

**REPORT OF THE
DEPARTMENT OF TAXATION**

**Classifications Of
Tangible Personal Property
For Taxation**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 24

**COMMONWEALTH OF VIRGINIA
RICHMOND
1990**



COMMONWEALTH of VIRGINIA

*Department of Taxation
Richmond, Virginia 23282*

TO:

The Honorable Gerald L. Baliles
Governor of Virginia

and

The General Assembly of Virginia

The 1989 General Assembly, by House Joint Resolution 271, requested the Department of Taxation to study the classifications of tangible personal property for taxation.

Enclosed for your review and consideration is the report that has been prepared in response to this resolution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. H. Forst".

William H. Forst
Tax Commissioner

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I. EXECUTIVE SUMMARY

House Joint Resolution 271 (See Appendix 1) requested that the Department of Taxation make a study of the various classifications of tangible personal property permitted under the law to determine the equity and economic impact on localities.

Whenever there is a system whereby property is classified for taxation, there is always the possibility that a seemingly inequitable situation will arise between classifications particularly when different rates may apply. The policy of the Commonwealth has been to permit various classifications but to require equity within the classes. In this regard, the tangible personal property taxes are equitably administered. The policy of allowing different rates between classifications is a matter which is beyond the scope of this study.

The economic impact on localities adopting different rates between classifications is relatively small as evidenced by Appendix 2A. The statute (58.1-3506) would permit an even greater impact, but, except for mobile homes (required to use the real estate rate) and machinery and tools, most governing bodies have chosen not to vary the rate from the tangible personal property rate.

II. INTRODUCTION

During the 1989 Session of the General Assembly, House Joint Resolution No. 271 passed as the result of concern about the system in Virginia of establishing numerous classifications of tangible personal property and permitting rates to vary between classes as long as they are not in excess of the tangible personal property rate. As stated in HJR 271 (Appendix 1), this seems inconsistent with the traditional policy of taxing similar types of property in the same manner. Consequently, the Department of Taxation was requested to study the current situation from the standpoint of equity among taxpayers and the economic impact on localities choosing to use different rates for different classifications.

As mentioned in the report, the fiscal impact relating to property tangible in fact but classified as intangible cannot be determined because, with the exception of certain classifications that are taxed locally, such property is no longer reported to anyone. There is concern, however, that certain personal property of manufacturers is exempt while the exact same item if owned by a non-manufacturer is taxed, e.g. corporate jets and office furniture and fixtures. In addition, the businesses subject to the intangible classification vary considerably as can be seen by examining Chapter 11 (58.1-1100, et. seq.), of Title 58.1 of the Code of Virginia. The tangible property owned by manufacturers, radio or television broadcasting, dairy, dry cleaning or laundry businesses is classified as intangible, and, with the exception of machinery and tools, motor vehicles and delivery equipment, this property is exempt.

There is an even greater possibility of variance between the items segregated for local taxation (See 58.1-3500, et.seq.). However, relatively few localities use rates lower than the tangible personal property rate except for machinery and tools and, of course, mobile homes (required to be the same as the real estate rate). The possibility for differences is virtually limitless and gives the governing body of each locality considerable latitude among classifications to vary the tax rate.

III. DISCUSSION

CLASSIFICATION OF PERSONAL PROPERTY

Article X, Section 2 of the Constitution of Virginia grants the General Assembly the authority to classify taxable subjects and requires uniformity in the taxation of any class of property within the territorial limits of the authority levying the tax. This means that the tax rate and method of assessment must be uniform within a classification but may vary among classifications.

The Commonwealth segregated real estate and tangible personal property for local taxation exclusively in 1927 (1926 Acts of Assembly, Chapter 576). At the same time counties, cities and towns were authorized to make a separate classification of machinery and tools used in any trade or business and to set a tax rate on this class of property at a rate no higher than the tax rate on tangible personal property. In 1929 the same permissive classification language was in the Tax Code but the classification of machinery and tools was restricted to machinery and tools used in the mining and manufacturing businesses (1928 Acts of Assembly, Chapter 232). The 1964 session of the General Assembly made the classification of machinery and tools mandatory. Even then the localities had the option of taxing machinery and tools at the same tax rate as tangible personal property (1964 Acts of Assembly, Chapter 433).

