VIRGINIA ASSOCIATION OF LOCAL TAX AUDITORS

VALTA

Assessment of Business Personal Property and Machinery & Tools

Revised 2015

Presented at VALTA Meeting May 4, 2015
“Auditing 101” - Personal Property Tax Edition

Virginia Association of Local Tax Auditors

c/o Tim Conrad, Recording Secretary
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Welcome VALTA members and guests:

The Virginia Association of Local Tax Auditors (VALTA) was contacted in 2004 by the Virginia Association of Assessing Officials to provide an informative presentation and panel discussion on business tangible personal property (including machinery and tools) for their education seminar that year. Subsequently, VALTA presented the program to its members, and later presented a revised version in 2007 to the Commissioners of the Revenue Association of Virginia at their request.

The handbook that follows was first produced for the 2004 occasion, revised in 2007, and is now again revised for our 2015 VALTA presentation affectionately known as "Auditing 101: Personal Property Tax Edition." This handbook is intended for use as background information and a focus guide for the assessment of business personal property and related materials. It is a collaboration of research information, published material, court opinions, previous VALTA presentations, and training material compiled and developed by a volunteer committee of VALTA members.

VALTA is a nonprofit organization comprised of local government tax administrators and auditing professionals. Our association was started almost 20 years ago from a small group of auditors that gathered occasionally in the Hampton Roads metropolitan area to discuss audit procedures and opinions regarding local tax issues. Today, we are a statewide organization with over 300 members representing about 70 localities. We meet regularly, three times a year, to discuss current local taxation issues, the effects of legislative changes and court rulings on localities and to provide a program of continuing professional education for our members. Our organization continues to be responsive to requests from the Commissioners of the Revenue Association and other groups; to provide a forum for members to discuss ideas; to share experiences encountered when auditing business entities for local tax liabilities; to promote uniformity in the assessment of local taxes; and to consolidate and coordinate resources when researching local tax issues.

This discussion handbook is a sample of what VALTA strives to provide its membership. I hope you will find it to be a useful addition to your office collection of reference material and information concerning property tax. Share this with your neighboring locality and assist us in achieving the goal of having members representing all the jurisdictions within the Commonwealth. We look forward to the opportunity of having you and your staff as part of the Virginia Association of Local Tax Auditors.

Sincerely,

Paul R. Berkley, Jr.
VALTA President

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VIRGINIA BUSINESS PERSONAL PROPERTY
And
MACHINERY & TOOLS

1. AUTHORITY OVERVIEW

The Commonwealth of Virginia has a classified property tax system as distinguished from a general property tax system. The authority to classify and define taxable subjects resides within the General Assembly as given by the Constitution of Virginia.

Article X, § 1 Mandates that all property shall be taxed and that all taxes must be uniform upon the same class of subjects within the taxing jurisdiction. This section also grants to the General Assembly the power to define and classify subjects of taxation. Subsequent opinions of the Attorney General declare that the General Assembly may not delegate that authority. The importance of Section One is that no property, unless specifically exempted, should escape the burden of taxation and that the tax burden must be fairly distributed upon all those who are liable to bear it.

Article X, § 2 Provides that all assessment of real estate and tangible personal property shall be at their fair market value, to be ascertained as prescribed by law. The General Assembly has not prescribed the means to be used in ascertaining fair market value, except with respect to certain types of property.

Article X, § 4 Segregates real estate, minerals, and tangible personal property for local taxations only, with the stipulation that these classes of property must be assessed in such manner and at such times as the General Assembly may prescribe by general law.

Article X, § 6 Addresses exemptions from property taxation. In addition to those properties owned by the Commonwealth and it political subdivisions, the Constitution exempts properties owned by churches or religious bodies and used for worship or pastoral residence. Nonprofit cemeteries, public libraries, and educational institutions are also generally exempted.

In accordance with these constitutional provisions, the General Assembly has adopted a somewhat scattered array of local taxation laws. All taxable property, as described in Virginia Code § 58.1-3000, is to be assessed on the first day of January in each year. §58.1-3010 of the Code of Virginia, 1950, as amended. This includes real estate to be assessed at 100 percent of fair market value (§58.1-3200 and § 58.1-3201) and business tangible property, much of which is to be valued by using a percentage of original cost (§58.1-3500 and § 58.1-3503).

2. ESTABLISHING SITUS

Let's start with a few definitions for "*situs*":

> *Situs* -The place at which property is legally taxable, that is, the jurisdiction within which property actually lies or is said to lie for tax purposes. International Association of Assessing Officers-Glossary Property Appraisal and Assessment 2nd Edition, 2013, www.IAAO.org.
>
> "The location or position (of something) for legal purposes, as in *lex situs*, the law of the place where the thing in issue is situated." Black's Law Dictionary, 9th Edition, 2009.
>
> *Tax situs* – "A state or other jurisdiction that has a substantial connection with assets that are subject to taxation. " Black's Law Dictionary, 9th Edition, 2009.

Under Va. Code §58.1-3511, "situs for the assessment and taxation of tangible personal property, merchants' capital and machinery and tools shall in all cases be **the county, district, town or city in which such property may be physically located on the tax day**. However, the situs for purposes of assessment of motor vehicles, travel trailers, boats and airplanes as personal property shall be the county, district, town or city where the vehicle is normally garaged, docked or parked…" [Emphasis added.] Tax day for tangible personal property is January 1. VA. Code §58.1-3515.

The common law rule in many other states, that the situs of personal property for taxation follows the owner (*mobilia sequuntur personam*), has been changed in Virginia by 58.1-3511. See Hogan v. County of Norfolk, 198 Va. 733, 735 (1957). As the Supreme Court in Hogan qualified, if property is simply casually or incidentally in a locality on January 1, it would not be taxable there. In such a case, factors such as the property's "usual location" before and after January 2 as well as over the past years should be considered in determining where property is "ordinarily situated." The situs, by statute, is where the property is physically located on January 1 of the tax year.

> CITY OF VIRGINIA BEACH
>
> v. Record No. 011307 OPINION BY JUSTICE LEROY R. HASSELL, SR
April 19, 2002
>
> INTERNATIONAL FAMILY ENTERTAINMENT, INC.
>
> "We reject the City's argument that the common law doctrine of mobilia sequuntur personam permits the City to tax the transponders. This doctrine is based on the common law principle that the rights of ownership and the transfer of movable property must be determined by the law of the owner's

> domicile. In Hogan, 198 Va. at 735, 96 S.E.2d at 745, we stated that
>
>> "[a]t the present day, the separation of the situs of personal property from the domicil of the owner for the purposes of taxation is a familiar doctrine, and the maxim 'mobilia sequuntur personam' is no longer controlling on the question of taxation of personal property which has an actual situs elsewhere than at the owner's domicil. It may be taxed where it is situated or located, although the domicil of the owner is elsewhere. The test of situs for taxation purposes is the place of its location and use."
>
> We also stated in Hogan that the common law rule that the situs of personal property for taxation follows the owner may be changed by the General Assembly, and we held that this rule had been changed in Virginia by former Code 58-834, which was a precursor to Code 58.1-3511(A). Id. at 735, 96 S.E.2d at 745-46. Accordingly, to the extent any ambiguity exists, we hold that this common law rule does not apply to the taxing scheme at issue in this case."

However, applying the Hogan rule of situs being the location where an item is "ordinarily kept" may also be tricky and may not be upheld. The Chesterfield administrative interpretation of "permanency" was not accepted by its own Circuit Court. In <u>Star Equipment v. Chesterfield County</u>, 10 Va. Cir. Ct. 226 (1987), an air compressor was rented by Star to a customer in Chesterfield County from October 16, 1985, to April 22, 1986, less than six months. The compressor was removed from Chesterfield on December 31, 1985 and returned to Chesterfield on January 2, 1986. Star contended that the compressor was not subject to tax by Chesterfield. The Court agreed, saying that "the air compressor was not being used in such a way as to be considered property ordinarily kept in Chesterfield County."

So, how do you apply the situs rules, then, if property is not permanently situated at the domicile of the owner on January 1 (tax day)? First determine the whether the asset's location is its "usual location," having an air of permanency. In determining this, its location in one jurisdiction for a significant portion of the year may be considered. 1983-1984 AG at 401-402. You may consider where the property is generally returned when not in use. 1982-1983 AG 615. If the "usual location" cannot be determined, the domicile of the owner may be considered. 1959-1960 AG 354.

For merchants' capital the Virginia Supreme Court has clearly announced that the taxation situs of any type of merchants' capital is bound by VA. Code §58.1-3511

SHELOR MOTOR COMPANY, INC.,
D/B/A HOMER COX FORD, ET AL. v
NANCY W. MILLER, COMMISSIONER OF
THE REVENUE FOR MONTGOMERY COUNTY

OPINION BY JUSTICE BARBARA MILANO KEENAN
April 20, 2001

The language of Code 58.1-3511(A) is plain and unambiguous, and provides a single directive for determining the taxation situs of merchants' capital of any type. Under the statutory language, this taxation situs "shall in all cases be the county, district, town or city in which such property may be physically located on the tax day." Code 58.1-3511(A). This language does not provide for a determination of where the merchants' capital is "ordinarily" or "normally" kept, but requires that the situs be determined by the physical location of the merchants' capital on one particular day of each year.

The second sentence of Code 58.1-3511(A), which applies only to the taxation situs of certain types of mobile personal property, provides a distinct contrast to the statutory provisions that govern the taxation situs for merchants' capital. The taxation situs for those types of mobile personal property is where the vehicle is "normally garaged, docked or parked. . . ." The Commissioner's argument effectively asks us to add qualifying language such as "normally" or "ordinarily" to the first sentence of the statute. However, we are not permitted to add language to a statute. When the legislature has used words of a plain and definite meaning, courts cannot accord those words a meaning that amounts to holding that the legislature did not mean what it actually expressed. Jan Paul Fruiterman, M.D. and Assocs. v. Waziri, 259 Va. 540, 544, 525 S.E.2d 552, 554 (2000); Haislip v. Southern Heritage Ins. Co., 254 Va. 265, 268, 492 S.E.2d 135, 137 (1997); Davis v. Tazewell Place Assocs., 254 Va. 257, 260-61, 492 S.E.2d 162, 164 (1997).

In all cases the situs of the property to be taxed is a factual determination to be made by the commissioner of the revenue.

3. ***"ORIGINAL COST," "FMV,"*** **AND THE VALUATION OF ASSETS**

So, once we have determined that business property has situs in our locality, we have to make an assessment. How can we do that?

Code of Virginia § 58.1-3503 requires uniformity by a method reasonably expected to determine actual **fair market value**. Within that requirement, though, it offers some flexibility in that the methods that might be considered for different property, and yet still be uniform within their category or situation.

More specific to personal property used in a business, § 58.1-3503(A)(17) of the Code prescribes that tangible personal property employed in a trade or business "shall be valued by a means of a **percentage or percentages of cost**." *(Emphasis added.)* A similar provision is made in paragraph (16) for computer equipment, adding "or by such other method as may be reasonably expected to determine the actual fair market value."

This section of the Code further provides, in paragraph (B), that *any* method of valuing the separate classifications of personal property listed in paragraph (A) must not only be consistent with the requirements of the section, but must also "**reasonably be expected to determine *actual fair market value*** as determined by the commissioner of the revenue…" *(Emphasis added.)* More on "fair market value" later – but let's start with determining "original cost."

What is "original cost" anyway? The legislative priority in the assessment of business tangible personal property is the use of a percentage of cost. But what is "original cost"? Anyone who has taken cost accounting understands the inherent danger in that question**.**

Fortunately, the state code provides a place to start and *a little* more clarity, in **§ 58.1-3518**, where if requested by the commissioner of the revenue, taxpayers are required to provide information with their annual returns including the "total of original cost" by year of acquisition. The section states that,

"cost should be **the original capitalized cost** *or* **the cost that would have been capitalized** if the expense deduction in lieu of depreciation was elected under Section 179 of Internal Revenue Code." *(Emphasis added.)*

In most cases, the cost is thus easy to determine: the amount depreciated or expensed as Section 179. These amounts can be found and verified on the taxpayer's federal depreciation schedule (Federal Form 4562 and supporting schedule).

<u>Three Problems:</u>

1. Some assets are not capitalized or expensed as Section 179.

2. Fully depreciated assets that have been "written off" but are still in service.

3. Recapitalized assets or assets that are capitalized at something other than market value.

In the first two cases, the original cost must be determined by another means than the depreciation schedule. In the third case, the commissioner must make a factual determination of factors and choose the best *alternate* method of assessment in order to "reasonably determine actual fair market value."

1. Non-Capitalized Assets

Assets that were not capitalized or expensed as Section 179 assets must still be assessed by percentage of cost, if known. This can be done several ways:

- By simple taxpayer compliance (asset list filed with return)
- Audit of invoices or expense records (including Schedule C expenses that may include smaller assets or expenses related to unreported larger assets)
    - e.g., internet access expenses that may reveal a computer.
- Assignment of cost or current assessed value from similar assets (usually for statutory assessments or assessments of items added by assessor in visual inspection). Several methods of cost/valuation are useful:
    - Similar businesses on file
    - "e-bay" or catalog pricing for the same or similar models

2. Fully-Depreciated Assets

These assets must still be assessed as long as they are still in use. The original cost can usually be found on prior returns, or on older asset lists.

In some cases, where prior returns do not list the asset or were not filed, it *may* be possible to find the asset's original cost by finding the taxpayer's journal entry (usually at the end of the year) that "wrote off" the asset. This would be an entry that "cleared" the asset from the records by debiting Accumulated Depreciation and crediting an asset account such as "Equipment," as follows:

Date	Description	Debit	Credit
12/31	Accumulated Depreciation	$5,000	
	Equipment		$5,000

With this simple transaction, the fully depreciated asset has been completely removed from the books, or "written off." In most cases, the debited amount here will be the original cost of the asset. All you need to finish the assessment is the year of purchase.

3. Recapitalized Assets or Assets Capitalized at Other than FMV

Recapitalized assets:

- Usually arise from change in business entity (incorporation of sole proprietor, etc.).
  - Recapitalized cost *may not* represent fair market value at the time of recapitalization.
  - Usually historical ("actual") cost is still available from same taxpayer, and may be shared.

Assets capitalized at other than FMV:

- Usually arise from sale of business as a whole or in large part.
  - Used assets lumped together (esp., real property mixed with personal property).
  - Goodwill may have been included in total asset valuation, resulting in "all assets."
  - Taxpayer may have completed depreciation schedule incorrectly or illegally.
  - The sale may have been a "fire sale," or less-than-arms-length transaction, resulting in *undervalued* capitalization of the assets on depreciation.
  - Usually historical ("actual") cost is *not* known, and may not be shared by assessor with new owner if it is on file (breach of confidentiality for prior owner).

In each of these cases, the use of "original *capitalized* cost" for "percentage of cost" *may or may not* "reasonably be expected to determine actual fair market value," as the Code above requires. In each case, the assessor or commissioner essentially has four choices:

1. Use the capitalized cost and year of acquisition as reported.
   - This is the preferred method, and most directly fits the statutory provisions, *if* it accurately represents the asset valuation at the time of acquisition by the new owner or new business entity.
2. Use historical cost and acquisition dates, if known and applicable.
   - Good in *recapitalizations by same taxpayer* or officer of same company.
   - New owner may have this, but assessor may <u>not</u> share this with new owner if he or she does <u>not</u> have it.

3. Assign more accurate market data for cost.
    - Deduct "goodwill" that may have been paid (but not amortized) in overvalued assets.
    - Increase cost assigned to "fire-sale" or other assets that may be undervalued in their capitalized cost.
4. Perform an inventory or visual inspection to arrive at a completely new "actual fair market value" for the current assessment.
    - Useful if assets were initially lumped together, especially if real estate or goodwill was included with personal property in the sale.
    - Use online merchants to gather like-kind valuations for a current assessment. *(Regression or consideration of interest or inflation could be used to go backward or forward in time as necessary.)*

So, as promised, we return to a discussion of **fair market value ("FMV").** Sometimes, as you can see, the original cost is not always known, or there might be other reasons not to use a percentage of original cost. In those situations, another approach to FMV might be called for. But what exactly is FMV?

The legal definition of FMV is one that has evolved through our court system. It is:

> "… The price which it will bring when offered for sale by one who desires, but is not obligated, to sell it, and is bought by one who is under no necessity of having it." See City of Norfolk v. L. Snyder, 161 Va. 288, (1933); Tuckahoe Woman's Club v. City of Richmond, 199 Va. 734, (1958).

This definition has been applied in numerous individual cases and successfully stood the test of time. The assessing officer, in valuing property, is not prevented from taking into account the condition of the property. For example, in 1993, the Virginia Supreme Court heard a personal property valuation case, Fairfax County, et al v. Telecommunications Industries, Inc., Va. 472 (1993). The county had assessed computer equipment at various percentages of original cost of the equipment and that method conformed to the valuation method used on other business personal property in the same category. The taxpayer was able to prove that the assessment, while uniform in its application among other business taxpayers within the same class of property, exceeded the fair market value.

The court agreed with the taxpayer, and found that, as in real estate valuation cases, the assessor must not stand merely on its application of uniformity when evidence exists that assessments should be adjusted further for economic or technological obsolescence. This court case broadened the scope of analysis that must be done when considering valuation of some equipment, in this case computer equipment. An actual market analysis was needed to determine if that specific type of computer was out of line with the market value for equipment in general. The court also ruled that, upon request, the Assessor is required to make available a reasonable description of his valuation methods.

This case was a factor, along with other reports of rapid technological obsolescence among computer equipment, in some localities establishing separate uniform schedules and definitions for computer equipment from other business tangible personal property. So, in some cases a factual determination by the commissioner might conclude that fair market value is best determined by considering market factors, such as technological obsolescence or condition, in addition to more traditional assessment methods used for other equipment. In such cases documentation should be clear, and the approach should be uniform in its application to the extent possible.

