginia Code § 58.1-3503 provides that methods of valuing property may differ among the separate categories of tangible personal property taxed by the locality, including all tangible personal property used in a trade or business, except for categories already assigned a different valuation method, so long as each method used is uniform within each category, is consistent with the valuation methodologies for each class of property, and may reasonably be expected to determine actual fair market value as determined by the commissioner of revenue or other assessing official. Commissioners of revenue are also required to, upon request, take into account the condition of the property. The term "condition of the property" includes, but is not limited to, technological obsolescence of property where technological obsolescence is an appropriate factor for valuing such property.

Proposal

The bill would require tangible personal property used in a trade or business, except for categories already assigned a different valuation method in current law, be valued using a percentage or percentages of the original cost to the taxpayer.

This bill would become effective July 1, 2027.

cc : Secretary of Finance

Date: 01/21/2026 KS
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