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HOUSE BILL NO. 1239

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Scott, P.A.)

A BILL to amend and reenact § 58.1-3506 of the Code of Virginia, relating to tangible personal property tax; classification.

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-3506 of the Code of Virginia is amended and reenacted as follows:**

**§ 58.1-3506. Other classifications of tangible personal property for taxation.**

A. The items of property set forth below are each declared to be a separate class of property and shall constitute a classification for local taxation separate from other classifications of tangible personal property provided in this chapter:

1. a. Boats or watercraft weighing five tons or more, not used solely for business purposes;

b. Boats or watercraft weighing less than five tons, not used solely for business purposes;

2. Aircraft having a maximum passenger seating capacity of no more than 50 that are owned and operated by scheduled air carriers operating under certificates of public convenience and necessity issued by the State Corporation Commission or the Civil Aeronautics Board;

3. Aircraft having a registered empty gross weight equal to or greater than 20,000 pounds that are not owned or operated by scheduled air carriers recognized under federal law, but not including any aircraft described in subdivision 4;

4. Aircraft that are (i) considered Warbirds, manufactured and intended for military use, excluding those manufactured after 1954, and (ii) used only for (a) exhibit or display to the general public and otherwise used for educational purposes (including such flights as are necessary for testing, maintaining, or preparing such aircraft for safe operation), or (b) airshow and flight demonstrations (including such flights necessary for testing, maintaining, or preparing such aircraft for safe operation), shall constitute a

- 27 new class of property. Such class of property shall not include any aircraft used for commercial purposes,  
28 including transportation and other services for a fee;
- 29 5. All other aircraft not included in subdivision 2, 3, or 4 and flight simulators;
- 30 6. Antique motor vehicles as defined in § 46.2-100 which may be used for general transportation  
31 purposes as provided in subsection C of § 46.2-730;
- 32 7. Tangible personal property used in a research and development business;
- 33 8. Heavy construction machinery not used for business purposes, including land movers,  
34 bulldozers, front-end loaders, graders, packers, power shovels, cranes, pile drivers, forest harvesting and  
35 silvicultural activity equipment except as exempted under § 58.1-3505, and ditch and other types of  
36 diggers;
- 37 9. Generating equipment purchased after December 31, 1974, for the purpose of changing the  
38 energy source of a manufacturing plant from oil or natural gas to coal, wood, wood bark, wood residue,  
39 or any other alternative energy source for use in manufacturing and any cogeneration equipment purchased  
40 to achieve more efficient use of any energy source. Such generating equipment and cogeneration  
41 equipment shall include, without limitation, such equipment purchased by firms engaged in the business  
42 of generating electricity or steam, or both;
- 43 10. Vehicles without motive power, used or designed to be used as manufactured homes as defined  
44 in § 36-85.3;
- 45 11. Computer hardware used by businesses primarily engaged in providing data processing  
46 services to other nonrelated or nonaffiliated businesses;
- 47 12. Privately owned pleasure boats and watercraft, 18 feet and over, used for recreational purposes  
48 only;
- 49 13. Privately owned vans with a seating capacity of not less than seven nor more than 15 persons,  
50 including the driver, used exclusively pursuant to a ridesharing arrangement as defined in § 46.2-1400;
- 51 14. Motor vehicles specially equipped to provide transportation for physically handicapped  
52 individuals;

53           15. Motor vehicles (i) owned by members of a volunteer emergency medical services agency or a  
54 member of a volunteer fire department or (ii) leased by volunteer emergency medical services personnel  
55 or a member of a volunteer fire department if the volunteer is obligated by the terms of the lease to pay  
56 tangible personal property tax on the motor vehicle. One motor vehicle that is owned by each volunteer  
57 member who meets the definition of "emergency medical services personnel" in § 32.1-111.1 or volunteer  
58 fire department member, or leased by each volunteer member who meets the definition of "emergency  
59 medical services personnel" in § 32.1-111.1 or volunteer fire department member if the volunteer is  
60 obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle, may be  
61 specially classified under this section, provided the volunteer regularly responds to emergency calls. The  
62 volunteer shall furnish the commissioner of revenue, or other assessing officer, with a certification by the  
63 chief of the volunteer emergency medical services agency or volunteer fire department, that the volunteer  
64 is an individual who meets the definition of "emergency medical services personnel" in § 32.1-111.1 or a  
65 member of the volunteer fire department who regularly responds to calls or regularly performs other duties  
66 for the emergency medical services agency or fire department, and the motor vehicle owned or leased by  
67 the volunteer is identified. The certification shall be submitted by January 31 of each year to the  
68 commissioner of revenue or other assessing officer; however, the commissioner of revenue or other  
69 assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the  
70 part of the volunteer, to accept a certification after the January 31 deadline. In any county that prorates the  
71 assessment of tangible personal property pursuant to § 58.1-3516, a replacement vehicle may be certified  
72 and classified pursuant to this subsection when the vehicle certified as of the immediately prior January  
73 date is transferred during the tax year;