In 1958 household goods and personal effects were classified separately (1958 Acts of Assembly, Chapter 72) to enable local governments to exempt them pursuant to newly granted Constitutional authority. In 1960 boats under five tons burthen (repealed in 1979) and mobile homes and offices were separately classified. In 1976 the General Assembly granted local governing bodies the authority to exempt farm machinery and livestock (1976 Acts of Assembly, Chapter 560). In 1979 the alternative of a lower tax rate rather than total exemption was provided (1979 Acts of Assembly, Chapter 576). The Department studied the effects of exempting farm machinery and livestock from local taxation and reported the results to the General Assembly in 1988 (1988 House Document 7). No legislation resulted from this study.

The situation in 1979 was that local government were required to classify real estate, tangible personal property, merchant's capital, and machinery and tools used in certain businesses as separate classes of property. In addition, household goods and personal effects could be exempted and farm machinery and livestock and mobile homes and offices were separate classes of property, but there was no requirement that they be set out separately or that a tax rate be adopted separate and apart from the rate on tangible personal property. The exception to this is mobile homes. Mobile homes must be taxed at the real estate tax rate. Mobile homes were the subject of a Virginia Advisory Legislative Council (V.A.L.C.) study (1975 House Document 17) which resulted in a number of legislative changes concerning the way mobile homes were controlled and taxed (1976 Acts of Assembly, Chapter 567).

The rate structure was reasonably simple. Essentially all counties and cities adopted a tax rate on real estate, tangible personal property, and machinery and tools. In addition some counties imposed a tax on Merchant's Capital. By this time nearly all localities had exempted household goods and personal effects from the property tax and some localities were exempting or were imposing a lower tax rate on farm machinery and livestock.

In the 1980's the number and variety of classifications have increased significantly. At least five of the classifications are related to economic development. These measures were designed to create an attractive tax climate to attract a new enterprise or to encourage an existing enterprise to remain,

expand or modernize. In at least three instances the targeted enterprise either decided to locate elsewhere or subsequently ceased operations. Other reasons for adopting special classification statutes have been to promote the use of local facilities such as marinas and airports. The scope of all of the classification statutes enacted in the 1980's has been narrow, usually being introduced at the request of a local government or a small group of taxpayers with the objective of reducing the tax burden on a relatively small portion of the tax base. None of these recent classification statutes require the locality to set these classes out separately. Most only set the upper limit of the tax rate on these classes as the rate on tangible personal property. Appendix 2A, indicates that only a very few localities have adopted the permissive lower tax rates.

INTANGIBLE PERSONAL PROPERTY

For many years the Commonwealth levied a tax on what is now called intangible personal property. Formerly this classification was known as the tax on capital or capital not otherwise taxed. Originally this classification included all of the capital used or employed by any person, firm or corporation in any trade or business except real estate and machinery and tools used in the trade or business. Over the years The Commonwealth surrendered portions of this tax to the localities. First, the items subject to this tax were restricted to those items truly intangible in nature except in the manufacturing and mining businesses. In those businesses, property tangible in fact used in the business, except machinery and tools, continued to be taxed as capital. Eventually the list of businesses grew to include radio or television broadcasting, dairy, dry cleaning or laundry businesses but motor vehicles and delivery equipment were returned to the localities as tangible personal property. Various items of intangible personal property were exempted from taxation over the years until the entire classification was exempted effective January 1, 1985 (1984 Acts of Assembly, Chapter 729).

The classification includes property, tangible in fact, used in the affected businesses other than machinery and tools and except motor vehicles and delivery equipment. Over the years the statute was interpreted as to allow the local taxation of machinery and tools necessary for production, but not necessarily used directly in production. Office equipment, furniture and fixtures and the like were taxed by the Commonwealth.