4. <u>LEASED EQUIPMENT</u>

Another type of "buyout" that can cause headaches in determining assessed values and "original capitalized cost" comes in the form of leases and lease-purchases. In fact, leasing companies and leased equipment present a complex array of situations that *reflect nearly every aspect of assessment for business equipment* in Virginia.

1. Filing Requirements for Leased Equipment.

Pursuant to § 58.1-3518 of the Code of Virginia, **both the lessor/owner and lessee of leased business tangible personal property must file a return** listing that equipment to the locality where it has situs on tax day (January 1).

- The *lessee* is required to give the name and address of the owner, while …
- The *owner* must file and pay applicable tax on the equipment.

<u>Two notable exceptions</u> involve federal, state, or local <u>government agencies</u>:

- Property **leased to any such government agency** is taxed to the *owner*. (§ 58.1-3501).
- **Property of the government** that is leased to or used by a private party for business is *taxed to the lessee (user)* as if the lessee were the owner. (§ 58.1-3502). <u>Please note</u>, however, that § 58.1-3502 has been ruled discriminatory (against taxpayers using government equipment that is not owned by the Virginia Port Authority, which it exempts) and thus unconstitutional by U.S. vs. City of Manassas, et. al., 830 F.2d 530 (4th Cir., 1987). It, however, has never been amended or taken out of the Code – so its use may be a judgment call for your commissioner or director of finance.

Leased equipment should be cross-referenced from the lessee's return to that of the lessor (usually a commercial leasing company, but not always), to ensure that the equipment is taxed to the owner, as well as to prevent double taxation if both entities claim ownership or capitalization of the asset.

2. Assessment of Assets Filed by Lessors/Leasing Companies.

Leased equipment is often owned by leasing companies that file consolidated returns of their equipment. Many of the returns of these leasing companies are filed from out of state, and may present numerous problems for assessors here in Virginia. One single return may cover issues as broad as intangible assets used by a manufacturer, to assets identified with incorrect situs.

Following is a checklist of basic items that should be considered when assessing leased property for a leasing company.

Things to ask yourself of the ***whole return:***

- Are any known city or town mailing addresses in your jurisdiction missing?
    - You may need to request copies of returns filed to neighboring jurisdictions, especially where independent cities adjoin counties.

      ⇒ Virginia is almost unique in its use of independent cities, and most leasing company clerks are unaware of this until they are told. Many popular property tax management software products use ZIP codes to assign jurisdiction for asset reporting; and all assets from one ZIP code or city name may get reported to that locality in error.

      ⇒ The www.usps.com website (The U.S. Postal Service) is useful in identifying address jurisdiction. The "Look Up a ZIP Code" feature identifies proper jurisdiction (as well as ZIP Code) by street address. (After looking up the address ZIP Code, click on "Mailing Industry Details" to find a list of details about the address you looked up. The "county" line will show the Virginia county or city – even though it says "county" – of jurisdiction.) Its database is maintained by local postmasters; and as a free service, it is good to recommend to leasing companies who have filed in error to another jurisdiction.

- Is the **name/account** **correct**?
    - Make sure that you adjust or note name changes, mergers, etc., with a ***good audit trail***, as customers generally only know the lessor by a trade name, or by the name of the original company that set up the lease.

      ⇒ Watch for **mergers, acquisitions, and new accounts *constantly*!!!** Like mortgage bankers, leasing companies make money in part by selling their portfolios, or buying out other companies. Assets assessed to "General Capital" last year, may be owned by "General Credit" this year, although both are subsidiaries of "G E C Parent" company, and the client may still report the lease as owned by Company Capital.

Things to ask yourself of ***each lease***: *(as applicable to your locality).*

- Is the equipment computer equipment or software?
    - Va. Code § 58.1-3503(A) (16) provides specific provision for valuing computer equipment separately from other tangible personal property. You may need to identify the equipment and make a factual determination

to assess it separately if your locality provides for separate assessment of computer equipment.

- Va. Code § 58.1-1101(A) (8) defines computer application software as intangible. You may need to determine if software listed on the return is operational (tangible and taxable) or application (intangible, not taxable).

- Is the ***lessee*** a **manufacturer**?

  - **If yes**, **the same rules of assessment for the manufacturer apply to the leasing company**, because the **M & T rules turn on *use*** by a manufacturer (not on ownership). Leases made to a manufacturer make the equipment thus "used by a manufacturer."
    - The property is assessed as either **machinery and tools ("M&T")** (taxable) or **intangible** (exempt). [See Va. Code § 58.1-1101(A) (8).]

    ⇒ Refer to City of Martinsville v. Tultex Corp., 238 Va. (1989) for a discussion of leased property used in manufacturing. The decision stated that the test is whether property was in fact "used or employed in a manufacturing…" business, and *not* necessarily how *the owner* used the property.

⇒ Is the **leasing company** itself the **manufacturer** of the equipment?

  - **If yes**, the manufacturer (*e.g.*, **Xerox Corp.**) may be required by the commissioner to report the leases **at manufacturer's suggested retail price** (not "cost"!!), and they are treated as BTPP unless *used* by a manufacturer (lessee), just as above.

    ⇒ ***Be careful****: This scenario is rare! It is* more *likely that the* manufacturer *(such as* ***IBM****) will set up a* subsidiary *or* spin-off *(such as* ***IBM Credit Corp.****). In that case,* ***the "credit corp." is*** **not** ***the manufacturer*** *and thus reports equipment* ***at cost****, just like other leasing companies.*

♦ Is the lessee a **church** (or its duly designated ecclesiastical officer), denomination, or religious association?

  ⇒ If so, the property is **exempt**, as per Code § 58.1 –3617, which exempts property **owned by the church** and extends this exemption to business equipment that is **leased** to a church, religious association, denomination, or religious body **in the name of a duly designated ecclesiastical officer or church trustee or incorporated church**. [Please note: The code defines such equipment (leased to the church in the name of the officer or trustee or religious body or corporation) as "property of a church, religious association, religious denomination, or religious body," and deems it "owned by [the] church, association, denomination, or religious body."]

- Is it a **true lease** or **conditional sale**? This is an important question, and it may not be clear. Often a factual determination must be made using the actual lease document. *In general* the following qualities distinguish the two:

  - ⇒ A **true lease** (a.k.a., "**operating lease**") is billed to the ***lessor***.

    - ❖ *Usually has an **FMV** buyout option, if any.*
    - ❖ *Equipment to be returned at end if no buyout option offered or taken.*
    - ❖ *Lessee cannot capitalize.*
    - ❖ *Lessee* may *have option to cancel with proper notice (not necessarily).*

  - ⇒ A **conditional sale** (a.k.a., "**capital lease**") is billed to the ***lessee***.

    - ❖ *Usually **$1*** (or "nominal") *"bargain purchase" buyout option*
    - ❖ *Usually **non-cancelable**.*
    - ❖ *Usually may be capitalized by lessee.*
    - ❖ *May be a "**statutory finance lease.**" (UCC, Vol. 2A, Va. Code § 8.2A-103,* et seq.*)*
      - ➢ May have a purchase option "not to exceed (NTE) 10%" of cost.

  - o *Two documents give specific guidance for accountants and assessors to determine the nature of a conditional sale:*

      - ▪ The **Uniform Commercial Code**, Vol. 2A (Va. Code § 8A.201 & 203, *et seq*.) identifies terms for leases, including the "statutory finance lease." [A copy of relevant sections has been included as an appendix here, but is also available online as part of the Code of Virginia.]
      - ▪ "**FASB 13**" is a longstanding document covers the basics for lease accounting.

        The *Statement of Financial Standards 13*, (FASB 13, ¶6 & 7) lists four tests to determine if a lease is an operating lease or a capital lease: *It is a **capital lease** if it meets* **one** *of the following criteria:*

        1. Lease term is at least 75% of the property's economic life.
        2. PV of minimum lease payments exceeds 90% of the property's fair market value at inception of the lease.

3. The lease contains a "bargain purchase option."
4. The lease transfers ownership of the property to the lessee by the end of the term.

⇒ TIMELY NOTE (2015): FASB issued an exposure draft on Leases (Topic 842) in 2013 as part of its convergence project with IASB. This is in response to requests from the users of financial statements for a change in the accounting of leases to provide a faithful representation of leasing transactions and to increase transparency in financial reporting. The updated standard will require lessees to recognize assets and liabilities arising from all leases lasting more than 12 months on the balance sheet. As of April 7, 2015, there will still be two categories of leases, but for both the lessee will recognize a right-of-use asset and a lease liability. Expected completion date of the final leases standard is the 4th quarter of 2015.

How much confusion this will create regarding reporting of leases for our purposes remains to be seen, but we should be aware of the proposed changes. If you're interested in learning more, visit the FASB website as fasb.org.

<u>Ultimately, the terms of a lease may be contradictory; and the commissioner may have to make a **factual determination of ownership**</u>. A "lease" that transfers substantially all of the benefits and risks of ownership of the property at hand will usually be seen as a sale, taxable to the "lessee"; while the lease that retains substantially all of the benefits and risks of ownership with the lessor will usually be considered a true lease, taxable to the lessor. In either case, *be careful* to prevent double taxation.

5. REAL V. PERSONAL: Leasehold Improvements and the Law of Fixtures

Leasehold improvements are alterations made to office and general commercial space as part of a lease agreement. Leasehold improvements range from trade fixtures to adding electric grids to provide power to industrial powered machinery.

Are leasehold improvements real estate or personal property? That is the million-dollar question – let's get started with some simple definitions:

> *Real Estate* - is defined in the Virginia Code § 1-13.12. Land; real estate. "The word 'land' or 'lands' and the words 'real estate' shall be construed to include lands, tenements and hereditaments, and all rights and appurtenances thereto and interests therein, other than a chattel interest. "
>
> *Chattel* or *Personal Property* - is an article of personal, movable property. Unfortunately, the General Assembly does not specifically define the "personal property" or "chattel." The only statutory guidance provided is found in §58.1-3500 of the Code of Virginia which states that [taxable] tangible personal property shall consist of all property not classified as intangible personal property under §58.1-1100 or as merchants' capital under §58.1-3510.

Although the General Assembly has clearly excluded "chattel" from the statutory definition of real estate, thereby leaving such items to be classified as personal property, the Code of Virginia does not offer much assistance in distinguishing "chattel" from "fixtures."

But case law does, as do some common practice – even if it still leaves plenty of room for a factual determination for each case.

Local taxation of leasehold improvements in all cases warrants the review of the facts of the lease, and sometimes a physical inspection of the property perhaps by both a representative from the commissioner of revenue and local real estate assessor. In other words, factual and legal inquiries will determine the correct classification of these improvements. The classification decision rests with the local assessing officer who must base the determination on common law definitions, the agreement of the parties, and the "Doctrine of Fixtures."

[Following is adapted from a 2002 VALTA presentation on leasehold improvements by Jan Proctor, Deputy City Attorney of Chesapeake.]

1. **Classification by Common Law definition:**

> A. *__Chattel__* - An article of personal property, as distinguished from real property. A thing personal and moveable.

B. *Fixture* - An article in the nature of personal property which has been so annexed to the realty that it is regarded as part of the real property. That which is fixed or attached to something permanently as an appendage, and not moveable.

A thing is deemed to be fixed to real property when it is attached to it by roots, imbedded in it, permanently resting upon it, or permanently attached to what is thus permanent, as by means of cement, plaster, nails, bolts, or screws.

Goods are fixtures when they become so related to particular real estate that an interest in them arises under real estate law: e.g., a furnace affixed to a house or other building; counters permanently affixed to the floor or a store; a sprinkler system installed in a building.

Black's Law Dictionary, 6th Edition, 1995

2. **Classification by Agreement:**

Often the lease controls. For example, an item, such as an elaborate restaurant bar, which might, in a building owned by the restauranteur, be considered real property and therefore permanent, might be considered a trade fixture in a commercial lease and be required by the landlord to be taken out by the lessee if the lease ends.

In classifying items installed by a tenant in a leased premises, the local tax authority should engage in a thorough review of the lease. Virginia law is well settled that the landlord and tenant may fix the character of an improvement, even though the agreed upon classification may be contrary to the common law doctrine of fixtures. Thus, in Adams Outdoor Advertising v. Long, 253 Va. 206, 483 S.E.2d 224 (1997), the Court reviewed the terms of the lease and found the parties had classified a billboard permanently affixed to the land as personal property. In an earlier case, the Federal District Court applied Virginia law and found that a broadcast tower was personalty pursuant to a sales agreement between the parties. CSB, Inc. v. Cradle of Democracy Broadcasting Co., 547 F. Supp. 106 (E.D. Va. 1982).

In other instances, the agreement may provide for the same classification as would be expected under the common law doctrine of fixtures. For example, in Bolin v. Laderberg, 207 Va. 795, 153 S.E.2d 251 (1967), the Court reviewed lease provisions and found that the parties had agreed that the air conditioning system, heating unit, and electric sign were all realty. In Prince William County v. Thomason Park, 197 Va. 861, 91 S.E. 441 (1956), the tenant constructed a building without reserving any right of removal or ownership. The Court held that without such provision in the lease, the building must be considered attached to and part of the real estate.

> As with all contracts, leases may be difficult to interpret. Often, the language used is ambiguous, contradictory and fails to clearly define essential terms such as "trade fixtures," "improvements," and "personal property." The Supreme Court of Virginia struggled with this issue in Bolling v. Hawthorne Coal and Coke Company, 197 Va. 554, 90 S.E.2d 159 (1955). Characterizing the provisions of the lease as "cloudy" and "confused," the Court finally concluded that "[t]he obvious inconsistencies, conflicts, and ambiguities… create doubt as to the real meaning and interests of the parties, and require that extrinsic evidence should be received in explanation." Bolling, 197 Va. At 570, 90 S.E.2d at 170. In other words, the court had to look beyond the four corners of the document to determine the intent of the parties.
>
> In other cases, the Court has simply disregarded the significance of the lease. In a 1991 condemnation decision, the Supreme Court held that billboards are to be considered as part of the realty when land and leasehold interests are being condemned, regardless of a different understanding between the lessor and lessee. See Lamar Corporation v. City of Richmond, 241 Va. 346, 402 S.E.2d 31 (1991). The billboard was thus considered realty even though the lease provided that the lessee was to retain ownership of the structure and had the right to remove same. Additionally, even if the lease controls ownership and allows the tenant to remove property, the tenant's failure to do so within a reasonable period of time following termination of the tenancy could be considered abandonment and lead to a merging of a "permanently affixed" structure to realty. See Adams Outdoor Advertising' supra. In the same vein, a tenant permitted to remove "trade fixtures" who fails to do so within the time allowed under the lease may lose the contractual right. The trade fixtures may then be classified as realty. See Mullins v. Strugill, 192 Va. 653, 66 S.E.2d 483 (1951).

Thus, while leases should always be thoroughly reviewed, the assessing authority must be wary of results that appear contrary to those anticipated under the common law doctrine of fixtures. In such cases, reliance on the lease provisions should serve primarily as evidence of the intent of the parties under the three prong test described in the next section.

3. Classification under Common Law "Doctrine of Fixtures"

Where an agreement between the parties does not control, the common law doctrine of fixtures applies. In Virginia, the doctrine requires the application of a three-prong test to determine whether improvements are personality (chattel) or realty (fixtures) as follows:

(1) Manner of annexation to the realty;

(2) Adaptation of the items to the use of the realty; and

(3) Intention of the parties making the annexation.

Of these factors, the intention of the parties making the annexation is given primary consideration. See Danville Holding Corporation v. Clement, 178 Va. 223; 16 S.E.2d 345 (1941); Highway Commissioner v. Edwards Co., 220 Va. 90, 255 S.E.2d 500 (1979). The intent of the parties may be expressed or implied and may be discerned from many factors, including the following:

- Nature and Use of the item – if essential the use or helps facilitate the highest and best use of the land, the asset is more likely to be realty.

- Mode of Annexation – if permanent or will cause damage in removal, the asset is more likely to be realty.

- Value Enhancement – if the added value is substantial or permanent, the asset is more likely to be realty.

- Lease Provisions:

  Ownership designations.

  Installation – expense and responsibility.

  Maintenance – expense and responsibility.

  Insurance – duty to insure and disbursement of proceeds.

  Taxes – duty to pay and right to challenge.

  Right of removal – conditions/time limitations.

- Depreciation Schedules – if depreciated 10 years or less, more likely to be personality.

- Mortgage – if covered by a deed of trust, the asset is more likely to be realty.

Any doubt as to intent is usually resolved in the favor to the landowner such that fixtures are considered part of the real estate. See Danville Holding Company, supra; Transcontinental Gas Pipe Corp. v. Prince William Co.; 210 Va. 550, 172 S.E.2d 757 (1970). Moreover, property that may normally be considered fixtures under the lease or under the annexation and adaptation tests should not necessarily be classified differently based solely on stated intentions of the parties. See 1987 -= 1988 Op. Atty. Gen. Va. 576. Often, such statements may be self-serving.

In attempting to classify leasehold improvements as real estate or personal property, it may help to realize that even the courts find this to be a challenging task. In Danville Holding Corporation, the Supreme Court stated:

> [i]t is difficult, if not impossible, to frame any precise rule to determine whether an article used in connection with realty is to be considered a fixture or not a fixture. Each case must be decided according to its particular facts and circumstances. <u>Danville Holding Corporation</u>, 16 S.E.2d at 341.

[Parts of the above discussion, beginning where noted, were edited from a 2002 presentation to VALTA by Jan Proctor, Deputy City Attorney of the City of Chesapeake.]

Real World Considerations In The Classification Of Leasehold Improvements:

1. DEGREES OF PERMANENCY

Themed restaurants such as Rainforest Café are chock full of seemingly permanent improvements, but are they really? Rainforest Cafés include aquariums and specialized technical moving animals, but **<u>everything</u>** is designed to be removable, not only with no damage to the building, but to the assets as well. Generally, assets that are specific to the tenant's "look," especially in a mall (discussed in the next section) are taxable as BPP.