74           16. Motor vehicles (i) owned by auxiliary members of a volunteer emergency medical services  
75 agency or volunteer fire department or (ii) leased by auxiliary members of a volunteer emergency medical  
76 services agency or volunteer fire department if the auxiliary member is obligated by the terms of the lease  
77 to pay tangible personal property tax on the motor vehicle. One motor vehicle that is regularly used by  
78 each auxiliary volunteer fire department or emergency medical services agency member may be specially  
79 classified under this section. The auxiliary member shall furnish the commissioner of revenue, or other

80 assessing officer, with a certification by the chief of the volunteer emergency medical services agency or  
81 volunteer fire department, that the volunteer is an auxiliary member of the volunteer emergency medical  
82 services agency or fire department who regularly performs duties for the emergency medical services  
83 agency or fire department, and the motor vehicle is identified as regularly used for such purpose; however,  
84 if a volunteer meets the definition of "emergency medical services personnel" in § 32.1-111.1 or volunteer  
85 fire department member and an auxiliary member are members of the same household, that household  
86 shall be allowed no more than two special classifications under this subdivision or subdivision 15. The  
87 certification shall be submitted by January 31 of each year to the commissioner of revenue or other  
88 assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in  
89 his discretion, and for good cause shown and without fault on the part of the auxiliary member, to accept  
90 a certification after the January 31 deadline;

91 17. Motor vehicles owned by a nonprofit organization and used to deliver meals to homebound  
92 persons or provide transportation to senior or handicapped citizens in the community to carry out the  
93 purposes of the nonprofit organization;

94 18. Privately owned camping trailers as defined in § 46.2-100, and privately owned travel trailers  
95 as defined in § 46.2-1500, which are used for recreational purposes only, and privately owned trailers as  
96 defined in § 46.2-100, which are designed and used for the transportation of horses except those trailers  
97 described in subdivision A 11 of § 58.1-3505;

98 19. One motor vehicle owned and regularly used by a veteran who has either lost, or lost the use  
99 of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as  
100 certified by the Department of Veterans Services. In order to qualify, the veteran shall provide a written  
101 statement to the commissioner of revenue or other assessing officer from the Department of Veterans  
102 Services that the veteran has been so designated or classified by the Department of Veterans Services as  
103 to meet the requirements of this section, and that his disability is service-connected. For purposes of this  
104 section, a person is blind if he meets the provisions of § 46.2-100;

105 20. Motor vehicles (i) owned by persons who have been appointed to serve as auxiliary police  
106 officers pursuant to Article 3 (§ 15.2-1731 et seq.) of Chapter 17 of Title 15.2 or (ii) leased by persons

107 who have been so appointed to serve as auxiliary police officers if the person is obligated by the terms of  
108 the lease to pay tangible personal property tax on the motor vehicle. One motor vehicle that is regularly  
109 used by each auxiliary police officer to respond to auxiliary police duties may be specially classified under  
110 this section. In order to qualify for such classification, any auxiliary police officer who applies for such  
111 classification shall identify the vehicle for which this classification is sought, and shall furnish the  
112 commissioner of revenue or other assessing officer with a certification from the governing body that has  
113 appointed such auxiliary police officer or from the official who has appointed such auxiliary officers. That  
114 certification shall state that the applicant is an auxiliary police officer who regularly uses a motor vehicle  
115 to respond to auxiliary police duties, and it shall state that the vehicle for which the classification is sought  
116 is the vehicle that is regularly used for that purpose. The certification shall be submitted by January 31 of  
117 each year to the commissioner of revenue or other assessing officer; however, the commissioner of  
118 revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and  
119 without fault on the part of the member, to accept a certification after the January 31 deadline;

120 21. Until the first to occur of June 30, 2029, or the date that a special improvements tax is no longer  
121 levied under § 15.2-4607 on property within a Multicounty Transportation Improvement District created  
122 pursuant to Chapter 46 (§ 15.2-4600 et seq.) of Title 15.2, tangible personal property that is used in  
123 manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District,  
124 provided that such business personal property is put into service within the District on or after July 1,  
125 1999;

126 22. Motor vehicles which use clean special fuels as defined in § 46.2-749.3, which shall not include  
127 any vehicle described in subdivision 38 or 40;

