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HOUSE JOINT RESOLUTION NO. 34

Offered January 14, 2026

Requesting the Department of Taxation to study options for abolishing the personal property taxation of certain qualifying vehicles. Report.

Patrons—Franklin, L.V., Anderson, Carnegie, Carroll, Cole, N.T., Cousins, Downey, Glass, Guzman, Henson, Maldonado, McAuliff, McGuire, Mehta, Nivar, Price, Reaser, Schmidt, Shin and Simonds

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Referred to Committee on Rules

WHEREAS, personal property taxation of certain qualifying vehicles is a significant source of local revenue, generating $3.95 billion for localities during the 12 months that ended June 30, 2024; and

WHEREAS, the Constitution of Virginia segregates tangible personal property for taxation by local authorities only; and

WHEREAS, attempts to end the car tax have been ongoing for decades, with the first successful attempt made in 1998; and

WHEREAS, the 1998 car tax relief plan was intended to be a full five-year phase-out of the tax on the first $20,000 of a qualifying vehicle's value based on state reimbursements to local governments; and

WHEREAS, in 2002, the General Assembly froze such reimbursements at 70 percent due to state budget shortfalls; and

WHEREAS, lawmakers and others have continued efforts to end the car tax, as demonstrated in bills such as Senate Bill No. 126 of the 2025 Regular Session and House Bill No. 1308 of the 2024 Regular Session, among others; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation be requested to study options for abolishing the personal property taxation of certain qualifying vehicles. The study shall look for alternative local revenue sources in order to account for the shortfall in local tax revenues that will result from the abolition of such tax.

In conducting its study, the Department of Taxation (the Department) shall (i) analyze the financial impact of ending the car tax on localities in the Commonwealth; (ii) examine different avenues for ending the car tax, such as removing the reimbursement cap and limiting the tax rate imposed on qualifying vehicles by localities; (iii) evaluate alternative revenue streams to backfill local revenue lost as a result of abolishing the car tax; and (iv) review local taxation systems in other states that do not impose a car tax to determine whether any of such systems would be feasible to implement in the Commonwealth.

All agencies of the Commonwealth shall provide assistance to the Department for this study, upon request. The Department shall solicit input and assistance from the Virginia Association of Counties and the Virginia Municipal League.

The Department shall complete its meetings by November 30, 2026, and shall submit to the Governor and the General Assembly an executive summary and a report of its findings and recommendations for publication as a House or Senate document. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports no later than the first day of the 2027 Regular Session of the General Assembly and shall be posted on the General Assembly's website.