Since the state stopped taxing intangible personal property more and more questions have arisen concerning the definition of intangible personal property as contrasted to machinery and tools. One firm filed for a refund in excess of \$100,000 and eventually recovered a large portion of this amount. The Virginia Supreme Court has ruled in *City of Martinsville v. Tultex Corporation*, 238 Va. 59 (1989) that a large computer rented to a manufacturer and used for administrative rather than manufacturing purposes is intangible personal property and therefore exempt. The Attorney General opined 1987-1988 Att'y Gen. Ann. Rep. at 590 that equipment used for research and

development by a manufacturer was intangible personal property. The magnitude of the exemption created by including items that would otherwise be tangible property or machinery and tools in the definition of intangible personal property is unknown because this property is not reported to either the state or local government.

In 1984, the last year this property was reported, the total assessed value of Capital Not Otherwise Taxed was \$3,768,436,163. The same year the assessed value of machinery and tools statewide was \$2,602,946,752. These numbers cannot be compared directly.

IV. FINDINGS

THE EFFECT OF CLASSIFICATION ON LOCAL GOVERNMENT

As explained above the effect of classifying various items of personal property as intangible personal property is unknown. The accompanying tables show the revenue forgone by the various localities as the result of the tax rates adopted for the various classifications which are lower than the tax rate on the general classification of tangible personal property.

In many instances the effects of the lower tax rates must be looked at in the context of what would be the situation without the favorable tax rate. This is particularly true of the tax rate on machinery and tools. The figures in the tables assume that the assessed value of the property would remain the same if the tax rate were set at the tangible personal property rate and also that the tangible personal rate would also remain the same. In many instances neither of these assumptions would reflect the true situation. In some instances certain businesses would not have chosen to locate where they did without the favorable tax rate. In other instances differences in the method of assessment of the various classes of property distort the real effect of the difference in the tax rates. In some cases the very magnitude of the increased tax would result in a lower tax rate on tangible personal property than the current rate.

V. APPENDICES

Appendix 1	House Joint Resolution No. 271
Appendix 2	Explanation of Appendices 2A - 2G
Appendix 2A	Tax Rates by Locality and Classification
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Appendix 1.

House Joint Resolution No. 271

Requesting the Department of Taxation to study all classifications of tangible personal property.

Agreed to by the House of Delegates, February 24, 1989

Agreed to by the Senate, February 23, 1989

WHEREAS, local governments must impose the same tax rate on all classes of tangible personal property unless the item of tangible personal property is listed as a separate class of property under 58.1-3506 of the Code of Virginia; and

WHEREAS, certain items of tangible personal property which are listed as a separate class may be taxed at lower rates than other similar tangible personal property taxed under the general classification of tangible personal property; and

WHEREAS, this seems inconsistent with the Commonwealth's traditional tax policy that similar types of property should be classified in the same manner for taxation; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation is requested to study all classifications of tangible personal property. The Department shall determine the equity and economic impact upon local governments of establishing separate classifications of tangible personal property.

The Department of Taxation shall submit its report and recommendations, if any, to the 1990 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

Appendix 2

EXPLANATION OF APPENDICES 2A - 2G

The following appendices set out the tax rates adopted by the various localities on the various classifications of personal property and the amount of revenue foregone due to the adoption of tax rates lower than the tax rate on the general classification of tangible personal property.

All data is from the 1988 personal property books.

Foregone revenue is determined by calculating the revenue which would have been generated had the tangible personal property tax rate been applied and subtracting the revenue generated by the actual tax rate on the classification.

The tax rate on mobile homes is required to be the same as the tax rate on real estate therefore no foregone revenue is calculated for this classification. The method of assessing mobile homes is also required to be similar to that utilized in assessing real estate.

The descriptions of the various classifications of personal property have been shortened in the appendices due to space limitations.