2. THE SHOPPING MALL

Malls are built as true "shells", three walls and a front gate. In addition, they have the basic plumbing and lighting as well as control panels, but that's about it. Lease agreements between tenant and landlord should be standard documentation in a COR's office for each tenant. Don't assume every tenant has the same lease agreements. Did the tenant get a rent concession? If so, how much and how was it supposed to be used? Was the tenant allowed to spend it on inventory or improvements? Who owns the property bought with the rent concession seed money? Check the lease and the depreciation schedule.

Property such as elevated flooring or lowered ceilings, built-in bars and cabinetry that would normally be considered realty in an independently owned establishment that has had several proprietors who attempt their hand at running a restaurant and close down are taxable to the tenant in a mall, mainly because they have no use to the new tenant that moves in. Everything is built to be able to be removed for the next tenant.

3. REAL ESTATE ASSESSOR v. COMMISSIONER OF THE REVENUE

What if the property is deemed to be tangible personal property by the IRS, but the Real Estate Assessor claims the rights to tax? Case in Point - Today's marinas are built with "floating piers" as opposed to permanent ones. What is a floating pier? A floating pier is one that moves up and down with the tide. It is less likely to be harmed in a storm. In other words, it has a small degree of permanency. Floating piers are 5 year property according to IRS depreciation rules. To the Real Estate Assessor the marina is an income producing property, which means the docks are the primary generating source of income. If the COR taxes the docks as tangible personal property, then the risk of double taxation has presented itself. Conclusion: The Assessor's office and COR must be in constant communication each informing the other of special issues.

6. SHORT-TERM RENTAL PROPERTY

In our auditing work, we must determine how to classify rental property. Is it business personal property, merchants' capital or something else entirely? Relatively recent changes in the law concerning short-term rental tax and the treatment of rental property, along with an Attorney General opinion issued in 2013, have made this task more difficult.

Definitions:

The Code of Virginia § 58.1-3510.4 (A) defines *short-term rental property* as "all tangible personal property held for rental and owned by a person engaged in the short-term rental business as defined in subsection B, excluding (i) trailers as defined in § 46.2-100, and (ii) other tangible personal property required to be licensed or registered with the Department of Motor Vehicles, Department of Game and Inland Fisheries, or Department of Aviation."

So, what is a short-term rental business as defined in subsection B? There are now **two categories** of short-term rental businesses. A person is engaged in a short-term rental business if:

> 1. Not less than 80 percent of the gross rental receipts of such business during the preceding year arose from transactions involving the rental of short-term rental property, **other than heavy equipment property** as defined in subdivision 2, for periods of 92 consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee; or
>
> 2. Not less than 60 percent of the gross rental receipts of such business during the preceding year arose from transactions involving the rental of **heavy equipment property** for periods of 270 consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee. For the purposes of this subdivision, "heavy equipment property" means rental property of an industry that is described under code 532412 or 532490 of the 2002 North American Industry Classification System as published by the United States Census Bureau, excluding office furniture, office equipment, and programmable computer equipment and peripherals as defined in § 58.1-3503 A 16.

The first category is basically the way a short-term rental business was defined before the law changed in 2009. Before 2009, all short-term rental businesses had to meet the 80 percent, 92-day test in order to qualify. When audit work proved that many businesses that rented construction equipment failed to meet these requirements, some of those businesses lobbied to change the law. The result was the addition of the second category for the rental of heavy equipment.

What is "heavy equipment"? Note that the Code specifies that businesses in an industry described in NAICS codes 532412 or 532490 are included in the heavy equipment section. NAICS code 532412 consists of "Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing." The establishments in this group include bulldozer rental without operator, crane rental, heavy construction equipment rental and welding equipment rental. In other words, these are the types of equipment one would automatically consider as “heavy equipment.” The second NAICS code specified is for “Other Commercial and Industrial Machinery and Equipment Rental and Leasing” and includes the rental of more diverse personal property, such as carpet and rug cleaning equipment, flooring waxing equipment, audio visual equipment, lawnmowers, pallets, power washers, motion picture, theatrical and TV equipment, scaffolding and telecommunication equipment.

Taxation of the short-term rental property

In § 58.1-3510.4 (A) the Code continues by stating that short-term rental property is “a classification of merchants’ capital that is separate from other classifications of merchants’ capital.” A locality may tax short-term rental property pursuant to § 58.1-3509, which is the section on merchants’ capital, or may impose a short-term rental property tax as set forth in § 58.1-3510.6.

If the locality institutes a short-term rental property tax, the amount of the tax levied on the short-term rental businesses in the 80 percent, 92-day category, cannot exceed one percent of the gross proceeds from the rentals. The gross proceeds are defined as “the total amount charged to each person for the rental of short-term rental property, excluding any state and local sales tax.” The tax for the rental of heavy equipment property has a maximum of one-and-a-half percent.

In a locality that does not tax merchants’ capital, the taxpayer benefits from being certified as a short-term rental business because the rental property is not taxed as business tangible personal property. Heavy equipment rental businesses in particular enjoy significant savings on business personal property tax. The cost of administering the tax by collecting it from customers and remitting it to the locality is small compared to the amount saved.

However, if a short-term rental business loses its certification because the commissioner of the revenue determines that the business did not meet the test to qualify, § 58.1-3510.4 (E) provides that the rental property shall be subject to business personal property tax for the tax year in which certification was lost and for subsequent years until it becomes recertified.

Rental property other than daily rental vehicles and short-term rental property is treated as tangible personal property according to § 58.1-3510.6 (E).

While this appears straightforward, there is a hitch. When the General Assembly made major changes to the law in 2009, there was a sentence at the end of both paragraphs dealing with the tax rate stating: “The imposition and collection of a short-term rental property tax … shall be in lieu of taxation of such rental property as tangible business personal property in the same tax year.” It seemed clear that if the rental property was taxed neither as merchants’ capital nor short-term rental property, then it was taxable as business tangible personal property. These sentences were removed when the General Assembly tweaked the sections dealing with short-term rental in 2010.

On July 12, 2013, Attorney General Opinion 12-105 was issued in response to a locality's request for guidance regarding the taxation of short-term rental property if the locality has neither merchants' capital tax nor a tax on short-term rental property. <u>The AG opinion concludes that short-term rental property may not be classified as personal tangible personal property.</u> Despite the fact that Article X, Section 1 of the Constitution of Virginia states that all "property, except as hereinafter provided, shall be taxed," the AG believed that by not instituting a tax on merchants' capital or on short-term rental property, the locality has made a choice not to tax the property. <u>This places a burden on a locality to institute a local ordinance and administer an additional tax in order to receive any tax revenue from the rental property.</u>

<u>Tips on auditing STR businesses</u>:

If your locality does have a tax on STR property, it might not be worthwhile to test whether a certified STR business meets the 80 percent, 92-day or 60 percent, 270-day tests unless there are major changes in economic conditions or business models. You should ensure that the business is classified correctly as either being a regular STR business or a heavy equipment rental business and is remitting timely the correct amount of tax based on the appropriate tax rate. If you wish to delve further, you can compare the amount of short-term rental proceeds reported by the business on its quarterly returns and annual application to the gross receipts reported on its business license.

Because STR property tax follows sales tax, you can compare the sales tax taxable sales to the STR property tax. Be cognizant of the fact that some rental businesses also sell tangible property. If you see that the taxpayer is remitting small amounts of sales tax to many of your neighboring localities that do not have a branch office, it might be that the taxpayer is remitting the sales tax based on the location of the customers rather than its branch office. You can also compare the sales tax gross sales to your business license gross receipts. Keep in mind that neither the STR property tax nor sales tax should include separately stated delivery charges.

For the rental property, verify that the rental property is not included in the business personal property assessment. Because the Code states that the STR property must be held for rental and owned by the person engaged in the short-term rental business, verify that the property is indeed held for rental and that the STR business owns the property. Otherwise, it is other rental property and should be assessed as tangible personal property.

7. MACHINERY AND TOOLS

We open our discussion with the following edited presentation:

Taxation of Businesses
Written and Compiled for the Commissioner of the Revenue Association of Virginia by the Certification Committee

A. **Introduction**

The *Code of Virginia* § 58.1-3507 provides that "Machinery and tools, except machinery and equipment used by farm wineries as defined in § 4.1-100, used in a manufacturing, mining, water well drilling, processing or reprocessing, radio or television, broadcasting, dairy, dry cleaning or laundry business shall be listed and are hereby segregated as a class of tangible personal property separate from all other classes of property and shall be subject to local taxation only."

B. **Manufacturing Determination**

The most difficult step in the assessment of the machinery and tools tax is determining when a business operation is considered to be in the business of manufacturing, The state code does not provide a definition of what a manufacturer is or what constitutes manufacturing nor does it define any of the other businesses qualifying as machinery and tools as stated in § 58.1-3507. Guidance can be found by examining case law.

The Three- Part Test:
Various court cases have held that manufacturing must involve three essential elements:
1. Original material (often referred to as a raw material);
2. A process whereby the original material is changed;
3. A resulting product, which, by reason of being subjected to processing, is different from the original material.

In Prentice v. City of Richmond, 197 Va. 724 (1956), the courts defined manufacturing as a process which involves the transformation of a product into a new and different article. Unless processing transforms material into a product of substantially different character, it cannot be considered manufacturing even though value or usefulness of the product is increased. Manufacture implies a change, but not every change is manufacturing.

Court decisions have been made that attempt to explain the difference between whether an original (raw) material has been changed or not. The Prentice decision concluded that a chicken processed at the plant that was merely cleaned and dismembered, remained a chicken. Therefore, the process did not constitute manufacturing. However, in Commonwealth v. Meyer, 180 Va. 466 (1942), a hog processed at the plant was transformed into hams, shoulders, and lard which were substantially different products from the original hog and, as a result, the business was classified as a manufacturer.

In addition, in the case of Solite Corp. v. county of King George, 220 Va. 661 (1980), in which Solite Corp. crushed stone and mixed gravel, the court concluded that the mere blending together of ingredients, in the absence of a transformation into a product of substantially different character is processing, but it is not manufacturing.

As stated in the Department of Taxation's *BPOL Guidelines*, mere manipulation or rearrangement of the original materials is not sufficient; there must be a substantial, well-signified transformation in form, usability, quality, and adaptability rendering the original material more valuable for use than it was before. Merely processing, blending, grading, etc. material is not manufacturing.

The court case of County of Chesterfield v. Brown Boveri 238 Va. (1989), presents the issue of ancillary activities. The term ancillary is defined as subordinate, helping, or auxiliary. The court differentiated between a business engaged in two separate trades, one that is exempt and one that is not, and a business where non-manufacturing activities are ancillary to the primary business of manufacturing.

A business will not lose its favorable tax status as a manufacturer merely because it conducts some non-manufacturing activities. When a business is engaged in both manufacturing and non-manufacturing activities, it will be classified as a manufacturer for tax purposes if the manufacturing portion of its business is substantial. The business must be considered as a whole in determining whether it qualifies as a manufacturer. To be considered substantial, the manufacturing component of a business must not be de minimus, merely trivial, or only incidental to its principal business.

The factors that a court may consider in determining whether the manufacturing component of a multipurpose business makes a substantial contribution to the entire business include the manufacturing component's financial receipts, its proportion of the total corporate income, the percentage it comprises of the total capital investment, the number of employees working in the manufacturing component as compared with the total number of employees, or the ratio of manufacturing activities to the entire business. Brown Boveri.

When trying to decide if a particular process is manufacturing, officials must keep in mind the following statement: Because the public policy of Virginia is to encourage manufacturing in the Commonwealth, this definition should be applied liberally. Prentice and Brown Boveri.

C. **Separate Lines of Business**

The *Code of Virginia* § 58.1-5 provides that " . . . when any person, firm or corporation is engaged in more than one business which is made by law subject to taxation, such person, firm or corporation shall pay the tax provided by law on each branch of his, their or its business . . . " Coca-Cola Bottling Company of Roanoke, Inc. v. County of Botetourt (2000). If non-manufacturing activities operate as separate lines of business from manufacturing activities, local business personal property tax can be imposed.

The court held that the property in issue was not used in the taxpayer's manufacturing business, but was used as part of the taxpayer's separate sales business. Whether a taxpayer's activities are considered as two separate businesses for tax purposes is not determined by the formal structure of the taxpayer's functions or the taxpayer's relation to its franchiser. Rather, that issue is determined by the manner in which the taxpayer actually conducts its business. Caffee v. City of Portsmouth, 203 Va. 928 (1962).

Hence, in deciding whether this sales equipment was "used in a manufacturing business", the court applies the plain meaning of those words as used in the statute. Unlike the computers and office equipment in the American Woodmark and Tultex cases, which were used, in whole or in part, in planning, directing, or administering the manufacturing function, the evidence in this case indicates that the sales equipment in question was not used in manufacturing but merely in selling the finished product. Thus, they concluded that the evidence supports that this equipment could be considered sales equipment used in a separate sales business.

D. **Property Leased by a Manufacturing Business**

In the court case of the City of Martinsville V. Tultex Corp., 238 Va. (1989), a California corporation owned computers that were leased to Tultex, a manufacturing business, which used them exclusively for administrative, accounting and information accumulation and retrieval purposes. The issue at hand was whether Tultex, the lessee, or the California Corporation, the lessor, was liable for taxation. The Virginia Supreme Court held that computers used by a manufacturing business were subject only to state taxation under the predecessor to § 58.1-1101(A)(2). The decision stated that the test is whether property was in fact "used or employed in a manufacturing . . ." business and not necessarily how the owner used the property. The computers were assessed as intangible property taxable only by the state even though the owner/lessor used the computers as leased property. Determinations of machinery and tools (and intangible items) used by a manufacturer turn on use, not ownership.

E. **Determination of What is and is Not "Machinery and Tools"**

The determination of when property of a manufacturer is considered machinery and tools and when it is considered intangible personal property can be difficult. One has to determine when the manufacturing process begins and ends in order to carve out the property subject to the machinery and tools tax. This analysis can also be complicated when reviewing the property of a processor or reprocessor.

State Tax commissioner Morrisett put forth in 1950 that an item of property is machinery and tools if it is either used directly in manufacturing operations or used in connection with machinery that is actually and directly used in manufacturing.

The Code of Virginia does not provide a definition of the terms machinery and tools. A 1988 Attorney General opinion does, however, specifically define "machinery" as a complex combination of mechanical parts and "tool" is commonly defined as an instrument of manual operation, that is, an instrument to be used and managed by the hand instead of being moved and controlled by machinery. 1987-1988 Op.Va. Att'y Gen. 591,592 (1988). A 1986 Attorney General opinion concluded that the phrase "machinery and tools used in a manufacturing business" are the machinery and tools which are necessary in the particular manufacturing business and which are used in connection with the operation of machinery which is actually and directly used in the manufacturing process. 1985-86 Op.Va. Att'y Gen. 316,317 (1986)

Many Attorney General opinions hold that once a taxpayer is classified as a manufacturer, it is not relevant what the actual tangible personal property is used for. For example, in one opinion, a pleasure boat owned by a manufacturer was considered to be capital taxable only by the Commonwealth. The boat had no relevance to the actual manufacturing and operations of the taxpayer. See Attorney General Ann. Rep. 411 (1977-78)

In the case of the City of Winchester v. American Woodmark Corporation, 250 Va. (1995), the corporate headquarters of the manufacturer was located in Winchester and was utilized by accounting, sales and manufacturing officers' personnel. All of the manufacturing facilities were located outside the Commonwealth. Although the personnel operating out of the headquarters controlled the computer system, it was not directly used in product design nor research and development. The court ruled that American Woodmark's furniture, fixtures, office and computer equipment are not "machinery and tools" within the meaning of § 58.1-1101(A)(2) because these items are not used in connection with the operation of machinery which is actually and directly used in the manufacturing process. The Code does not require that capital used in a manufacturing facility be physically located within the geographical boundaries of Winchester.

In the case of the County of Chesterfield v. Brown Boveri, (1989), an area of dispute was whether the design and engineering stages of a manufacturing job constituted manufacturing. It was disclosed that [the taxpayer's] design and engineering work was ancillary either to original manufacturing work or to a rebuilding job. Thus, because [the taxpayer's] design and engineering are integral parts of its manufacturing activity, such work is properly classified as manufacturing.

Manufacturers are not the only business operations subject to the machinery and tools tax. As provided for in § 58.1-3707, in addition to manufacturing businesses, the following business operations are also subject to the machinery and tools tax: mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry businesses.

As provided for in § 58.1-1101(2), property that is not considered part of a process is declared intangible and thus exempt from local taxation when used in the following businesses: manufacturing, mining, water well drilling, radio or television broadcasting, dairy, dry cleaning or laundry. However, machinery and tools, motor vehicles and delivery equipment of such businesses shall be taxed locally.

Processing and reprocessing businesses are not entitled to the exemption from local taxation as provided in § 58.1-1101(2). Therefore, all property used by a processor or reprocessor is subject to taxation either as machinery and tools or tangible personal property. The determination of when the processing begins and ends has to be determined. All tangible property used by these businesses that is not used in the process/reprocess is classified as tangible personal property and taxed as such. The omission of the words processing and reprocessing from § 58.1-1101(2) is an example of the Dillion Rule. If it is not specifically stated in the *Code of Virginia*, one cannot assume that the property is subject to intangible classification.

As provided for in § 58.1-1101 personal property, tangible in fact, used in cable television businesses, machines and tools, motor vehicles, delivery equipment, trunk and feeder cables, studio equipment, antennae and office furniture and equipment of such businesses shall not be defined as intangible personal property for purposes of this chapter and shall be taxed locally.

Computer application software, considered intangible, and certified pollution control equipment, exempted by local ordinance, is excluded from the machinery and tools tax. Quality control or quality assurance property is taxed as machinery and tools provided that it is not for administrative or other non-production line/area use.