128 23. Wild or exotic animals kept for public exhibition in an indoor or outdoor facility that is properly  
129 licensed by the federal government, the Commonwealth, or both, and that is properly zoned for such use.  
130 "Wild animals" means any animals that are found in the wild, or in a wild state, within the boundaries of  
131 the United States, its territories or possessions. "Exotic animals" means any animals that are found in the  
132 wild, or in a wild state, and are native to a foreign country;

133           24. Furniture, office, and maintenance equipment, exclusive of motor vehicles, that are owned and  
134 used by an organization whose real property is assessed in accordance with § 58.1-3284.1 and that is used  
135 by that organization for the purpose of maintaining or using the open or common space within a residential  
136 development;

137           25. Motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more  
138 used to transport property or passengers for hire by a motor carrier engaged in interstate commerce;

139           26. All tangible personal property employed in a trade or business other than that described in  
140 subdivisions A 1 through A 20, except for subdivision A 18, of § 58.1-3503;

141           27. Programmable computer equipment and peripherals employed in a trade or business;

142           28. Privately owned pleasure boats and watercraft, motorized and under 18 feet, used for  
143 recreational purposes only;

144           29. Privately owned pleasure boats and watercraft, nonmotorized and under 18 feet, used for  
145 recreational purposes only;

146           30. Privately owned motor homes as defined in § 46.2-100 that are used for recreational purposes  
147 only;

148           31. Tangible personal property used in the provision of Internet services. For purposes of this  
149 subdivision, "Internet service" means a service, including an Internet Web-hosting service, that enables  
150 users to access content, information, electronic mail, and the Internet as part of a package of services sold  
151 to customers;

152           32. Motor vehicles (i) owned by persons who serve as auxiliary, reserve, volunteer, or special  
153 deputy sheriffs or (ii) leased by persons who serve as auxiliary, reserve, volunteer, or special deputy  
154 sheriffs if the person is obligated by the terms of the lease to pay tangible personal property tax on the  
155 motor vehicle. For purposes of this subdivision, the term "auxiliary deputy sheriff" means auxiliary,  
156 reserve, volunteer, or special deputy sheriff. One motor vehicle that is regularly used by each auxiliary  
157 deputy sheriff to respond to auxiliary deputy sheriff duties may be specially classified under this section.  
158 In order to qualify for such classification, any auxiliary deputy sheriff who applies for such classification  
159 shall identify the vehicle for which this classification is sought, and shall furnish the commissioner of

160 revenue or other assessing officer with a certification from the governing body that has appointed such  
161 auxiliary deputy sheriff or from the official who has appointed such auxiliary deputy sheriff. That  
162 certification shall state that the applicant is an auxiliary deputy sheriff who regularly uses a motor vehicle  
163 to respond to such auxiliary duties, and it shall state that the vehicle for which the classification is sought  
164 is the vehicle that is regularly used for that purpose. The certification shall be submitted by January 31 of  
165 each year to the commissioner of revenue or other assessing officer; however, the commissioner of  
166 revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and  
167 without fault on the part of the member, to accept a certification after the January 31 deadline;

168 33. Forest harvesting and silvicultural activity equipment, except as exempted under § 58.1-3505;

169 34. Equipment used primarily for research, development, production, or provision of  
170 biotechnology for the purpose of developing or providing products or processes for specific commercial  
171 or public purposes, including medical, pharmaceutical, nutritional, and other health-related purposes;  
172 agricultural purposes; or environmental purposes but not for human cloning purposes as defined in § 32.1-  
173 162.21 or for products or purposes related to human embryo stem cells. For purposes of this section,  
174 biotechnology equipment means equipment directly used in activities associated with the science of living  
175 things;

176 35. Boats or watercraft weighing less than five tons, used for business purposes only;

177 36. Boats or watercraft weighing five tons or more, used for business purposes only;

178 37. Tangible personal property which is owned and operated by a service provider who is not a  
179 CMRS provider and is not licensed by the FCC used to provide, for a fee, wireless broadband Internet  
180 service. For purposes of this subdivision, "wireless broadband Internet service" means a service that  
181 enables customers to access, through a wireless connection at an upload or download bit rate of more than  
182 one megabyte per second, Internet service, as defined in § 58.1-602, as part of a package of services sold  
183 to customers;

184 38. Low-speed vehicles as defined in § 46.2-100;

185 39. Motor vehicles with a seating capacity of not less than 30 persons, including the driver;

186 40. Motor vehicles powered solely by electricity;

187 41. Tangible personal property designed and used primarily for the purpose of manufacturing a  
188 product from renewable energy as defined in § 56-576;

189 42. Motor vehicles leased by a county, city, town, or constitutional officer if the locality or  
190 constitutional officer is obligated by the terms of the lease to pay tangible personal property tax on the  
191 motor vehicle;