Appendix 2A - Tax rates on various classes of personal property

Legend: TPP - tangible personal property	(5) - TPP used in a research and development business
M&T - machinery & tools	(6) - heavy construction machinery
(1) - boats weighing 5 tons or more	(7) - certain generating & cogenerating equipment
(2) - small airliners	(8) - mobile homes
(3) - all other aircraft and flight simulators	(9) - certain computer hardware
(4) - antique automobiles	(10) - privately owned pleasure boats
	(11) - rideshare vans

Counties	TPP	M&T	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Accomack	\$3.29									\$0.70			
Albemarle	\$4.40									\$0.72			
Alleghany	\$5.95									\$0.70			
Amelia	\$3.15	\$1.50								\$0.67			
Amherst	\$5.00									\$0.63			
Appomattox	\$3.50									\$0.63			
Arlington	\$4.40									\$0.89			
Augusta	\$3.10									\$0.58			
Bath	\$0.39									\$0.39			
Bedford	\$6.00									\$0.69			
Bland	\$1.60	\$0.73								\$0.75			
Botetourt	\$6.00									\$0.75			
Brunswick	\$3.40									\$0.46			
Buchanan	\$1.95									\$0.59			
Buckingham	\$2.90									\$0.41			
Campbell	\$3.15									\$0.51			
Caroline	\$4.00	\$3.35								\$0.65			
Carroll	\$3.25									\$0.46			
Charles City	\$4.41	\$2.50								\$1.10			
Charlotte	\$4.20									\$0.55			
Chesterfield	\$3.60	\$1.00			\$1.10					\$1.04			
Clarke	\$4.00	\$1.00								\$0.70			
Craig	\$2.00									\$0.60			
Culpeper	\$6.25	\$5.00								\$0.69			
Cumberland	\$2.40									\$0.31			
Dickenson	\$21.90									\$0.53			
Dinwiddie	\$4.90	\$3.30						\$3.30		\$0.80			
Essex	\$3.50									\$0.45			
Fairfax	\$4.57	\$3.75				\$0.01	\$3.75			\$1.30			
Fauquier	\$3.55				\$1.50					\$0.84			
Floyd	\$1.55									\$0.75			
Fluvanna	\$3.70	\$2.00								\$0.63			
Franklin	\$5.56	\$5.40								\$0.60			
Frederick	\$4.25									\$0.55			
Giles	\$7.00									\$0.70			

NOTE: If no tax rate is shown the rate is the tangible personal property rate

Appendix 2A - Tax rates on various classes of personal property (continued)

Counties	TPP	M&T	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Gloucester	\$3.25		\$1.00							\$0.80			
Goochland	\$4.00									\$0.86			
Grayson	\$6.76									\$0.60			
Greene	\$16.50	\$0.89								\$0.89			
Greensville	\$4.50	\$3.50								\$0.55			
Halifax	\$5.95	\$3.90								\$0.42			
Hanover	\$3.64				\$2.40					\$0.69			
Henrico	\$3.50	\$1.00		\$2.40	\$2.40					\$0.98			
Henry	\$6.99									\$0.54			
Highland	\$4.00									\$0.55			
Isle of Wight	\$4.50	\$0.91								\$0.71		\$1.00	
James City	\$4.00									\$0.67			
King George	\$3.00	\$2.50								\$1.10			
King & Queen	\$2.50	\$0.92								\$0.92			
King William	\$4.20									\$0.92			
Lancaster	\$3.80									\$0.50			
Lee	\$1.25									\$0.73			
Loudoun	\$4.20	\$2.75			\$0.01		\$2.75	\$4.00		\$0.95			
Louisa	\$3.40	\$1.70								\$0.54			
Lunenburg	\$2.10									\$0.57			
Madison	\$6.50	\$5.50								\$0.71			
Mathews	\$3.25									\$0.63			
Mecklenburg	\$4.25	\$3.25								\$0.42			
Middlesex	\$3.00									\$0.55			
Montgomery	\$2.25	\$0.95								\$0.76			
Nelson	\$3.12	\$1.25								\$0.66			
New Kent	\$3.00				\$1.25					\$0.88			
Northampton	\$2.88									\$0.89			
Northumberland	\$3.60	\$2.40								\$0.60			
Nottoway	\$2.65									\$0.46			
Orange	\$5.50									\$0.60			
Page	\$1.50	\$1.25								\$0.53			
Patrick	\$4.20									\$0.54			
Pittsylvania	\$4.75	\$3.00								\$0.43			
Powhatan	\$2.00									\$0.76			