Equipment used in research and development for both manufacturing and non-manufacturing activities is taxed as machinery and tools. However, if the equipment is exclusively used in research and development, then it is exempt from taxation.

The previous information was compiled for the Taxation of Businesses certification course prior to the Supreme Court decision in the case of The Daily Press, Inc. v. City of Newport News. The complete decision is available at the following address:

http://www.courts.state.va.us/opinions/opnscvtx/1021107.txt

The court case of The Daily Press, Inc. v. City of Newport News 265 Va. (2003), presents the issue of where the process of manufacturing begins. The court ruled that the taxpayer manufactures newspapers, not news. The only place where manufacturing occurs is in the pressroom where a printing press transforms a news print roll into a newspaper. Only machines and tools that physically alter raw material to a finished product are assessed as machinery and tools.

The court ruled in The Daily Press that it is not appropriate to apply a liberal definition of the term manufacturing as used in the case of Brown Boveri. The question in Brown Boveri was whether the taxpayer should be classified as a manufacturer within the purview of the Code. American Woodmark rather than Brown Boveri controls the disposition of The Daily Press. A strict application of determining what machines and tools are used in the process was applied.

Other developments regarding M&T:

Idle Machinery and Tools

Recently many manufacturers have begun taking advantage of Code of Virginia updates dating to 2007 regarding idle machinery and tools:

§58.1-3507 states in relevant part:

> D. "Idle machinery and tools" means machinery and tools that (i) (a) have been discontinued in use continuously for at least one year prior to any tax day or (b) on and after January 1, 2007, have been specifically identified in writing by the taxpayer to the commissioner of the revenue or other assessing official, on or before April 1 of such year, as machinery and tools that the taxpayer intends to withdraw from service not later than the next succeeding tax day and (ii) are not in use on the tax day and no reasonable prospect exists that such machinery and tools will be returned to use during the tax year.
>
> E. In the event that any machinery and tools taken out of use subsequent to January 1, 2007, are returned to use after having been previously classified as idle machinery and tools pursuant to clause (i) (b) of subsection D, the taxpayer shall identify such machinery and tools to the commissioner of the revenue or other assessing official in writing on or before the next return due date without extension, and such machinery and tools shall be subject to tax in accordance with the procedures provided in § 58.1-3903 in the same manner as if such machinery and tools had been in use on the tax day of the year in which such return to use occurs. Any interest otherwise payable pursuant to applicable law or ordinance shall apply to taxes imposed pursuant to this subsection and paid after the due date, without regard to the fault of the taxpayer or lack thereof. Notwithstanding the provisions of § 58.1-3903, if the taxpayer has provided timely written notice of return to use in accordance with the provisions of this subsection, no penalty shall be levied with respect to any tax liability arising as a result of the return to use of machinery and tools classified as idle and actually idle prior to such return to use.

In addition, a very interesting article in the William and Mary Law Review is noted in § 58.1-1100. Intangible personal property; segregated for state taxation. Stacey L. Wilson wrote the article after the local court decision in the case of Coca-Cola Bottling Company of Roanoke, Inc. v. County of Botetourt but before the Supreme Court reversed the local court's ruling.

As quoted from the conclusion:

> “The American Woodmark case has important implications of the tax base of local government. If businesses are successful in their attempts to expand Virginia’s manufacturing tax exemption, the financial impact on localities will be significant. Although the goal behind the tax incentive is to create a favorable environment for Virginia manufacturers, the current exemption benefits businesses already established in Virginia without any requirement that they create new jobs, expand, or otherwise promote economic development. In addition, it apparently gives manufacturers with a retail component a competitive advantage over those businesses that engage solely in retail. Further interpretations of the statute may extend the exemption to include equipment leased by manufacturing businesses and may have unintended consequences if Virginia consumers are forced to bear more of the state’s tax burden. Even though expanding the manufacturing tax exemption undoubtedly benefits Virginia businesses, local government should take precautions to ensure that the state’s long-term base is both balanced and equitable.”
>
> “Good Intentions, But Unintended Consequences: Expanding Virginia’s Manufacturing Tax Exemption Under *City of Winchester v. American Woodmark Corp*.,” see 41 Wm. & Mary L. Rev. 1138 (2000).

§ 58.1-3508.3. Separate classification of machinery and tools used directly in precision investment castings.

Machinery and tools used directly in the manufacture of precision investment castings shall constitute a classification for local taxation separate from other classifications of machinery and tools, as defined in § 58.1-3507. The governing body of any county, city, or town may levy a tax on such classification of property at a different rate from the tax levied on other machinery and tools. The rate of tax and the rate of assessment shall not exceed that applicable generally to machinery and tools.

§ 58.1-3508.4. Separate classification of machinery and tools used in manufacturing or processing materials, components, or equipment for national defense.

Machinery and tools, including repair and replacement parts, designed and used directly in manufacturing or processing materials, components, or equipment for national defense are hereby declared to be a separate class of property and shall constitute a classification for local taxation separate from other classifications of machinery and tools as defined in § 58.1-3507. The governing body of any county, city, or town may levy a tax on such machinery and tools at a different rate from that levied on other machinery and tools. The rate of tax imposed by the county, city, or town on such machinery and tools shall not exceed that applicable to the general class of machinery and tools.

§ 58.1-3508.5. Separate classification of machinery and tools used directly in cleaning motor vehicles.

Machinery and tools, including repair and replacement parts, used directly in cleaning motor vehicles by a motor vehicle cleaning business shall constitute a classification for local taxation separate from other classifications of machinery and tools as defined in § 58.1-3507. The governing body of any county, city, or town may levy a tax on such classification of property at a different rate from the tax levied on other machinery and tools. The rate of tax and the rate of assessment shall not exceed that applicable to the general class of machinery and tools.

8. <u>AUDIT PROGRAMS FOR PROPERTY TAXES</u>

Why Audit? Business personal property is a self reporting ad-valoreum system. The Audit function is designed to create uniformity, discovery, and compliance.

A. **Uniformity and Consistency:**
   I. Accurate filing of returns.

B. **Discovery:**
   I. Are they filing all of their property?
   II. Are they expensing instead of depreciating?
   III. Are they using the 179 method?
   IV. Is there leased equipment, and does it belong to them?
   V. Are they filing original cost or fair market value?

C. **Compliance:**
   I. Are they filing at all?

2. Who to Audit?

A. **Non Filers:** Auditing these people can reconcile address issues due to moving, or being out of business. It is also a great motivational tool to get non filers to become compliant in the future. These people generally do not file because they are not organized or are trying to avoid taxation.

B. **New Businesses:** This is a great opportunity to have a one on one discussion with the taxpayer about compliance and their requirements to file a return each year and what can happen if they do not file. Many times new business owners do not fully understand the filing requirements for business personal property or what they are required to file. This can eliminate filing problems in the future.

C. **Property Values Inconsistent with Business License Class:** The Commissioners Office has a wealth of information available to it. This is a great discovery tool for determining how accurately property returns are being filed. Generally property values can be consistent among like businesses. Hotels for example that have the same amenities will normally have similar property values. A great way to determine consistency along the class is to divide the total property value by the number of rooms and then compare the figures. This method also works with square footage and is a great tool in determining consistency with the restaurant industry and many others. UCC filings are another great tool for determining consistency with contractors. Many banks use UCC filings to secure priority claim as collateral for heavy machinery and FF & E.

D. **Not-for-Profits:** With the responsibility of exempt designation now falling on the localities, it is important to audit the entities every two years to determine compliance and qualification. Many times these organizations do not identify themselves to the locality because they assume they are exempt from taxes. The Virginia Department of Agriculture and Consumer Affairs (VDAC) is a great discovery tool for locating non profits.

E. **Manufacturers:** It is a good idea to audit these businesses on a bi-annual basis. Since manufacturing is not defined in local or state tax codes it is a good idea to monitor this business to make sure they are filing their return correctly and accurately. In many cases, furniture, fixtures and computer equipment can be exempt for taxation locally. Qualifications for these businesses can change from year to year as a result of new Supreme Court rulings, rulings of the Attorney General, or rulings of the Tax Commissioner.

3. **Send Audit Notification:** Once you have determined who to audit, you must provide written notification of your intent to audit their books and records. Below is an example of this type of notification:

RE: AUDIT VERIFICATION OF BUSINESS PERSONAL PROPERTY

Dear:

In accordance with the City of Virginia Beach Municipal Code and the State Code of Virginia , records are subject to inspection by the Commissioner of the Revenue at all times, for verification of Business Personal Property. An appointment has been scheduled for an audit of your records for the calendar years **and** on at , at your location.
To expedite your audit, please make the following information available:

4. **What To Ask For:** What to ask for can vary depending upon the business type. The information requested needs to be aligned to the industry you are auditing. Generally federal depreciation schedules will be available from corporations, partnerships, LLC, and professionals. Individuals often do not have federal depreciation schedules, and may require looking at actual receipts or using your experience to determine if the values reported are reasonable and consistent with the business class.

A. Complete copies of income tax returns for the appropriate calendar years.

B. Annual Statements of income and expenses.

C. A detailed inventory of business personal property.

5. **How To Audit:** Property audits should be performed in the field. They can be done as a desk audit, but the accuracy of the audit will be affected. There are a number of items to address prior to performing the Audit.

A. Review prior year returns so that you are as familiar with their property as possible, prior to going to the site.

B. Research industry for common types.

C. Determine, if possible, the size of the company so that you will know what resources to have available.

D. Compare total property value with other similar business, and note any unusual finding that may need to be looked into, while performing the audit.

E. Review and research any known issues that are in question, so that they can be addressed during the audit. This can be done on line or through state and local code books.

The Site Visit: Once you have addressed these steps, you will be ready to perform an onsite business personal property audit. Below are some areas of concern to be aware of while performing an on site audit:

A. **Observe the outside surrounding** when you arrive at the business. The economic condition of the business could affect the value of the property.
   I. Is the property run down or in good condition?
   II. Is the property value reported reasonable for the business in its current condition?

B. What are the **attitudes of the people you meet** at the audit site. Emotions can be a sign that there could be unreported property at the site. They could also mean that the people are nervous about sharing information concerning their business because they are in a very specialized market.

C. As you tour the facility, observe the **age and condition of the property**.

I. Is the age of the property as reported by the business consistent with the appearance of the property? This can be a sign that the business is replacing the old property with new and expensing it, and leaving the old fully depreciated equipment on the books.

II. Does the value represent the condition of the property?

D. Does the business report its property in generic categories, or **do they itemize the property?**

I. Generic categories can be a sign of missing property or disposed property still reported. You may need the business to provide a break down of what's in the category. The businesses are normally not too cooperative with this information. If you have exhausted all avenues, you may have to make a judgment call based on the over all value of the property.

E. Do they appear to be **missing property?**

I. Can you match the depreciation schedule to the physical property? You need to be able to match what property is in the business during your visit with the detailed inventory supplied by the business. If the business is expensing property, by using the 179 write off, this will be visible as you check off the property.

F. Does the business report **only old equipment?**

I. Most businesses will make some type of replacements for FF&E every couple of years. If the business does not show replacements, that is a good indication that there may be property missing from the return.

6. Do not disclose the results of the audit while on site.

A. Take the time to review the information gathered during the site visit. Compile the information into a spread sheet of some kind, so that you have a clear picture of the property before you. When you are comfortable with the results send the information to the business in writing. Make sure you have documentation to support corrections in assessments you may have to make.

What follows is a sample of the line item procedures to consider when auditing business properties. Normally each line item contacts spaces for the auditor's initials when completing the procedure, date procedure is completed, and the work paper references.

OFFICE OF THE COMMISSIONER OF THE REVENUE

Property

Rev 11/19/13

I. DETERMINE OR CONFIRM CLASSIFICATION

II. CONDUCT SITE INSPECTION

a. Document assets observed
b. Inquire as to use of assets
   If taxpayer is manufacturer or processor, document use
c. Select assets for detail tracking (to other financial data)
d. Identify any assets which may be real estate
   Document how asset is affixed to real prop
e. Inquire re: assets which may be located off-site
   Inspect, if necessary
f. Inquire re: policy/methods for keeping track of assets

III. DISPOSAL AND CAPITALIZATION POLICY

Discuss with taxpayer:

a Frequency of review of depreciation schedules
b Disposal policies (how documented, controlled, etc)
c Policies for expensing v. capitalizing assets (ex: dollar cut-off)

IV. FINANCIAL DATA REVIEW

a. Compile data from federal income tax returns
   1 Record all property information
   2 Obtain detailed depreciation schedule supporting return
   3 Review form 4562 (Depreciation)
      Document deprecation taken
      Document any asset detail available from form
   4 Review form 4797 (Sale of Business Assets)
      Document detail of any assets sold
   5 Record name, etc of preparer

b. Compile financial statement data
   1 Record any asset detail available
   2 Record beginning and ending balances of all property accounts
   3 Review expenses for accounts which may include potential assets
   4 Note any liabilities which may pertain to leases/loans for assets

5 Record name, etc of preparer
6 Review notes to financial statements for any relevant comments
7 If audited, note type of opinion & any (relevant) exceptions*
(* May be necessary to inquire of auditor specific procedures related to assets, such as inspection, disposals, classification, etc)

c. Review chart of accounts
1 Document all property accounts
2 Familarize self with organization of system
3 Familarize self with account names, numbers & descriptions

d. Review general ledger
1 Review all accounts, both balance sheet and expense, related to assets
2 Investigate any material, unexplained postings

e. Reconcile orginal cost per tax return, per financials & per gen ledger

f. Review lease agreements
1 Document type of lease
2 Document terms of lease
3 Document description of leased asset
4 Document cost of asset
5 Document any information related to ownership

g. Detail test options
1 Review purchase logs and/or insurance listings
2 Review purchase invoices and track through system
Document and investigate any trade-in information

V. PREPARE SUMMARY SCHEDULE,Compare findings to filings & any adjs.

1 Assessed value adjustments of less than $100 per year must be documented, but will not be pursued.
2 If more than one taxpayer owns the property (ex: lessors), separate summaries should be prepared for each; If necessary a separate file should also be created if necessary.

9. <u>THE APPEAL PROCESS: Correction of Assessments, Remedies and Refunds</u>

The Code of Virginia provides a mechanism through which taxpayers have a right to appeal the assessment of tangible personal property. The appeal process is laid out in sections 58.1-3980 through 58.1-3984.

Code Section 58.1-3980. Application to commissioner of the revenue or other official for correction.

A. *Any person, firm or corporation assessed by a commissioner of the revenue or other official performing the duties imposed on commissioners of the revenue under this title with any local tax authorized by this title, including, but not limited to, taxes on tangible personal property, machinery and tools, merchants' capital, transient occupancy, food and beverage, or admissions, or a local license tax, aggrieve by any such assessment* ***may, within three years from the last day of the tax year for which such assessment is made, or within one year from the date of the assessment, whichever is later,*** *apply to the commissioner of the revenue or such other official who made the assessment for a correction thereof.*

B. *Notwithstanding the provisions of subsection A, an* ***unpaid tangible personal property tax assessment*** *may be appealed to the commissioner of the revenue or other assessing official at any time during which such assessment is collectible under code section 58.1-3940, provided the taxpayer can demonstrate by clear factual evidence that he was not subject to the tax for the year in question. If the assessing official is satisfied that the assessment is erroneous, he shall abate the assessment and notify the treasurer or other collecting official of the abatement. Upon receipt of such notice, the treasurer or other collecting official shall forthwith issue a refund or take such other steps as may be necessary to correct the taxpayer's liability accordingly upon the books of the locality.*

   In the case of an erroneous assessment that has been ***satisfied in whole or in part through an involuntary payment****, an appeal to the assessing official must be made within one year from the date of the involuntary payment. If the assessing official is satisfied that the assessment is erroneous, he shall abate the assessment and notify the treasurer or other collecting official of the abatement. Upon receipt of such notice, the treasurer or other collecting official shall forthwith issue a refund.*

Code Section 58.1-3981. Correction by commissioner or other official performing his duties.

A. If the commissioner of the revenue, or other official performing the duties imposed on commissioners of the revenue under this tax, he shall correct such assessment. If the assessment exceeds the proper amount, he shall exonerate the applicant from the payment of so much as is erroneously charged if not paid into the treasury of the county or city. If the assessment has been paid, the governing body of the county or city shall, upon the certificate of the commissioner with the consent of the town, city or county attorney, or if none, the attorney for the Commonwealth, that such assessment was erroneous, direct the treasurer of the county, city or town to refund the excess to the taxpayer, with interest if authorized pursuant to code section 58.1-3918 or in the ordinance authorized by code section 58.1-3916, or as otherwise authorized in that section. However, the governing body of the county, city or town may authorize the treasurer to approve and issue any refund up to $2,500 as a result of an erroneous assessment.

Code Section 58.1-3983.1. Appeals and rulings of local taxes.

B. Administrative appeal to commissioner of the revenue or other assessing official.

   1. Any person assessed with any local mobile property tax or local business tax as defined in this section may appeal such assessment within one year from the last day of the tax year for which such assessment is made, or within one year from the date of such assessment, whichever is later, to the commissioner of the revenue or other assessing official.

   2. **The appeal shall be filed in good faith and sufficiently identify the taxpayer, the tax period covered by the challenged assessment, the amount in dispute, the remedy sought, each alleged error in the assessment, the grounds upon which the taxpayer relies, and any other facts relevant to the taxpayer's contention**.

   3. The commissioner of the revenue or other assessing official may hold a conference with the taxpayer if requested by the taxpayer, or require submission of additional information and documents, an audit or further audits, or other evidence deemed necessary for a proper and equitable determination of the application.

   4. The assessment shall be deemed prima facie correct.

5. The commissioner of the revenue or other assessing official shall undertake a full review of the taxpayer's claims and issue a written determination to the taxpayer setting forth the facts and arguments in support of his decision within **90 days after such appeal is filed**. Such determination shall be accompanied by a written explanation of the taxpayer's right to file an administrative appeal of the determination to the Tax Commissioner pursuant to subsection D.