192 43. Computer equipment and peripherals used in a data center. For purposes of this subdivision,  
193 "data center" means a facility whose primary services are the storage, management, and processing of  
194 digital data and is used to house (i) computer and network systems, including associated components such  
195 as servers, network equipment and appliances, telecommunications, and data storage systems; (ii) systems  
196 for monitoring and managing infrastructure performance; (iii) equipment used for the transformation,  
197 transmission, distribution, or management of at least one megawatt of capacity of electrical power and  
198 cooling, including substations, uninterruptible power supply systems, all electrical plant equipment, and  
199 associated air handlers; (iv) Internet-related equipment and services; (v) data communications  
200 connections; (vi) environmental controls; (vii) fire protection systems; and (viii) security systems and  
201 services;

202 44. Motor vehicles (i) owned by persons who serve as uniformed members of the Virginia Defense  
203 Force pursuant to Article 4.2 (§ 44-54.4 et seq.) of Chapter 1 of Title 44 or (ii) leased by persons who  
204 serve as uniformed members of the Virginia Defense Force pursuant to Article 4.2 (§ 44-54.4 et seq.) of  
205 Chapter 1 of Title 44 if the person is obligated by the terms of the lease to pay tangible personal property  
206 tax on the motor vehicle. One motor vehicle that is regularly used by a uniformed member of the Virginia  
207 Defense Force to respond to his official duties may be specially classified under this section. In order to  
208 qualify for such classification, any person who applies for such classification shall identify the vehicle for  
209 which the classification is sought and shall furnish to the commissioner of the revenue or other assessing  
210 officer a certification from the Adjutant General of the Department of Military Affairs under § 44-11. That  
211 certification shall state that (a) the applicant is a uniformed member of the Virginia Defense Force who  
212 regularly uses a motor vehicle to respond to his official duties, and (b) the vehicle for which the  
213 classification is sought is the vehicle that is regularly used for that purpose. The certification shall be



214 submitted by January 31 of each year to the commissioner of the revenue or other assessing officer;  
215 however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and  
216 for good cause shown and without fault on the part of the member, to accept a certification after the  
217 January 31 deadline;

218 45. If a locality has adopted an ordinance pursuant to subsection D of § 58.1-3703, tangible  
219 personal property of a business that qualifies under such ordinance for the first two tax years in which the  
220 business is subject to tax upon its personal property pursuant to this chapter. If a locality has not adopted  
221 such ordinance, this classification shall apply to the tangible personal property for such first two tax years  
222 of a business that otherwise meets the requirements of subsection D of § 58.1-3703;

223 46. Miscellaneous and incidental tangible personal property employed in a trade or business that  
224 is not classified as machinery and tools pursuant to Article 2 (§ 58.1-3507 et seq.), merchants' capital  
225 pursuant to Article 3 (§ 58.1-3509 et seq.), or short-term rental property pursuant to Article 3.1 (§ 58.1-  
226 3510.4 et seq.), and has an original cost of less than \$500. A county, city, or town shall allow a taxpayer  
227 to provide an aggregate estimate of the total cost of all such property owned by the taxpayer that qualifies  
228 under this subdivision, in lieu of a specific, itemized list;~~and~~

229 47. Commercial fishing vessels and property permanently attached to such vessels; and

230 48. For taxable years beginning on and after January 1, 2022, tangible personal property that is  
231 classified for valuation purposes under subdivisions A 3, 4, 5, 9, and 10 of § 58.1-3503.

232 B. The governing body of any county, city or town may levy a tax on the property enumerated in  
233 subsection A at different rates from the tax levied on other tangible personal property. The rates of tax and  
234 the rates of assessment shall (i) for purposes of subdivisions A 1, 2, 3, 4, 5, 6, 8, 11 through 20, 22 through  
235 24, and 26 through~~47~~ 48, not exceed that applicable to the general class of tangible personal property;  
236 (ii) for purposes of subdivisions A 7, 9, 21, and 25, not exceed that applicable to machinery and tools;  
237 and (iii) for purposes of subdivision A 10, equal that applicable to real property. If an item of personal  
238 property is included in multiple classifications under subsection A, then the rate of tax shall be the lowest  
239 rate assigned to such classifications.

240 C. Notwithstanding any other provision of this section, for any qualifying vehicle, as such term is  
241 defined in § 58.1-3523, (i) included in any separate class of property in subsection A and (ii) assessed for  
242 tangible personal property taxes by a county, city, or town receiving a payment from the Commonwealth  
243 under Chapter 35.1 (§ 58.1-3523 et seq.) for providing tangible personal property tax relief, the county,  
244 city, or town may levy the tangible personal property tax on such qualifying vehicle at a rate not to exceed  
245 the rates of tax and rates of assessment required under such chapter.

246 **2. That an emergency exists and this act is in force from its passage.**

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