Appendix 2A - Tax rates on various classes of personal property (continued)

Counties	TPP	M&T	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Legend: TPP - tangible personal property (5) - TPP used in a research and development business M&T - machinery & tools (6) - heavy construction machinery (1) - boats weighing 5 tons or more (7) - certain generating & cogenerating equipment (2) - small airliners (8) - mobile homes (3) - all other aircraft and flight simulators (9) - certain computer hardware (4) - antique automobiles (10) - privately owned pleasure boats (11) - rideshare vans													
Prince Edward	\$3.20	\$3.25								\$0.54			
Prince George	\$3.50	\$1.50								\$0.78			
Prince William	\$3.75	\$1.00		\$0.70	\$1.30					\$1.38			
Pulaski	\$6.00	\$4.80								\$0.60			
Rappahannock	\$2.90									\$0.52			
Richmond	\$3.50									\$0.70			
Roanoke	\$3.50	\$3.00								\$1.15			
Rockbridge	\$4.50									\$0.62			
Rockingham	\$2.31	\$2.10								\$0.65			
Russell	\$1.20									\$0.65			
Scott	\$0.72									\$0.72			
Shenandoah	\$1.90									\$0.60			
Smyth	\$1.00									\$0.65			
Southampton	\$4.00	\$2.40								\$0.41			
Spotsylvania	\$2.95	\$2.50						\$1.50		\$0.70			
Stafford	\$4.99									\$1.10			
Surry	\$3.50									\$0.50			
Sussex	\$4.75									\$0.49			
Tazewell	\$2.00									\$0.56			
Warren	\$2.80	\$2.00								\$0.64			
Washington	\$1.43									\$0.65			
Westmoreland	\$2.00	\$1.50								\$0.80			
Wise	\$1.15									\$0.39			
Wythe	\$1.75									\$0.54			
York	\$4.00		\$1.00							\$0.57			

Appendix 2A - Tax rates on various classes of personal property (continued)

Legend: TPP - tangible personal property	(5) - TPP used in a research and development business
M&T - machinery & tools	(6) - heavy construction machinery
(1) - boats weighing 5 tons or more	(7) - certain generating & cogenerating equipment
(2) - small airliners	(8) - mobile homes
(3) - all other aircraft and flight simulators	(9) - certain computer hardware
(4) - antique automobiles	(10) - privately owned pleasure boats
	(11) - rideshare vans

Cities	TPP	M&T	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Alexandria	\$4.80	\$4.50								\$1.25			
Bedford	\$1.50	\$1.30								\$0.79			
Bristol	\$5.00									\$1.14			
Buena Vista	\$4.00									\$1.00			
Charlottesville	\$4.30									\$1.13			
Chesapeake	\$4.00	\$3.12								\$1.23			
Clifton Forge	\$3.35									\$1.20			
Colonial Heights	\$3.50	\$2.00								\$1.25			
Covington	\$5.60	\$5.53								\$0.86			
Danville	\$3.00	\$1.50								\$0.86			
Emporia	\$5.00									\$0.80			
Fairfax	\$2.99									\$0.96			
Falls Church	\$4.86									\$0.92			
Franklin	\$3.30	\$2.00								\$0.77			
Fredericksburg	\$2.99	\$0.50								\$1.16			
Galax	\$7.07									\$0.81			
Hampton	\$4.40	\$2.00	\$1.00							\$1.14		\$1.00	
Harrisonburg	\$1.50									\$0.72			
Hopewell	\$4.40	\$3.58							\$1.79	\$1.28			
Lexington	\$5.50									\$1.10			
Lynchburg	\$3.00									\$1.16			
Manassas	\$3.05	\$2.80								\$1.18			
Manassas Park	\$3.50	\$1.00								\$1.45			
Martinsville	\$2.25	\$1.85								\$0.76			
Newport News	\$4.25	\$2.70	\$0.90							\$1.09		\$1.00	
Norfolk	\$4.00	\$1.60	\$1.50							\$1.25		\$1.00	
Norton	\$1.85									\$0.70			
Petersburg	\$3.80									\$1.49			
Poquoson	\$4.50									\$0.91		\$1.50	
Portsmouth	\$4.35	\$1.75	\$0.50							\$1.22		\$0.50	
Radford	\$1.40	\$2.80								\$0.65			
Richmond	\$3.59	\$1.90								\$1.53			
Roanoke	\$3.45									\$1.25			
Salem	\$3.20									\$1.18			
South Boston	\$3.00	\$2.75								\$1.00			