6. Any taxpayer whose administrative appeal to the commissioner of the revenue or other assessing official pursuant to this subsection has been pending for more than one year without the issuance of a final determination may, upon not less than 30 days' written notice to the commissioner of the revenue or other assessing official, elect to treat the application as denied and appeal the assessment to the Tax Commissioner in accordance with the provisions of subsection D. The Tax Commissioner shall not consider an appeal filed pursuant to the provisions of this subsection if he finds that the absence of a final determination on the part of the commissioner of the revenue or other assessing official was caused by the willful failure or refusal of the taxpayer to provide information requested and reasonably needed by the commissioner of the revenue or other assessing official to make his determination.
7. C. Suspension of collection activity pending administrative appeal to commissioner of the revenue or other assessing official. Provided a timely and complete appeal is filed pursuant to subsection B, collection activity shall be suspended by the treasurer or other official responsible for the collection of such tax until a final determination is issued by the commissioner of the revenue or other assessing official, unless the treasurer or other collection official (i) determines that collection would be jeopardized by delay as defined in this section; or (ii) is advised by the commissioner of the revenue or other assessing official that the taxpayer has not responded to a request for relevant information after a reasonable time. Interest shall accrue in accordance with the provisions of subdivision A 2 e of § 58.1-3703.1, but no further penalty shall be imposed while collection action is suspended.

- ❖ It is a good idea to assign a Case Number to appeals as they come in; for example Case #2015-1, Case #2015-2, or a similar numbering system. This will help you keep track of the deadlines for final determinations. It is a good idea to create a new folder for each case in your data base. Then you may use this case number when you interact with the Treasurer's Office as they are to be notified upon formal appeal.
- ❖ The COR office should establish a policy that states that an appeal is not a formal appeal until the forms prescribed by the COR are completed and filed along with the supporting documentation in accordance with the COR format provided on the COR website.
- ❖ Each auditor should, in coordination with the commissioner, prepare a template to be used when drafting the final determination. The template can be used as a guide to ensure that the pertinent information is cited in each final determination. The goal is to write a final determination that will give the State TAX Commissioner the facts of the case. If this is properly written, TAX should be able to make a determination with very little interaction with the local commissioner. Be sure to cite the basis for the final determination by writing out the code section, or policy directive used in the determination.
- ❖ For example,
    - o Cite the name address and responsible party, the tax year and amount being appealed.
    - o A history of how the assessment happened. Was it timely filed? When was it filed? Was it a statutory assessment? Why? Also note a summary of the interaction and communication between the COR and the T/P. If there was a site visit note that as well. Think of the final determination as a document that is painting a picture for TAX.
    - o A recap of the basis for the final determination including the code sections used to make the final determination. This information will then be readily available to TAX to be used in their determination as well.
    - o The determination should be written in third person; ie: This office received….
    - o Be sure to used this verbiage "This is the final determination for the appeal of …"
    - o Include the statement, "*If the taxpayer does not agree with the local final determination, they may submit an appeal to the state Tax Commissioner; this appeal must be submitted within **90 days** of the date of the local final determination." j*ust prior to the signature of the Commissioner.
    - o The final determination must be issued and signed by the Commissioner. It can be prepared for signature by a staff member.

If the taxpayer does not agree with the local final determination, they may submit an appeal to the state Tax Commissioner; this appeal must be submitted within **90 days** of the date of the local final determination.

It is recommended that each jurisdiction provide an appeal form (with a checklist), on their website; this tool assures that each taxpayer is treated equitably. A sample appeal form is shown in appendix

Be Aware

- ❖ TAX will share with the taxpayer any information submitted to TAX concerning the appeal.
- ❖ Audit Work papers are not subject FOIA nor must they be submitted to TAX. The burden of proof rests on the taxpayer.
- ❖ TAX has 90 days to respond with an additional 60 days as stipulated in D below; however, historically TAX can take up to eighteen months to issue a determination.
- ❖ Appeals are time consuming for support staff and it is important to properly research the basis of the local decision to ensure that the final determination at the local level is solidly founded by code or other supporting documentation; otherwise, if it is appealed to the state level more staff hours will be needed to interact with TAX.

The Next Level

D. Administrative appeal to Tax Commissioner.

1. Any person whose administrative appeal to the commissioner of the revenue or other assessing official pursuant to subsection B has been denied in whole or in part may appeal the determination of the commissioner of the revenue or other assessing official by filing an appeal with the Tax Commissioner and serving a copy of the appeal upon the commissioner of the revenue or other assessing official within 90 days of the date of the determination of the commissioner of the revenue or other assessing official. The appeal shall include a copy of the written determination of the commissioner of the revenue or other assessing official that is challenged, together with a statement of the facts and grounds upon which the taxpayer relies.

2. The Tax Commissioner shall determine whether he has jurisdiction to hear the appeal within 30 days of receipt of the taxpayer's appeal.

3. If the Tax Commissioner determines that he has jurisdiction, he shall provide the commissioner of the revenue or other assessing official with an opportunity to respond to the appeal and permit the commissioner of the revenue or other assessing official to participate in the proceedings. The Tax Commissioner shall issue a determination to the taxpayer within 90 days of receipt of the taxpayer's appeal, unless the taxpayer and the

commissioner of the revenue or other assessing official are notified that a longer period will be required. Such longer period of time shall not exceed 60 days, and the Tax Commissioner shall notify the affected parties of the reason necessitating the longer period of time. If the Tax Commissioner is unable to issue a determination within the 60-day extension period due to the failure of an affected party to supply the Tax Commissioner with necessary information, the Tax Commissioner shall certify this fact in writing prior to the expiration of the extension period. The Tax Commissioner shall then issue his determination within 60 days of receipt of such necessary information.

4. The appeal shall be treated as an application pursuant to § 58.1-1821, and the Tax Commissioner may issue an order correcting such assessment of such property pursuant to § 58.1-1822, if the taxpayer has met the burden of proof provided in § 58.1-3987.

5. The Tax Commissioner shall not make a determination regarding the valuation or the method of valuation of property subject to any local tax other than a local business tax.

E. Suspension of collection activity during administrative appeal to Tax Commissioner. On receipt of a notice of intent to file an appeal to the Tax Commissioner under subsection D, the treasurer or other official responsible for the collection of such tax shall further suspend collection activity until a final determination is issued by the Tax Commissioner, unless the treasurer or other collection official (i) determines that collection would be jeopardized by delay as defined in this section; or (ii) is advised by the commissioner or other assessing official that the taxpayer has not responded to a request for relevant information after a reasonable time. Interest shall accrue in accordance with the provisions of subdivision A 2 e of § 58.1-3703.1, but no further penalty shall be imposed while collection action is suspended. The requirement that collection activity be suspended shall cease unless an appeal pursuant to subsection D is filed and served on the necessary parties within 30 days of the service of the notice of intent to file such appeal.

F. Implementation of determination of Tax Commissioner. Promptly upon receipt of a final determination of the Tax Commissioner, the commissioner of the revenue or other local assessing official shall take those steps necessary to calculate the amount of tax owed by or refund due to the taxpayer consistent with the Tax Commissioner's determination and shall provide that information to the taxpayer and to the treasurer or other official responsible for collection in accordance with the provisions of this subsection.

1. If the determination of the Tax Commissioner sets forth a specific amount of tax due, the commissioner of the revenue or other assessing official shall certify this amount to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a bill to the taxpayer for such amount due, together with interest accrued, within 30 days of the date of the determination of the Tax Commissioner.

2. If the determination of the Tax Commissioner sets forth a specific amount of refund due, the commissioner of the revenue or other assessing official shall certify this amount to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a payment to the taxpayer for such amount due, together with interest accrued, within 30 days of the date of the determination of the Tax Commissioner.

3. If the determination of the Tax Commissioner does not set forth a specific amount of tax due, or otherwise requires the commissioner of the revenue or other assessing official to undertake a new or revised assessment that will result in the determination of a tax due that has not previously been paid in full, the commissioner of the revenue or other assessing official shall promptly commence the steps necessary to undertake such new or revised assessment, and provide the same to the taxpayer within 60 days of the date of the determination of the Tax Commissioner, or within 60 days after receipt from the taxpayer of any additional information requested or reasonably required under the determination of the Tax Commissioner, whichever is later. The commissioner of the revenue or other assessing official shall certify the new assessment to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a bill to the taxpayer for the amount due, together with interest accrued, within 30 days of the date of the new assessment.

4. If the determination of the Tax Commissioner does not set forth a specific amount of refund due, or otherwise requires the commissioner of the revenue or other assessing official to undertake a new or revised assessment that will result in the determination of a refund of taxes previously paid, the commissioner of the revenue or other assessing official shall promptly commence the steps necessary to undertake such new or revised assessment, and provide the same to the taxpayer within 60 days of the date of the determination of the Tax Commissioner, or within 60 days after receipt from the taxpayer of any additional information requested or reasonably required under the determination of the Tax Commissioner, whichever is later. The commissioner of the revenue or other assessing official shall certify the new assessment to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a refund to the taxpayer for the amount of tax due, together with interest accrued, within 30 days of the date of the new assessment.

G. Judicial review of determination of Tax Commissioner. Following the issuance of a final determination of the Tax Commissioner pursuant to subsection D, the taxpayer or commissioner of the revenue or other assessing official may apply to the appropriate circuit court for judicial review of the determination, or any part thereof, pursuant to § 58.1-3984. In any such proceeding for judicial review of a determination of the Tax Commissioner, the burden shall be on the party challenging the determination of the Tax Commissioner, or any part thereof, to show that the ruling of the Tax Commissioner is erroneous with respect to the part challenged. Neither the Tax Commissioner nor the Department of Taxation shall be made a party to an application to correct an assessment merely because the Tax Commissioner has ruled on it.

H. Suspension of payment of disputed amount of tax due upon taxpayer's notice of intent to initiate judicial review.

1. On receipt of a notice of intent to file an application for judicial review, pursuant to § 58.1-3984, of a determination of the Tax Commissioner pursuant to subsection D, and upon payment of the amount of the tax that is not in dispute together with any penalty and interest then due with respect to such undisputed portion of the tax, the treasurer or other collection official shall further suspend collection activity while the court retains jurisdiction unless the court, upon appropriate motion after notice and an opportunity to be heard, determines that (i) the taxpayer's application for judicial review is frivolous, as defined in this section; (ii) collection would be jeopardized by delay, as defined in this section; or (iii) suspension of collection would cause substantial economic hardship to the locality. For purposes of determining whether substantial economic hardship to the locality would arise from a suspension of collection activity, the court shall consider the cumulative effect of then-pending appeals filed within the locality by different taxpayers that allege common claims or theories of relief.

2. Upon a determination that the appeal is frivolous, that collection may be jeopardized by delay, or that suspension of collection would result in substantial economic hardship to the locality, the court may require the taxpayer to pay the amount in dispute or a portion thereof, or to provide surety for payment of the amount in dispute in a form acceptable to the court.

3. No suspension of collection activity shall be required if the application for judicial review fails to identify with particularity the amount in dispute.

4. The requirement that collection activity be suspended shall cease unless an application for judicial review pursuant to § 58.1-3984 is filed and served on the necessary parties within 30 days of the service of the notice of intent to file such application.

5. The suspension of collection activity authorized by this subdivision shall not be applicable to any appeal of a local business tax or local mobile property tax that is initiated by the direct filing of an action pursuant to § 58.1-3984 without prior exhaustion of the appeals provided by subsections B and D.

I. Suspension of payment of disputed amount of refund due upon locality's notice of intent to initiate judicial review.

1. Payment of any refund determined to be due pursuant to the determination of the Tax Commissioner shall be suspended if the locality assessing the tax serves upon the taxpayer, within 60 days of the date of the determination of the Tax Commissioner, a notice of intent to file an application for judicial review of the Tax Commissioner's determination pursuant to § 58.1-3984 and pays the amount of the refund not in dispute, including tax and accrued interest. Payment of such refund shall remain suspended while the court retains jurisdiction unless the court, upon appropriate motion after notice and an

opportunity to be heard, determines that the locality's application for judicial review is frivolous, as defined in this section.

2. No suspension of refund activity shall be permitted if the locality's application for judicial review fails to identify with particularity the amount in dispute.

3. The requirement that the obligation to make a refund be suspended shall cease unless an application for judicial review pursuant to § 58.1-3984 is filed and served on the necessary parties within 30 days of the service of the notice of intent to file such application.

J. Rulings and advisory opinions.

1. Written rulings from commissioner of the revenue or other assessing official. Any taxpayer or authorized representative of a taxpayer may request a written ruling regarding the application of a local mobile property tax or a local business tax to a specific situation from the commissioner of the revenue or other assessing official. Any taxpayer requesting such a ruling shall provide all facts relevant to the situation and may present a rationale for the basis of an interpretation of the law most favorable to the taxpayer. Any misrepresentation or change in the applicable law or the factual situation as presented in the ruling request shall invalidate any such ruling issued. A written ruling may be revoked or amended prospectively if (i) there is a change in the law, a court decision, or the guidelines issued by the Department of Taxation upon which the ruling was based or (ii) the commissioner of the revenue or other assessing official notifies the taxpayer of a change in the policy or interpretation upon which the ruling was based. However, any taxpayer who acts on a written ruling which later becomes invalid shall be deemed to have acted in good faith during the period in which such ruling was in effect.

2. Advisory opinions of the Tax Commissioner. The Tax Commissioner shall have the authority to issue advisory written opinions in specific cases as requested to interpret a local business tax and matters related to the administration thereof when an assessment of that tax is subject to appeal to the Tax Commissioner under this chapter. Opinions issued pursuant to this section shall not be applicable as an interpretation of any other tax law.

K. Record-keeping and audits. Every person who is assessable with a local mobile property tax or a local business tax shall keep sufficient records to enable the commissioner of the revenue or other assessing official to verify the correctness of the tax paid for the taxable years assessable and to enable the commissioner of the revenue or other assessing official to ascertain the correct amount of tax assessable for each of those years. All such records, books of accounts and other information shall be open to inspection and examination by the commissioner of the revenue or other assessing official in order to allow him to establish whether the tax is due within this jurisdiction. The commissioner of the revenue or other assessing official shall provide the taxpayer with the option to conduct the audit in the taxpayer's local business office, if the records are maintained there. In the event the records are maintained outside this jurisdiction, copies of the appropriate books and records shall be sent to the commissioner's or assessor's office upon demand.

Winchester commissioner of the revenue Virginia

Rouss City Hall
15 North Cameron Street
Winchester, VA 22601
Email: commrevenue@winchesterva.gov

Telephone: (540) 667-1815
FAX: (540) 667-8937
TDD: (540) 722-0782
Website: www.winchesterva.gov

ADMINISTRATIVE APPEALS PROCESS
FOR CORRECTION OF TANGIBLE PERSONAL PROPERTY ASSESSMENT

Date of Appeal: ______________________

Personal Property Year being disputed: ___________ PP Account #: ________________

Name of Taxpayer: ____

Address: ____

Contact Phone #: ____

Email Address: ____

Checklist of documents included in this appeal:

_______ A copy of the assessment in question

_______ A separate, concise description of each item in dispute; include documentation establishing the date of acquisition and the cost of each item

_______ A statement setting forth the basis of the claim and the method used to determine that the COR assessment is incorrect

_______ Any additional information used to determine the taxpayer's claim

_______ A statement of the specific relief sought in this appeal

_______ The name of a contact person who will meet the Tax Field Auditor, from the COR office, for an inspection of the property being appealed

Within forty-five days of receipt of a complete application for correction, the Commissioner of the Revenue will thoroughly review and analyze said application and notify, in writing, the taxpayer of his/her determination. Should the Commissioner of the Revenue need to extend the period of time in which to consider the application due to its complexity, the taxpayer will be notified in writing of the expected date that a determination will be rendered. It should be understood that if additional tangible property is discovered during the review process, the Commissioner of the Revenue will under law assess such property even though it was not originally part of the appeals application. Upon received of the complete appeal with all supporting documentation, the Commissioner will notify the Treasurer that an appeal has been received.

COR OFFICE: Date received: _____________ Appeal Complete: Y or N

Assessment Expiration Date(s): _____________

Notes: ____

Elected to Serve

Appendix 1: UCC 2A

*The Uniform Commercial Code, as relates to **leased business equipment** and **lease-purchase agreements** of various types in Virginia. The code section more universally known around the country as "UCC § 2A" is codified in Virginia as § 8A.*

Code of Virginia § 8.1A-201. General definitions.

(a) Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other titles of the Uniform Commercial Code that apply to particular titles or parts thereof, have the meanings stated. …

> (35) **"Security interest"** means **an interest in personal property or fixtures that secures payment or performance of an obligation.** "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Title 8.9A. "Security interest" does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under § 8.2-401, but a buyer may also acquire a "security interest" by complying with Title 8.9A. Except as otherwise provided in § 8.2-505, the right of a seller or lessor of goods under Title 8.2 or Title 8.2A to retain or acquire possession of the goods is not a "security interest," but a seller or lessor may also acquire a "security interest" by complying with Title 8.9A. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under § 8.2-401 is limited in effect to a reservation of a "security interest." **Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to § 8.1A-203.** …

(Code 1950, §§ 6-408, 6-544, 6-550; 1964, c. 219, § 8.1-201; 1973, c. 509; 1984, c. 613; 1991, c. 536; 1992, c. 693; 2000, c. 1007; 2003, c. 353.)

§ 8.1A-203. Lease distinguished from security interest.

(a) **Whether a transaction in the form of a lease creates a lease or security interest is determined by the facts of each case.**

(b) A transaction in the form of a lease **creates a security interest if** the consideration that the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease and is **not subject to termination by the lessee**, *and:*

(1) the **original term of the lease is equal to or greater than the remaining economic life** of the goods;
(2) the lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods;
(3) the lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement; or

(4) the lessee has an **option to become the owner of the goods for *no additional consideration*** or **for *nominal* additional consideration** upon compliance with the lease agreement.

