

UPDATED: PROPERTY TAX REFORM AMENDMENT *HR 1246 AND HB 1158*

PROPERTY TAX REFORM :: PROVISIONS

- Eliminates Property Tax on Personal Motor Vehicles and Reimburses Local Governments for Lost Revenue
- Freezes Assessed Property Values and Allows Assessed Values to Increase by 2% (Residential) and 3% (Nonresidential) Annually, Until Sold or Improved
- Eliminates the Quarter-Mill State Property Tax
- Creates \$10 Motor Vehicle Fee to Fund Trauma Care

PROPERTY TAX REFORM :: IMPACT

- **ADEQUACY: Devastates State Budget!**
 - State revenue decline of \$672 million in Fiscal Year 2011. The equivalent of:
 - 8% of K-12 education budget; or
 - 29% of Board of Regents budget; or
 - 100% of PeachCare budget plus 27% of Medicaid budget; or
 - 56% of the Department of Corrections budget.
 - The cost of reimbursement to local governments would continue to rise as evidenced by Virginia's experience with a similar car tag tax repeal. The actual cost to the state for local reimbursements was significantly higher than originally expected because of increased car sales. While Virginia recently received an overall A- in management from Governing Magazine's Government Performance Project, the structural imbalance caused by the car tag tax repeal was noted as a continued concern:

“Virginia has worked hard to improve its long-term fiscal outlook over the past few years... Still, the state has to scramble relentlessly to attain structural balance. Virginia is constantly tweaking its revenue code — it has made tax changes in 15 of the past 20 years. **Many of the adjustments have been made in an attempt to undo the lasting budget effects of a poorly planned car-tax repeal and other tax cuts that were made just prior to the 2001-02 recession.** Virginia needs to continue working on a thoughtful plan to maintain structural balance in the future.”

pewcenteronthestates.org/gpp
- **LOCAL CONTROL: Is Local Decision Making Strengthened or Weakened?**
 - Arbitrary property tax assessment caps are unrelated to needs, wishes, and values of local communities.
 - Should decisions on funding services that address those needs and values be left at local level?