Appendix 2A - Tax rates on various classes of personal property (continued)

Legend: TPP - tangible personal property	(5) - TPP used in a research and development business
M&T - machinery & tools	(6) - heavy construction machinery
(1) - boats weighing 5 tons or more	(7) - certain generating & cogenerating equipment
(2) - small airliners	(8) - mobile homes
(3) - all other aircraft and flight simulators	(9) - certain computer hardware
(4) - antique automobiles	(10) - privately owned pleasure boats
	(11) - rideshare vans

Cities	TPP	M&T	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Staunton	\$5.00	\$3.10								\$1.10			
Suffolk	\$6.30									\$1.12			
Virginia Beach	\$3.80	\$1.00	\$1.50							\$0.92			
Waynesboro	\$5.00	\$4.65								\$0.97			
Williamsburg	\$3.50									\$0.51			
Winchester	\$3.50	\$1.00								\$0.80			

Appendix 2B - Machinery and Tools

Localities which have adopted a tax rate on machinery and tools used in certain businesses which is lower than the tax rate on tangible personal property

County	Tax Rate Tangible Personal Property	Assessed Value Machinery & Tools	Tax Rate Machinery & Tools	Tax Levies Machinery & Tools	Revenue Foregone
Amelia	\$3.15	\$4,717,939	\$1.50	\$70,769	\$77,846
Bland	\$1.60	\$3,542,000	\$0.73	\$25,857	\$30,815
Caroline	\$4.00	\$2,769,660	\$3.35	\$92,784	\$18,003
Charles City	\$4.41	\$1,988,000	\$2.50	\$49,700	\$37,971
Chesterfield	\$3.60	\$240,829,570	\$1.00	\$2,408,296	\$6,261,569
Clarke	\$4.00	\$3,758,137	\$1.00	\$37,581	\$112,744
Culpeper	\$6.25	\$10,050,040	\$5.00	\$502,502	\$125,626
Dinwiddie	\$4.90	\$2,832,705	\$3.30	\$93,479	\$45,323
Fairfax	\$4.57	\$86,690,974	\$3.75	\$3,250,912	\$710,866
Fluvanna	\$3.70	\$1,315,980	\$2.00	\$26,320	\$22,372
Franklin	\$5.56	\$2,673,185	\$5.40	\$144,352	\$4,277
Greene	\$16.50	\$5,518,632	\$0.89	\$49,116	\$861,458
Greensville	\$4.50	\$11,303,560	\$3.50	\$395,625	\$113,036
Halifax	\$5.95	\$17,232,240	\$3.90	\$672,057	\$353,261
Henrico	\$3.50	\$127,763,459	\$1.00	\$1,277,635	\$3,194,086
Isle of Wight	\$4.50	\$282,743,688	\$0.91	\$2,572,968	\$10,150,498
King George	\$3.00	\$1,322,440	\$2.50	\$33,061	\$6,612
King & Queen	\$2.50	\$2,776,400	\$0.92	\$25,543	\$43,867
Loudoun	\$4.20	\$15,564,584	\$2.75	\$428,026	\$225,686
Louisa	\$3.40	\$3,210,550	\$1.70	\$54,579	\$54,579
Madison	\$6.50	\$1,112,080	\$5.50	\$61,164	\$11,121
Mecklenburg	\$4.25	\$13,446,885	\$3.25	\$437,024	\$134,469
Montgomery	\$2.25	\$45,195,740	\$0.95	\$429,360	\$587,545
Nelson	\$3.12	\$948,810	\$1.25	\$11,860	\$17,743
Page	\$1.50	\$8,619,820	\$1.25	\$107,748	\$21,550
Pittsylvania	\$4.75	\$9,200,220	\$3.00	\$276,007	\$161,004
Prince George	\$3.50	\$2,088,859	\$1.50	\$31,333	\$41,777
Prince William	\$3.75	\$27,872,961	\$1.00	\$278,730	\$766,506
Pulaski	\$6.00	\$15,232,104	\$4.80	\$731,141	\$182,785
Roanoke	\$3.50	\$29,976,523	\$3.00	\$899,296	\$149,883
Rockingham	\$2.31	\$77,303,250	\$2.10	\$1,623,368	\$162,337
Southampton	\$4.00	\$8,214,025	\$2.40	\$197,137	\$131,424
Spotsylvania	\$2.95	\$13,529,639	\$2.50	\$338,241	\$60,883
Warren	\$2.80	\$16,970,771	\$2.00	\$339,415	\$135,766
Westmoreland	\$2.00	\$2,247,960	\$1.50	\$33,719	\$11,240