(c) A transaction in the form of a lease **does <u>not</u> create a security interest** merely because:

(1) the present value of the consideration the lessee is obligated to pay the lessor for the right to possession and use of the goods is substantially equal to or is greater than the fair market value of the goods at the time the lease is entered into;
(2) the lessee assumes risk of loss of the goods;
(3) the lessee agrees to pay, with respect to the goods, taxes, insurance, filing, recording, or registration fees, or service or maintenance costs;
(4) the lessee has an option to renew the lease or to become the owner of the goods;
(5) the lessee has an option to renew the lease for a fixed rent that is equal to or greater than the reasonably predictable fair market rent for the use of the goods for the term of the renewal at the time the option is to be performed; or
(6) the lessee has an option to become the owner of the goods for a fixed price that is equal to or greater than the reasonably predictable fair market value of the goods at the time the option is to be performed.

(d) Additional consideration is **nominal** if it is less than the lessee's reasonably predictable cost of performing under the lease agreement if the option is not exercised. Additional consideration is not nominal if:

(1) when the option to renew the lease is granted to the lessee, the rent is stated to be the fair market rent for the use of the goods for the term of the renewal determined at the time the option is to be performed; or
(2) when the option to become the owner of the goods is granted to the lessee, the price is stated to be the fair market value of the goods determined at the time the option is to be performed.

(e) The "remaining economic life of the goods" and "reasonably predictable" fair market rent, fair market value, or cost of performing under the lease agreement must be determined with reference to the facts and circumstances at the time the transaction is entered into.

(1964, c. 219, § 8.1-201 (37); 1973, c. 509; 1984, c. 613; 1991, c. 536; 1992, c. 693; 2000, c. 1007; 2003, c. 353.)

§ 8.2A-103 DEFINITIONS AND INDEX OF DEFINITIONS

(1) In this title unless the context otherwise requires: …

(g) "**Finance lease**" means a lease with respect to which:

(i) The lessor does not select, manufacture, or supply the goods;
(ii) The lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and
(iii) One of the following occurs:

(A) The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;
(B) The lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;
(C) The lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or
(D) If the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing (a) of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person, (b) that the lessee is entitled under this title to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods, and (c) that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

(i) "**Installment lease contract**" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

(j) "**Lease**" means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease.

(k) "**Lease agreement**" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this title. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

(l) "**Lease contract**" means the total legal obligation that results from the lease agreement as affected by this title and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

(m) "**Leasehold interest**" means the interest of the lessor or the lessee under a lease contract.

(n) "**Lessee**" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sub lessee.

(o) "**Lessee in ordinary course of business**" means a person who in good faith and without knowledge that the lease to him or her is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(p) "**Lessor**" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

(q) "**Lessor's residual interest**" means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

(r) "**Lien**" means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

(1991, c. 536; 2000, c. 1007; 2003, c. 353.)

Appendix 2:

HELPFUL WEBSITES

STATE AGENCIES	
Department of Alcoholic Beverage Control	www.abc.virginia.gov
Department of Professional and Occupational Regulation	www.dpor.virginia.gov
Department of Taxation ("TAX")	www.tax.virginia.gov
TAX "Laws, Rules, and Decisions" (formerly the TAX Policy Library)	http://www.tax.virginia.gov/content/welcome-laws-rules-decisions
State Corporation Commission	www.scc.virginia.gov
Virginia's Judicial System – Supreme Court of Virginia	www.courts.state.va.us/courts/scv
Weldon Cooper Center for Public Service – Center for Economic and Policy Studies	www.coopercenter.org/econ
NATIONAL ENTITIES	
American FactFinder	www.factfinder.census.gov
Internal Revenue Service	www.irs.gov
NAICS Code Lookup	www.census.gov/eos/www/naics
United States Postal Service	www.usps.com
PROFESSIONAL ORGANIZATIONS	
Commissioners of the Revenue Association of Virginia	www.vacomrev.com
International Association of Assessing Officers	www.iaao.org
Treasurers' Association of Virginia	www.vatreas.com
Virginia Association of Assessing Officers	www.vaao.org
Virginia Association of Local Tax Auditors	www.valta.org

Appendix 3: **<u>"Section 9 Tangible Personal Property Tax, 2014" of the Weldon Cooper Center for Public Service publication " Tax Rates 2014," reprinted with permission of the authors</u>**

Table 9.8
Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014

	Heavy Tools & Machinery*		Computer Hardware*		Generating Equipment*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Cities (Note: All Cities responded to this survey. Those that answered "not applicable" to all items in this table are excluded.)						
Alexandria	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.75	1 year 65%, 45%, 30%, 20%, 5% thereafter.	$4.75	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.75
Bristol	10% OC	$7.00	10% OC	$7.00	N/A	N/A
Buena Vista	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20%, 10% min. min. value $100	$5.85	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20%, 10% min. min. value $100	$5.85	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20%, 10% min. min. value $100	$5.85
Charlottesville	1 year 85%, 75%, 65% 55%, 45%, 35%, down to 10% min.; min. value $600	$4.20	1 year 25%, 22.5%, 20%, 17.5%, 15%, 12.5%, 10% min.	$4.20	1 year 25% OC, 22.5%, 20%, 17.5%, 15%, 12.5%, 10% min.	$4.20
Chesapeake	20% OC; min. value $370	$4.08	20% OC; min. value $370	$4.08	20% OC; min. value $470	$3.20
Colonial Heights	1 year 70%, 60%, 50%, 40%, 30%, 20% min.	$3.50	1 year 60%, 50%, 40%, 30%, 20% min.	$3.50	N/A	N/A
Covington	10% OC min. value $200	$5.60	10% OC min. value $200	$5.60	10% OC min. value $200	$5.60
Danville	1 year 60%, 50%, 40%, 30%, 20% min.	$3.00	1 year 60%, 50%, 30%, 20%, 10% min.	$3.00	N/A	N/A
Emporia	30% OC	$5.00	1 year 50%, 45%, 40%, 35%, 30%, 25%, then 20% to $200 min.	$5.00	N/A	N/A
Fairfax	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$4.13	1 year 65%, 45%, 30%, 10%, 2% min.	$4.13	N/A	N/A
Falls Church	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.84	1 year 70%, 50%, 35%, 10%, 10%, 5% min.	$4.84	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.84
Franklin	25% OC; min. value $100	$4.50	25% OC; min. value $100	$4.50	N/A	N/A
Fredericksburg	1 year 90%, 80%, 70%, 60%, 45%, 30%, 20% min.	$3.40	1 year 80%, 60%, 40%, 20% min.	$3.40	1 year 90%, 80%, 70%, 60%, 45%, 30%, 20% min.	$3.40
Galax	50% OC	$2.25	50% OC	$2.25	N/A	N/A
Hampton	35% OC	$4.25	35% OC	$4.25	35% OC	$4.25
Harrisonburg	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%; min. value $200	$2.12	1 year 70%, 50%, 30%, 15%, 10%, 5%, 2% min.	$2.12	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30% min.	$2.12
Hopewell	1 year 60%, 50%, 40%, 30%, 20% min.	$3.50	1 year 60%, 50%, 40%, 30%, 20% min.	$3.50	N/A	N/A
Lexington	BV x 25% for items not fully depr.; BV x 10% for fully depr. items	$4.25	BV x 25% for items not fully depr.; BV x 10% for fully depr. items	$4.25	BV x 25% for items not fully depr.; BV x 10% for fully depr. items	$4.25
Lynchburg	1-5 years 30% OC; 25.35% min.	$3.80	1-5 years 30% OC, 25.35% min.	$3.80	1-5 years 30% OC, 25.35% min.	$3.80
Manassas	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$3.70	1 year 50%, 35%, 20%, 10%, 5% min.	$1.25	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$3.70
Manassas Park	1 year 70%, 60%, 50%, 40%, 30%, 20% min.	$3.50	1 year 70%, 60%, 50%, 10% min.	$3.50	N/A	N/A
Martinsville	25% OC .	$2.30	1 year 70%, 50%, 30%, 15%, 10%, 5% min.	$2.30	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 25% min.	$1.85
Newport News	33.3% OC; min. value $50	$4.50	33.3% OC; min. value $50	$4.50	N/A	N/A
Norfolk	40% OC	$4.25	40% OC	$4.33	40% OC	$4.33
Norton	10% OC	$2.05	10% OC	$2.05	N/A	N/A

N/A Not applicable.
* See bottom of last page of Table 9.8 for key to abbreviations.

Table 9.8 Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014 (continued)

	Heavy Tools & Machinery*		Computer Hardware*		Generating Equipment*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Cities (continued)						
Petersburg	1 year 40%, 35%, 30%, 25%, 20%; min. value $200	$4.40	1 year 40%, 35%, 30%, 25%, 20% min.	$4.40	N/A	N/A
Poquoson	30% OC	$4.15	30% OC	$4.15	30% OC	$4.15
Portsmouth	1985-current 50% OC 1984-older 25% OC	$5.00	1985-current 50% OC 1984-older 25% OC	$5.00	1985-current 50% OC 1984-older 25% OC	$3.00
Radford	N/A	N/A	N/A	N/A	N/A	N/A
Richmond	1 year 70%, 60%, 50%, 40%, 30%, 20% min.	$3.70	1 year 70%, 60%, 30%, 15%, 10%, 5% min.	$3.70	1 year 70%, 60%, 50%, 40%, 30%, 20% ($100 min.)	$3.70
Roanoke	1 year 60%, 50%, 40%, 30%, then 20% to $100 min.	$3.45	1 year 60%, 50%, 40%, 30%, then 20% to $100 min.	$3.45	1 year 60%, 50%, 40%, 30%, then 20% to $100 min.	$3.45
Salem	1 year 70%, 60%, 50%, 40%, 30%, 25% min	$3.20	1 year 70%, 60%, 50%, 40%, 30%, 25% min.	$3.20	1 year 70%, 60%, 50%, 40%, 30%, 25% min.	$3.20
Staunton	1 year 100%, 80%, 60%, 40%, 20% min.	$2.75	1 year 100%, 80%, 60%, 40%, 20% min.	$2.75	1-15 years 10%; then 0%	$2.75
Suffolk	15% OC	$4.25	20% OC	$4.25	1-5 years: 20%, 10% min.	$3.15
Virginia Beach	40% OC	$3.70	40% OC	$3.70	40% OC	$3.70
Waynesboro	40% BV to 20% OC	$5.00	40% BV to 20% OC	$5.00	40% BV to 20% OC	$5.00
Williamsburg	30% OC	$3.50	30% OC	$3.50	30% OC	$3.50
Winchester	1 year 80%, 70%, 60%, 50%, 40%, 30% min.	$4.50	1 year 80%, 70%, 60%, 50%, 40%, 30% min.	$1.09	1 year 80%, 70%, 60%, 50%, 40%, 30% min.	$4.50
Counties (Note: All counties responded to this survey. Those that answered "not applicable" to items in this table are excluded.)						
Accomack	1 year 25%, 20%, 20%, 15%, then less 1% yearly to 6% (min. $500)	$3.63[a]	1 year 75%, 50%, 25%, 15%, 5% min.	$3.63[a]	N/A	N/A
Albemarle	1 year 25%, 22.5%, 20%, 17.5%, 15%, 12.5%, 10% min.	$4.28	1 year 25%, 22.5%, 20%, 17.5%, 15%, 12.5%, 10% min.	$4.28	1 year 25%, 22.5%, 20%, 17.5%, 15%, 12.5%, 10% min.	$4.28
Alleghany	1 year 40%, 30%, 3-5: 20%, 6-10: 15%, 11-18: 10%, 19+: 5%	$5.95	15% OC	$5.95	15% OC	$5.95
Amelia	1 year 60%, 40%, 37%, 33%, 20% min.	$4.15	1 year 60%, 40%, 37%, 33%, 20% min.	$4.15	N/A	N/A
Amherst	30%; min value $250	$3.45	30%; min. value $250	$3.45	N/A	N/A
Appomattox	12.5% OC	$4.60	1 year 50%, 40%, 30% 20%, 10% min.	$4.60	N/A	N/A
Arlington	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00	1 year 65%, 45%, 30%, 10% min.	$5.00	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00
Augusta	1 year 40%, 30%, 20% min.	$1.90	1 year 40%, 35%, 30%, 25%, 20%, 15%, 10%, 5%; min. $50	$1.90	1 year 40%, 35%, 30%, 25%, 20%, 15%, 10%, 5%; min. $50	$1.90
Bath	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10% (min. $1,000)	$0.35	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%; min. $1,000	$0.35	N/A	N/A
Bedford	1 year 85%, 80%, 75%, 70%, 65%, 60%, 55%, 45%, 35%, 25% min.	$1.70	1 year 85%, 80%, 75%, 70%, 65%, 60%, 55%, 45%, 35%, 25% min.	$1.70	20% OC	$1.70
Bland	1 year 50% less 5% each year to 25% min.	$0.89	50% OC	$2.29	N/A	N/A
Botetourt	1 year 90%, 70%, 50%, 30%, 10% min.	$2.63	1 year 90%, 70%, 50%, 30%, 10% min.	$2.63	1 year 90%, 70%, 50%, 30%, 10% min.	$2.63
Brunswick	25% OC	$3.60	25% OC	$3.60	25% OC	$3.60
Buchanan	1-3: 80%, 4-6: 60%, 7-9: 40%, 10+: 20%	$1.95	1 year 90%, 75%, 65%, 40%, 20% min.	$1.95	1-3: 80%, 4-6: 60%, 7-9: 40%, 10+: 20%	$1.95
Buckingham	1-9 years 15%, 10-19: 10%, 20+: 5%	$2.90	1-9 years 15%, 10-19: 10%, 20+: 5%	$4.05	N/A	N/A

N/A Not applicable.

* See bottom of last page of Table 9.8 for key to abbreviations.

[a] Accomack Countyhas a base rate of $3.63. There is an additional charge of $0.09 for its special districts Metompkin, Atlantic, Pungoteague and Lee.

Table 9.8 Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014 (continued)

	Heavy Tools & Machinery*		Computer Hardware*		Generating Equipment*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Counties (continued)						
Campbell	1-10 years 25%, 15% min.	$4.45	1-10 years 25%, 15% min.	$4.45	25% OC	$3.25
Caroline	1 year 100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20% to $1,600 min.; min. value $800	$3.80	44% OC min. value $600	$3.80	N/A	N/A
Carroll	1 year 90%, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$1.60	1 year 90%, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$1.60	1 year 90%, 85%, 75%, 65%, 55%, 45%, 35%, 30% min.	$1.60
Charles City	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$3.75	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$3.75	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$3.75
Charlotte	30% OC	$3.75	10% OC	$3.75	N/A	N/A
Chesterfield	1 year 70%, 50%, 40%, 30%, 20%, 10% min.	$3.60	1 year 50%, 40%, 20%, 10%, 5%, 1% min.	$3.60	1 year 70%, 50%, 40%, 30%, 20%, 10% min.	$1.00
Clarke	BV of 75%, 60%, 50%, 40%, 30%, 20% multiplied by 0.75	$4.496	BV of 75%, 60%, 50%, 40%, 30%, 20% multiplied by 0.75	$4.496	N/A	N/A
Craig	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$3.00	1 year 50%, 30%, 20%, 10% min.	$3.00	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$2.20
Culpeper	1 year 70%, 60%, 50% 40%, then 30% to $200 min.	$3.50	1 year 65%, 50%, 40% 30%, then 20% to $200 min.	$3.50	1 year 70%, 60%, 50% 40%, then 30% to $200 min.	$3.50
Cumberland	20% OC	$3.75	1 year 80%, 70%, 60% 50%, 40%, 30%, 20%, 10% min.	$4.50	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$4.50
Dickenson	1-3 years: 80%; 4-6: 60%, 7-8: 40% 10+: 20%	$1.69	BV	$1.82	N/A	N/A
Dinwiddie	20%; min. value $100	$3.30	20%; min. value $100	$4.90	20% OC	$4.90
Essex	10% OC	$3.75	10% OC	$3.75	10% OC	$3.75
Fairfax	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.57	1 year 50%, 35%, 20%, 10%, 2% min.	$4.57	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.57
Fauquier	1 year 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$2.30	1 year 60%, 40%, 20%, 10% min.	$2.30	1 year 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$2.30
Floyd	1 year 60%, 50%, 40%, 30%, 20% min.	$2.95	1 year 60%, 50%, 40%, 30%, 20% min.	$2.95	N/A	N/A
Fluvanna	20% OC for 10 years	$4.15	20% OC for 10 years	$4.15	20% OC for 10 years	$4.15
Franklin	1 year 75%, 65%, 55%, 45%; min. value $3,000	$1.89	1 year 50%, 45%, 40%, 35%, 30%, 25%, 20% min.	$2.36	1 year 50%, 45%, 40%, 35%, 30%, 25%, 20% min.	$2.36
Frederick	30% OC	$4.86	30% OC	$4.86	30% OC	$4.86
Giles	50% OC	$1.91	50% OC	$1.91	50% OC	$1.91
Gloucester	1998-current: 30%, 1997-older: 10%	$2.95	1998-current: 30%, 1997-older: 10%	$2.95	1998-current: 30%, 1997-older: 10%	$2.95
Goochland	1 year 60%, 45%, 37.5%, 30%, 20% min.	$4.00	1 year 60%, 45%, 37.5%, 30%, 20% min.	$4.00	1-5: 20%, 6-10: 15% 11+: 10%	$3.75
Grayson	1 year 75%, 70%, 65%, 60%, 55%, 50%, 45%, 40%, 35%, 30%, 25%, then 20% to $500 min.	$1.75	1 year 75%, 50%, 30%, then 20% to $500 min.	$1.75	1 year 75%, 70%, 65%, 60%, 55%, 50%, 45%, 40%, 35%, 30%, 25%, then 20% to $500 min.	$1.75
Greene	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00	N/A	N/A
Greensville	20% OC	$4.00	1 year 50%, 45%, 40%, 37.5%, 35%, 32.5%, 30%, 27.5%, 25%, 22.5%, 20%, 17.5%, 15% to $100 min.	$5.00	N/A	N/A

N/A Not applicable.
* See bottom of last page of Table 9.8 for key to abbreviations.

Table 9.8 Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014 (continued)

	Heavy Tools & Machinery*		Computer Hardware*		Generating Equipment*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Counties (continued)						
Halifax	1 year 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$3.60	1 year 50%, 40%, 30%, 20%, 10%, 5%, 1% min.	$3.60	1987-current: 50% 1986-older: 25%; idle 5%	$1.26
Hanover	1 year 60%, 50%, 40%, 30%, 20%, 10% min	$3.57	1 year 66%, 55%, 35%, 24%, 5%, 1% min.	$3.57	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$3.57
Henrico	1 year 80%, 75%, 64%, 54%, 45%, 36%, 27%, 20%, 15%, 8% min.	$3.50	1 year 62%, 44%, 31%, 22%, 16%, 4% min.	$3.50	1 year 80%, 75%, 64%, 54%, 45%, 36%, 27%, 20%, 15%, 8% min.	$1.00
Henry	1 year 97%, 87%, 77%, 67%, 57%	$1.48	1 year 71%, 60 %, 50%, 40%, 30%, 20% min.	$1.48	1 year 97%, 87%, 77%, 67%, 57%	$1.48
Highland	1 year 40%, less 5% each year to $100 min.	$2.25	1 year 40%, less 5% each year to $100 min.	$2.25	N/A	N/A
Isle of Wight	100% OC	$0.70	40% OC	$4.50	N/A	N/A
James City	25% OC	$4.00	25% OC	$4.00	25% OC	$4.00
King & Queen	1 year 70% less 10% from prior year to 0%	$1.10	1 year 25% less 10% from prior year to 0%	$3.94	N/A	N/A
King George	1 year 30%, 25%, 20%, 15%, then 10% to $200 min.	$3.20	1 year 30%, 25%, 20%, 15%, then 10% to $200 min.	$3.20	1 year 30%, 25%, 20%, 15%, then 10% to $200 min.	$3.20
King William	1 year 80%, 60%, 40%, 20%, 10% min.	$3.65	1 year 80%, 60%, 40%, 20%, 10% min.	$3.65	1 year 80%, 60%, 40%, 20%, 10% min.	$3.65
Lancaster	100% FMV	$1.52	100% FMV	$1.52	N/A	N/A
Lee	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$2.00	1 year 90%, 70%, 50%, 40%, 30%, 20% min.	$2.00	N/A	N/A
Loudoun	1 year 50%, 40%, 30%, 20%, 10% min.	$4.00	1 year 50%, 40%, 30%, 20%, 10% min.	$4.20	1 year 50%, 40%, 30%, 20%, 10% min.	$4.20
Louisa	1 year 75%, 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$1.90	1 year 75%, 70%, 60%, 50%,40%, 30%, 20%, then 10% to $100 min.	$1.90	N/A	N/A
Lunenburg	1 year 50%, less 10% every 5 years to 10% min.	$1.80	1-5: 32.5%, 6-10: 27.5%, 11-15: 25.5%, 16-20: 17.5%, 21+: 12.5%	$3.60	N/A	N/A
Madison	10%, min. $100	$3.10	20% to min. $100	$3.10	10%, min. $100	$3.10
Mathews	100% BV	$2.14	100% BV	$2.14	100% BV	$2.14
Mecklenburg	1 year 80%, 70%, 60%, 50%, 40%, 30%, 25%, 15% min.	$3.26	1 year 80%, 50%, 40%, 20%, 10%, 5% min.	$3.26	N/A	N/A
Middlesex	10% OC	$3.50	10% OC	$3.50	N/A	N/A
Montgomery	1 year 80%, 60%, 50%, 30%, 20%, 10% min.	$2.55	1 year 80%, 70%, 50%, 10% min.	$2.55	1 year 80%, 70%, 60%, 50%, 40%, 20% min.	$2.55
Nelson	1 year 70%, less 10% from prior year to 0%	$3.45	15% OC	$3.45	15% OC	$3.45
New Kent	1-3 years 55%, 4-6 years 30%, 10% min.	$3.75	1 year 60%, 35%, 10% min.	$3.75	N/A	N/A
Northampton	1 year 70%, 60%, 50%, 40% 25%,10% (min. $200)	$2.86	1 year 70%, 60%, 50%, 40% 25%,10%, min. $200	$2.86	N/A	N/A
Northumberland	25% OC	$3.60	40% OC	$3.60	25% OC	$3.60
Nottoway	1-3: 70%, 4-7: 60%, 30% min.	$1.35	1 year 80%, 70%, 55%, 40%, 25%, 10% min.	$3.75	N/A	N/A

N/A Not applicable.
* See bottom of last page of Table 9.8 for key to abbreviations.

Table 9.8 Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014 (continued)

Locality	Heavy Tools & Machinery* Basis	Heavy Tools & Machinery* Rate/$100	Computer Hardware* Basis	Computer Hardware* Rate/$100	Generating Equipment* Basis	Generating Equipment* Rate/$100
Counties (continued)						
Orange	1 year 65%, 60%, 55%, 50%, 45%, 40%, 37%, 34%, 31%, 28%, 25% min.	$2.20	1 year 65%, 60%, 55%, 50%, 45%, 40%, 37%, 34%, 31%, 28%, 25% min.	$2.20	1 year 65%, 60%, 55%, 50%, 45%, 40%, 37%, 34%, 31%, 28%, 25% min.	$2.20
Page	1 year 72%, thereafter less 10% previous year	$4.64	1 year 72%, thereafter less 10% previous year	$4.64	N/A	N/A
Patrick	1 year 95%, thereafter 10% less prior year to 25%	$1.71	1 year 95%, 70%, 50%, 20%, 10% min.	$1.71	N/A	N/A
Pittsylvania	10% OC; min. value $100	$8.75	1 year 30%, 27.5% 25%, 23.5%, 20%, 17.5%, 15%, 13.5%, 10%, 7.5%, 5% min.	$8.75	N/A	$0.56
Powhatan	1 year 60%, 45%, 37.5%, 30%, then 20% to $100 min.	$3.60	1 yr. 60%, 45%, 37.5%, 30%, then 20% to $100 min.	$3.60	1 year 60%, 45%, 37.5%, 30%, then 20% to $100 min.	$3.60
Prince Edward	20% OC	$4.50	20% OC	$4.50	N/A	N/A
Prince George	1 year 60%, 50%, 40%, 30%, 20% min.	$4.25	1 year 60%, 50%, 40%, 30%, 20% min.	$4.25	1 year 60%, 50%, 40%, 30%, 20% min.	$4.25
Prince William	1 year 85%, 75%, 65%, 55%, 45%, 35% min.	$3.70	1 year 50%, 35%, 20%, 10%, 5% min.	$1.25	1 year 85%, 75%, 65%, 55%, 45%, 35%, 25%, 15%, 10% min.	$2.00
Pulaski	1-5 years 60%, 6-10 years 40%, 20% min.	$2.35	1 year 60%, 45%, 30%, 30%, 2% min.	$2.35	1-5 years 60%, 6-10 years 40%, 20% min.	$2.35
Richmond	40% to min. $100	$3.50	40% to min. $100	$3.50	N/A	N/A
Roanoke	1 year 60%, 50%, 40%, 30%, 20%, min. $100	$3.50	1 year 60%, 50%, 40%, 20%, 10%, $100 min.	$3.50	1 year 60%, 50%, 40%, 30%, 20%, min. $100	$3.50
Rockbridge	1 year 50%, 40%, 30%, 20%, 10% min.	$2.55	25% OC	$4.25	N/A	N/A
Rockingham	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, then 20% to $100 min.	$2.85	1 year 70%, 50%, 30%, then 20% to $100 min.	$2.85	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, then 20% to $100 min.	$2.85
Russell	0-1: 90%, 2-3: 80%, 4-5: 70%, 6-7: 60%, 8-10: 50%, 11-14: 40%, 15+: 30%	$1.65	0-1:90%, 2-3: 80%, 4-5: 70%, 6-7: 60%, 8-10: 50%, 11-14: 40%, 15+: 30%	$1.65	N/A	N/A
Scott	new 90%, 80%, 70%, 60%, 50%, 40%, 30% min.	$0.72	1 year 50%, 35%, 25%, 15%, 5%	$0.72	new 90%, 80%, 70%, 60%, 50%, 40%, 30% min.	$0.72
Shenandoah	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10% ($50 min.)	$3.15	1 year 55%, 50%, 45%, 40%, 25%, 10% ($50 min.)	$3.15	N/A	N/A
Smyth	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$2.30	1 year 80%, 60%, 40%, 20% min.	$2.30	N/A	N/A
Southampton	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20%, then 10% to $500 min.	$2.40	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20%, then 10% to $100 min.	$5.00	N/A	N/A
Spotsylvania	1 year 50%, 45%, 40%, 30%, 20% min.	$2.00	1 year 50%, 45%, 40%, 30%, 20% min.	$6.78	1 year 50%, 45%, 40%, 30%, 20% min.	$6.78
Stafford	1 year 35%, 30%, 25%, 20%, 15% min.	$5.49	1 year 35%, 30%, 25%, 20%, 15% min.	$5.49	1 year 35%, 30%, 25%, 20%, 15% min.	$5.49

N/A Not applicable.
* See bottom of last page of Table 9.8 for key to abbreviations.

Table 9.8 Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014 (continued)

	Heavy Tools & Machinery*		Computer Hardware*		Generating Equipment*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Counties (continued)						
Surry	1 year 60%, 50%, 40%, 30%, 20% min.	$4.00	1 year 60%, 50%, 40%, 30%, 20% min.	$4.00	1 year 60%, 50%, 40%, 30%, 20% min.	$4.00
Sussex	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%; $130 min.	$4.85	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%; $130 min.	$4.85	N/A	N/A
Tazewell	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% to $100 min.	$2.00	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% to $100 min.	$2.00	1 year 80%, 70%, 60%, 50%, 40%, 30%, 20% to $100 min.	$2.00
Warren	1 year 70%, 60%, 50%, 40%, 30%,20%, 10% min.	$4.00	1 year 70%, 60%, 50%, 40%, 30%,20%, 10% min.	$4.00	N/A	$4.00
Washington	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%; $100 min.	$1.70	1 year 80%, 40%, 20%; $100 min.	$1.70	N/A	N/A
Westmoreland	80% FMV	$3.00	80% FMV	$3.00	80% FMV	$3.00
Wise	1 year 90% less 10% yearly to 15% min.	$1.56	1 year 50%, 30%, 15% min.	$1.56	1 year 90% less 10% yearly to 15% min.	$1.56
Wythe	1-5 years 50%, 20% min.	$2.27	1-5 years 50%, 20% min.	$2.27	1-5 years 50%, 20% min	$2.27
York	25% OC	$4.00	25% OC	$4.00	25% OC	$4.00
Towns (Towns that answered “not applicable” for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.)						
Abingdon	50%	$0.55	N/A	N/A	N/A	N/A
Altavista	1-10 yrs.: 25%, 11+: 15%	$2.00	1-10 yrs.: 25%, 11+: 15%	$2.00	OC	$2.00
Amherst	N/A	$0.35	N/A	$0.35	N/A	N/A
Appomattox	12.5% FMV	$0.55	100% FMV	$0.55	N/A	N/A
Ashland	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$0.77	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$0.77	1 year 60%, 50%, 40%, 30%, 20%, 10% min.	$0.77
Blackstone	1 year 80%, 70%, 55%, 40%, 20%, 10% min.	$0.65	Done by Nottoway Co.	$0.65	Done by Nottoway Co.	$0.65
Bridgewater	Done by Rockingham Co.	$0.75	Done by Rockingham Co.	$0.75	N/A	N/A
Brookneal	N/A	$1.70	N/A	N/A	N/A	N/A
Chatham	N/A	$2.25	N/A	$2.25	N/A	N/A
Chilhowie	FMV to $5 min.	$0.30	1 year 80%, 60%, 40%, 20%, min. $5.00	$0.30	N/A	N/A
Christiansburg	10% OC	$0.444	10% OC	$0.444	30% OC	$0.444
Clarksville	OC	$1.65	OC	$1.65	OC	$1.65
Clintwood	% OC to 20% min.	$0.30	% OC to 20% min.	$0.30	% OC to 20% min.	$0.30
Culpeper	1 year 70%, 60%, 50%, 40%, 30% min.	$1.00	1 year 65%, 50%, 40% 30%, 20% min.	$1.00	1 year 70%, 60%, 50%, 40%, 30% min.	$1.00
Dillwyn	N/A	$0.28	N/A	N/A	N/A	N/A
Drakes Branch	Done by Charlotte Co.	$0.37	Done by Charlotte Co.	$0.37	Done by Charlotte Co.	$0.37
Dublin	100% OC	$0.50	100%	$0.50	100%	$0.50
Edinburg	N/A	$1.08	N/A	$1.08	N/A	N/A
Floyd	N/A	$0.25	N/A	$0.25	N/A	N/A
Front Royal	1 year 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$0.64	1 year 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$0.64	N/A	N/A
Gordonsville	OC	$0.24	OC	$0.24	OC	$0.24
Grundy	BV	$0.50	BV	$0.50	BV	$0.50
Hamilton	N/A	$1.10	N/A	$1.10	N/A	N/A
Haymarket	1 year 80%, 65%, 50% 35%, 20%, 10% min.	$0.60	1 year 50%, 40%, 30%, 20%, 10% min.	$0.60	1 year 85%, 75%, 65%, 55%, 45%, 35%, 25%, 15%, 10% min.	$0.60
Haysi	OC	$0.40	OC	$0.40	OC	$0.40

N/A Not applicable.
* See bottom of last page of Table 9.8 for key to abbreviations.

Table 9.8 Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2014 (continued)

	Heavy Tools & Machinery		Computer Hardware		Generating Equipment	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Towns (continued)						
Hillsville	1 year 90%, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$0.72	1 year 90%, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$0.72	1 year 90%, 85%, 80%, 70%, 60%, 50%, 40, 35%, 30% min.	$0.72
Independence	OC	$0.63	OC	$0.63	OC	$0.63
Kilmarnock	Done by Lancaster Co. & Northumberland Co.	$0.16 $0.40	Done by Lancaster Co. & Northumberland Co.	$0.16 $0.40	Done by Lancaster Co. & Northumberland Co.	$0.16 $0.40
Lacrosse	N/A	$1.05	N/A	N/A	N/A	N/A
Lebanon	1 year 90%, less 20% annually to 50% min.	$0.75	1 year 90%, less 20% annually to 50% min.	$0.75	1 year 90%, less 20% annually to 50% min.	0.75
Leesburg	N/A	$1.00	N/A	$1.00	N/A	$1.00
Luray	1 year 72%, less 10% yearly; $100 min.	$0.40	1 year 72%, less 10% yearly; $100 min.	$0.40	N/A	N/A
McKenney	N/A	$0.50	N/A	$0.50	N/A	N/A
Orange	N/A	$0.066	N/A	$0.83	N/A	$0.066
Pamplin	N/A	$1.00	N/A	$1.00	N/A	$1.00
Pearisburg	50% OC	$0.938	50% OC	$0.938	N/A	N/A
Pulaski	1-5 years 60% OC, 6-10 years 40%, 20% min.	$0.80	1-5 years 60% OC, 6-10 years 40%, 20% min.	$0.80	1-5 years 60% OC, 6-10 years 40%, 20% min.	$0.80
Purcellville	FMV	$0.55	BV	$0.55	N/A	N/A
Rocky Mount	Done by Franklin Co.	$0.51	Done by Franklin Co.	$0.51	Done by Franklin Co.	$0.51
Round Hill	N/A	$1.15	N/A	$1.55	N/A	N/A
Smithfield	40% OC	$0.15	N/A	$0.15	N/A	N/A
South Boston	10%	$2.00	10%	$2.00	10%	$2.00
South Hill	Done by Mecklenburg Co.	$1.05	Done by Mecklenburg Co.	$1.05	Done by Mecklenburg Co.	$1.05
Stanley	FMV	$0.75	FMV	$0.75	N/A	N/A
Stony Creek	Done by Sussex County	$0.60	Done by Sussex County	$0.60	Done by Sussex County	$0.60
Tappahannock	100% FMV	$1.25	100% FMV	$1.25	N/A	N/A
Vinton	1 year 60%, 50%, 40% 30%, 20% min.	$1.00	1 year 60%, 50%, 40% 20%, 10% min.	$1.00	N/A	$1.00
Warrenton	1 year 70%, 60%, 50% 40%, 30%, 20%, 10% min.	$1.00	1 year 70%, 60%, 50% 40%, 30%, 20%, 10% min.	$1.00	1 year 70%, 60%, 50% 40%, 30%, 20%, 10% min.	$1.00
Waverly	N/A	$1.06	N/A	$1.85	N/A	$1.06
Windsor	BV	$0.10	BV	$0.10	BV	$0.10
Wise	OC	$0.53	OC	$0.53	N/A	N/A
Woodstock	1 year 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$0.90	1 year 55%, 50%, 45%, 40%, 25%, 10% min.	$0.90	N/A	$0.90
Wytheville	1-5 years: 50%, 6+: 20%	$0.28	1-5 years: 50%, 6+: 20%	$0.28	1-5 years: 50%, 6+: 20%	$0.28

N/A Not applicable.
Key to abbreviations:
BV: Book Value; DC: Depreciated Cost; DS: Depreciation Schedule; FMV: Fair Market Value; OC: Original Cost

Table 9.9
Tangible Personal Property Taxes Related to Business Use for Research and Development, Furniture and Fixtures, and Biotechnology Equipment, 2014