Appendix 2B - Machinery and Tools (continued)

Localities which have adopted a tax rate on machinery and tools used in certain businesses which is lower than the tax rate on tangible personal property

City	Tax Rate Tangible Personal Property	Assessed Value Machinery & Tools	Tax Rate Machinery & Tools	Tax Levies Machinery & Tools	Revenue Foregone
Alexandria	\$4.80	\$7,641,342	\$4.50	\$343,860	\$22,924
Bedford	\$1.50	\$23,345,180	\$1.30	\$303,487	\$46,690
Chesapeake	\$4.00	\$22,672,440	\$3.12	\$707,380	\$199,517
Colonial Heights	\$3.50	\$9,748,630	\$2.00	\$194,973	\$146,229
Covington	\$5.60	\$17,145,005	\$5.53	\$948,119	\$12,002
Danville	\$3.00	\$57,217,903	\$1.50	\$858,269	\$858,269
Franklin	\$3.30	\$1,630,440	\$2.00	\$32,609	\$21,196
Fredericksburg	\$2.99	\$11,783,350	\$0.50	\$58,917	\$293,405
Hampton	\$4.40	\$20,239,393	\$2.00	\$404,788	\$485,745
Hopewell	\$4.40	\$92,063,991	\$3.58	\$3,295,891	\$754,925
Manassas	\$3.05	\$91,115,255	\$2.80	\$2,551,227	\$227,788
Manassas Park	\$3.50	\$1,090,146	\$1.00	\$10,901	\$27,254
Martinsville	\$2.25	\$46,114,489	\$1.85	\$853,118	\$184,458
Newport News	\$4.25	\$177,246,995	\$2.70	\$4,785,669	\$2,747,328
Norfolk	\$4.00	\$77,942,488	\$1.60	\$1,247,080	\$1,870,620
Portsmouth	\$4.35	\$86,392,231	\$1.75	\$1,511,864	\$2,246,198
Radford	\$1.40	\$7,528,140	\$2.80	\$210,788	(\$105,394)
Richmond	\$3.59	\$397,195,053	\$1.90	\$7,546,706	\$6,712,596
South Boston	\$3.00	\$1,678,505	\$2.75	\$46,159	\$4,196
Staunton	\$5.00	\$1,835,765	\$3.10	\$56,909	\$34,880
Virginia Beach	\$3.80	\$26,584,650	\$1.00	\$265,847	\$744,370
Waynesboro	\$5.00	\$26,978,406	\$4.65	\$1,254,496	\$94,424
Winchester	\$3.50	\$59,440,765	\$1.00	\$594,408	\$1,486,019

Appendix 2C - Boats and Watercraft Weighing Over Five Tons

Localities which have adopted a lower tax rate on boats and watercraft weighing over five tons and also those localities which have adopted a lower tax rate on privately owned pleasure boats used for recreational purposes exclusively

Locality	Tax Rate Tangible Personal Property	Assessed Value Boats & Watercraft	Tax Rate on Boats	Tax Levies on Boats	Revenue Foregone
** Gloucester	\$3.25	\$5,377,730	\$1.00	\$53,777	\$120,999
** York	\$4.00	\$3,079,845	\$1.00	\$30,798	\$92,395
*** Hampton	\$4.40	\$18,593,856	\$1.00	\$185,939	\$632,191
* Newport News	\$4.25	\$6,047,571	\$1.00	\$60,476	\$196,546
** Newport News	\$4.25	\$9,394,287	\$0.90	\$84,549	\$314,709
*** Norfolk	\$4.00	\$22,081,382	\$1.00	\$220,814	\$662,441
* Poquoson	\$4.50	\$3,324,640	\$1.50	\$49,870	\$99,739
*** Portsmouth	\$4.35	\$24,181,385	\$0.50	\$120,907	\$930,983
*** Virginia Beach	\$3.80	\$35,869,819	\$1.50	\$538,047	\$825,006

* Only privately owned pleasure boats used for recreational purposes

** Only boats weighing five tons or more

*** Both boats weighing five tons or more and privately owned pleasure boats used for recreational purposes exclusively

Appendix 2D - Antique Automobiles

Localities which have adopted a tax rate on antique automobiles
lower than the tax rate on tangible personal property

Locality	Tax Rate Tangible Personal Property	Assessed Value Antique Automobiles	Tax Rate Antique Autos	Tax Levies Antique Autos	Revenue Foregone
Fairfax Co.	\$4.57	\$0	\$0.01	\$0	unknown

Appendix 2E - Tangible personal property used in a
research and development business

Localities with a tax rate on tangible personal property used in a research and
development business lower than the tax rate on other tangible personal property

Locality	Tax Rate Tangible Personal Property	Assessed Value R & D Property	Tax Rate R & D Property	Tax Levies	Revenue Foregone
Fairfax Co.	\$4.57	\$38,553,627	\$3.75	\$1,445,761	\$316,140
Loudoun Co.	\$4.20	**	\$2.75	**	**

** In Loudoun County the assessed value of R & D property is included
In the value of Machinery & Tools and no separate value is available

Appendix 2F - Heavy Construction Machinery

Localities which have adopted a tax rate on heavy construction machinery, including, but not limited to land movers, bulldozers, front end loaders, graders, packers, power shovels, cranes, pile drivers and ditch and other types of diggers that is lower than the tax rate on other tangible personal property

Locality	Tax Rate Tangible Personal Property	Assessed Value Construction Machinery	Tax Rate Heavy Construction Machinery	Tax Levies Heavy Construction Machinery	Revenue Foregone
Dinwiddie Co.	\$4.90	\$473,721	\$3.30	\$15,633	\$7,580
Loudoun Co.	\$4.20	\$16,986,094	\$4.00	\$679,444	\$33,972
Spotsylvania Co.	\$2.95	\$4,101,308	\$1.50	\$61,520	\$59,469

Appendix 2G - Certain generating and cogeneration equipment

Localities which have adopted a reduced tax rate on certain generating and cogeneration equipment.

Locality	Tax Rate Machinery & Tools	Assessed Value Gen. Equip.	Tax Rate on Certain Gen. Equip.	Tax Levies on Certain Gen. Equip.	Revenue Foregone
Hopewell	\$3.58	\$21,951,869	\$1.79	\$392,938	\$392,938

Note: The tax rate on machinery and tools is used as the standard for this class of property because the property would be classified as machinery and tools if it were not specially classified.