	Research & Development*		Business Furniture & Fixtures*		Biotechnology*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Cities (Note: All cities responded to this survey. Those that answered "not applicable" to all items in this table are excluded.)						
Alexandria	1 year 80% OC , 70%, 60%, 50%, 40%, 30%, 20% min.	$4.75	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.75	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.75
Bristol	10% OC	$7.00	10% OC	$7.00	N/A	N/A
Buena Vista	1 year 80% OC, less 10% prior year's value to 10% min. min. value $100	$5.85	1 year 80% OC, less 10% prior year's value to 10% min. min. value $100	$5.85	1 year 80% OC, less 10% prior year's value to 10% min. min. value $100	$5.85
Charlottesville	1 year 25% OC, 22.5%, 20%, 17.5%,15%, 12.5%, 10% min.	$4.20	1 year 25% OC, 22.5%, 20%, 17.5%, 15%, 12.5%, 10% min.	$4.20	N/A	N/A
Chesapeake	20% OC; min. $370	$4.08	20% OC; min. $370	$4.08	20% OC; min. $370	$4.08
Colonial Heights	N/A	N/A	1 year 60% OC, 50%, 40%, 30%, 20% min.	$3.50		
Covington	10% OC; min. $200	$5.60	10% OC; min. $200	$5.60	10% OC; min. $200	$5.60
Danville	N/A	N/A	1 year 60% OC, 50%, 40%, 30%, 20% min.	$3.00	N/A	N/A
Emporia	N/A	N/A	1 year 50% OC, 45%, 40%, 35%, 30%, 25%, 20% min.	$5.00	N/A	N/A
Fairfax	N/A	N/A	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$4.13	N/A	N/A
Falls Church	1 year 80% OC, 70%, 60%, 50%, 40%,30%, 20% min.	$4.84	1 year 80% OC, 70%, 60%, 50%, 40%,30%, 20% min.	$4.84	1 year 80% OC, 70%, 60%, 50%, 40%,30%, 20% min.	$4.84
Franklin	N/A	N/A	25% OC	$4.50	N/A	N/A
Fredericksburg	1 year 90% OC, 80%, 70%, 60%, 45%,30%, 20% min.	$3.40	1 year 90% OC, 80%, 70%, 60%, 45%, 30%, 20% min.	$3.40	N/A	N/A
Galax	N/A	N/A	50% OC	$2.25	N/A	N/A
Hampton	35% OC; min. $100	$4.25	35% OC	$4.25	35% OC	$4.25
Harrisonburg	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30% min.	$2.12	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30% min.	$2.12	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30% min.	$2.12
Hopewell	1 year 60% OC, 50%, 40%, 30%, 20% min.	$3.50	1 year 60% OC, 50%, 40%, 30%, 20% min.	$3.50	1 year 60% OC, 50%, 40%, 30%, 20% min.	$3.50
Lexington	N/A	N/A	25% to 10% OC	$4.25	N/A	N/A
Lynchburg	1-5 years 30% OC, 25.35% min.	$3.80	1-5 years 30% OC, 25.35% min.	$3.80	1-5 years 30% OC, 25.35% min.	$3.80
Manassas	1 year 80% OC, 70%, 60%, 50%, 30%, 20% min.	$3.70	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$3.70	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$3.70
Manassas Park	N/A	N/A	1 year 70% OC, 60%, 50%, 40%, 30%, 20% min.	$3.50	N/A	N/A
Martinsville	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 25% min.	$2.30	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 25% min.	$2.30	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 25% min.	$2.30
Newport News	N/A	N/A	33.3% OC	$4.50	N/A	N/A
Norfolk	40% OC	$4.33	40% OC	$4.33	40% OC	$4.33
Norton	N/A	N/A	10% OC	$2.05	N/A	N/A
Petersburg	N/A	N/A	1 year 40% OC, 35%, 30%, 25%, 20% min.	$4.40	N/A	N/A
Poquoson	30% OC	$4.15	30% OC	$4.15	30% OC	$4.15
Portsmouth	1985-current 50% OC, 1984-older 25% OC	$5.00	1985-current 50% OC, 1984-older 25% OC	$5.00	N/A	N/A
Richmond	N/A	N/A	1 year 70% OC, 60%, 50%, 40%, 30%, 20% min.	$3.70	N/A	N/A
Roanoke	1 year 60% OC, 50%, 40%, 30%, then 20% to min. $100	$3.45	1 year 60% OC, 50%, 40%, 30%, then 20% to min. $100	$3.45	1 year 60% OC, 50%, 40%, 30%, then 20% to min. $100	$3.45

N/A Not applicable.
* See bottom of last page of Table 9.9 for key to abbreviations.

Table 9.9 Tangible Personal Property Taxes Related to Business Use for Research and Development, Furniture and Fixtures, and Biotechnology Equipment, 2014 (continued)

	Research & Development*		Business Furniture & Fixtures*		Biotechnology*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Cities (continued)						
Salem	1 year 70%, 60%, 50%, 40%, 30%, 25% min.	$3.20	1 year 70%, 60%, 50%, 40%, 30%, 25% min.	$3.20	1 year 70%, 60%, 50%, 40%, 30%, 25% min.	$3.20
Staunton	N/A	N/A	1 year 100%, 80%, 60%, 40%, 20% min.	$2.75	1 year 100%, 80%, 60%, 40%, 20% min.	$2.75
Suffolk	1-5 20% OC then 10%	$3.15	20% OC	$4.25	20% OC	$4.25
Virginia Beach	40% OC	$3.70	40% OC	$3.70	40% OC	$3.70
Waynesboro	40% BV to 20% OC min.	$5.00	40% BV to 20% OC	$5.00	40% BV to 20% OC	$5.00
Williamsburg	30% OC	$3.50	30% OC	$3.50	30% OC	$3.50
Winchester	1 year 80% OC, 70%, 60%, 50%, 40%, 30% min.	$4.50	1 year 80% OC, 70%, 60%, 50%, 40%, 30% min.	$4.50	1 year 80% OC, 70%, 60%, 50%, 40%, 30% min.	$4.50
Counties (Note: All counties responded to this survey. Those that answered “not applicable” to all items are excluded.)						
Accomack	N/A	N/A	1 year 50%, 45%, 43%, 41%, 39%, 37%, 35%, 33%, 31%, 29%, 27%, 25%, 23%, 20% min.	$3.63-$3.72	N/A	N/A
Albemarle	1 year 25% OC, 22.5%, 20%, 17.5%,15%, 12.5%, 10% min.	$4.28	1 year 25% OC, 22.5%, 20%, 17.5%, 15%,12.5%, 10% min.	$4.28	1 year 25 OC, 22.5%, 20%, 17.5%, 15%,12.5%, 10% min.	$4.28
Alleghany	15% OC	$5.95	15% OC	$5.95	15% OC	$5.95
Amelia	N/A	N/A	1 year 60% OC, 40%, 37%, 33%, 20% min.	$4.15	N/A	N/A
Amherst	N/A	N/A	30% OC	$3.45	N/A	N/A
Appomatox	N/A	N/A	1-5 years: 50% OC, 6-10: 40%, 11-15: 30%, 16+: 15%	$4.60	N/A	N/A
Arlington	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00
Augusta	1 year 40% OC, 35%, 30%, 25%, 20%, 15%, 10%, 5% (min. $50)	$1.90	1 year 40% OC, 35%, 30%, 25%, 20%, 15%,10%, 5%; min. $50	$1.90	1 year 40% OC, 35%, 30%, 25%, 20%, 15%,10%, 5%; min. $50	$1.90
Bath	N/A	N/A	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%; min. $1,000	$0.35	N/A	N/A
Bedford	1 year 100% OC, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50%, 45%, 40%, 35%, 30%, 25% min.	$1.70	1 year 100% OC, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50%, 45%, 40%, 35%, 30%, 25% min.	$1.70	1 year 100% OC, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50%, 45%, 40%, 35%, 30%, 25% min.	$1.70
Bland	N/A	N/A	50% OC	$2.29	N/A	N/A
Botetourt	1 year 90% OC, 70%, 50%, 30%, 10% min.	$2.63	1 year 90% OC, 70%, 50%, 30%, 10% min.	$2.63	1 year 90% OC, 70%, 50%, 30%, 10% min.	$2.63
Brunswick	25% OC	$3.60	25% OC	$3.60	25% OC	$3.60
Buchanan	N/A	N/A	1-3 yrs.: 80% OC, 4-6: 60%, 7-9: 40%, 10+: 20%	$1.95	N/A	N/A
Buckingham	N/A	N/A	1-9 yrs: 15%, 10-19: 10% 20+: 5%	$4.05	N/A	N/A
Campbell	1-10 years 25% OC, 15% min.	$4.45	1-10 years 25% OC, 15% min.	$4.45	N/A	N/A
Caroline	N/A	N/A	44% OC	$3.80	N/A	N/A
Carroll	1 year 90% OC, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$1.60	1 year 90% OC, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$1.60	1 year 90% OC, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$1.60
Charles City	1 year 60% OC, 50%, 40%, 30%, 20%,10% min.	$3.75	1 year 60% OC, 50%, 40%, 30%, 20%,10% min.	$3.75	1 year 60% OC, 50%, 40%, 30%, 20%,10% min.	$3.75
Charlotte	N/A	N/A	45% OC less to% annually to 10% min.	$3.00	N/A	N/A

N/A Not applicable.
* See bottom of last page of Table 9.9 for key to abbreviations.

Table 9.9 Tangible Personal Property Taxes Related to Business Use for Research and Development, Furniture and Fixtures, and Biotechnology Equipment, 2014 (continued)

	Research & Development*		Business Furniture & Fixtures*		Biotechnology*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Counties (continued)						
Chesterfield	1 year 70% OC, 50%,40%, 30%, 20%, 10% min.	$1.00	1 year 70% OC, 50%, 40%, 30%, 20%, 10% min.	$3.60	1 year 70% OC, 50%, 40%, 30%, 20%, 10% min.	$3.60
Clarke	N/A	N/A	Depreciated value x 75%	$4.496	Depreciated value x 75%	$4.496
Craig	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$2.20	1 year 50% OC, 30%, 20%, 10% min.	$3.00	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20%	$2.20
Culpeper	1 year 70% OC, 60%, 50%, 40%, 30%, 20% min.	$3.50	1 year 70% OC, 60%, 50%, 40%, then 30% to $200 min.	$3.50	N/A	N/A
Cumberland	1 year 80% OC, 70%, 60%, 50%, 40%,30%, 20% min.	$4.50	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.50	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.50
Dickenson	N/A	N/A	FMV	$1.82	N/A	N/A
Dinwiddie	N/A	N/A	20% OC	$4.90	N/A	N/A
Essex	10% OC; min. value $100	$3.75	10% OC	$3.75	10% OC	$3.75
Fairfax	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.57	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.57	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$4.57
Fauquier	1 year 70% OC, 60%, 50%, 40%, 30%, 20%,10% min.	$2.30	1 year 70% OC, 60%, 50%, 40%, 30%, 20%,10% min.	$2.30	N/A	N/A
Floyd	N/A	N/A	1 year 60%, 50%, 40%, 30%, 20% min.	$2.95	N/A	N/A
Fluvanna	1-10 years 20% OC, then 0%	$4.15	1-10: 20% OC, then 0%	$4.15	1-10: 20% OC, then 0%	$4.15
Franklin	1 year 50% OC, 45%, 40%, 35%, 30%, 25%, 20% min.	$2.36	1 year 50% OC, 45%, 40%, 35%, 30%, 25%, 20% min.	$2.36	1 year 50% OC, 45%, 40%, 35%, 30%, 25%, 20% min.	$2.36
Frederick	1 year 60% OC, 50%, 40%, 30%; min. value $200	$2.00	30% OC	$4.86	30% OC	$4.86
Giles	50% OC	$1.91	50% OC	$1.91	50% OC	$1.91
Gloucester	1998-current: 30% OC 1997-older: 10% OC	$2.95	1998-current: 30% OC, 1997-older: 10% OC	$2.95	N/A	N/A
Goochland	1-5 yrs.: 20% OC, 6-10: 15%, 11+: 10%	$3.75	1 year 60% OC, 45%, 37.5%, 30%, 20% min.	$4.00	1-5 yrs.: 20% OC, 6-10: 15%, 11+: 10%	$3.75
Grayson	1 year: 75% OC, 70%, 65%, 60%, 55%, 50%, 45%, 40% 35%, 30%, 25%, 20% min.	$1.75	1 year: 75% OC, 70%, 65%, 60%, 55%, 50%, 45%, 40% 35%, 30%, 25%, 20% min.	$1.75	1 year: 75% OC, 70%, 65%, 60%, 55%, 50%, 45%, 40% 35%, 30%, 25%, 20% min.	$1.75
Greene	N/A	N/A	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min.	$5.00	N/A	N/A
Greensville	N/A	N/A	1 year 50% OC, 45%, 40%, 37.5%, 35% 32.5%, 30%, 27.5%, 25%, 22.5%, 20%, 17.5%, 15% min.	$5.00	N/A	N/A
Halifax	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$3.60	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$3.60	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$3.60
Hanover	1 year 60% OC, 50%, 40%, 30%, 20%, 10% min.	$3.57	1 year 60% OC, 50%, 40%, 30%, 20%, 10% min.	$3.57	1 year 66% OC, 55%, 35%, 24%, 5%, 1% min.	$3.57
Henrico	1 year 80% OC, 75%, 64%, 54%, 45%, 36%, 27%, 20%, 15%, 8% min.	$3.50	1 year 80% OC,75%, 64%, 54%, 45%, 36%, 27%, 20%, 15%, 8% min.	$3.50	1 year 80% OC, 75%, 64%, 54%, 45%, 36%, 27%, 20%, 15%, 8% min.	$3.50
Henry	1 year 97% OC, 87%, 77%, 67%, 57%	$1.48	1 year 97% OC, 87%, 77%, 67%, 57%	$1.48	N/A	N/A
Highland	N/A	N/A	1 year 40%, less 5% each year.	$2.25	N/A	N/A
Isle of Wight	N/A	N/A	40% OC	$4.50	N/A	N/A
James City	25% OC	$4.00	25% OC	$4.00	25% OC	$4.00
King & Queen	N/A	N/A	1 year 25%, less 10% of previous year thereafter	$3.94	N/A	N/A
King George	1 year 30% OC, 25%, 20%, 15%, 10% min.	$3.20	1 year 30% OC, 25%, 20%, 15%, 10% min.	$3.20	1 year 30% OC, 25%, 20%, 15%, then 10% to $200 min.	$3.20
King William	1 year 80% OC, 60%, 40%, 20%, 10% min.	$3.65	1 year 80% OC, 60%, 40%, 20%, 10% min.	$3.65	1 year 80% OC, 60%, 40%, 20%, 10% min.	$3.65

N/A Not applicable.

* See bottom of last page of Table 9.9 for key to abbreviations.

Table 9.9 Tangible Personal Property Taxes Related to Business Use for Research and Development, Furniture and Fixtures, and Biotechnology Equipment, 2014 (continued)

	Research & Development*		Business Furniture & Fixtures*		Biotechnology*	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Counties (continued)						
Lancaster	N/A	N/A	BV	$1.52	N/A	N/A
Lee	N/A	N/A	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$2.00	N/A	N/A
Loudoun	1 year 50% OC, 40%, 30%, 20%, 10% min.	$2.75	1 year 50% OC, 40%, 30%, 20%, 10% min.	$4.20	1 year 50% OC, 40%, 30%, 20%, 10% min.	$4.20
Louisa	N/A	N/A	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 25% min.	$1.90	N/A	N/A
Lunenburg	N/A	N/A	1-5 yrs.: 32.5% OC, 6-10: 27.5%, 11-15: 22.5% 16-20: 17.5%, 21+: 12.5%	$3.60	N/A	N/A
Madison	N/A	N/A	BV to 10%; $100 min.	$3.10	N/A	N/A
Mathews	100% BV	$2.14	BV	$2.14	BV	$2.14
Mecklenburg	N/A	N/A	1 year 80% OC, 60%, 50%, 40%, 30%,20%, 15% min.	$3.26	N/A	N/A
Middlesex	N/A	N/A	35% OC	$3.50	N/A	N/A
Montgomery	1 year 80% OC, 70%, 60%, 50%, 40%, 30% min.	$2.55	1 year 80% OC, 70%, 60%, 50%, 40%, 30% min.	$2.55	N/A	N/A
Nelson	15% OC	$3.45	15% OC	$3.45	15% OC	$3.45
New Kent	1-3 years 55% OC, 4-6 years 30%,10% min.	$3.75	1-3 years 55% OC, 4-6 years 30%,10% min.	$3.75	1-3 years 55% OC, 4-6 years 30%,10% min.	$3.75
Northampton	1 year 70% OC, 60%, 50%, 40%, 25%, 10% min.	$3.85	1 year 70% OC, 60%, 50%, 40%, 25%, 10% min.	$3.85	N/A	N/A
Northumberland	40% OC	$3.60	40% OC	$3.60	25% OC	$3.60
Nottoway	N/A	N/A	1 year 80% OC, 70%, 55%, 40%, 25%, 10% min.	$3.75	N/A	N/A
Orange	1 year 65% OC, 60%, 55%, 50%, 45%, 40%, 37%, 34%, 31%, 28%, 25% min.	$2.20	1 year 65% OC, 60%, 55%, 50%, 45%, 40%, 37%, 34%, 31%, 28%, 25% min.	$2.20	N/A	N/A
Page	N/A	N/A	1 year 72% OC, less 10% prior year to $100 min.	$4.64	N/A	N/A
Patrick	N/A	N/A	1 year 95% OC, 85.5%, 77%, 69.3%, 62%, 56%, 50.5%, 45.4%, 41%, 36.8%, 33%, 29.8%, 26.8%, 25% min.	$1.71	N/A	N/A
Pittsylvania	1 year 30% OC, 27.5%, 25%, 23.5%, 20%, 17.5%, 15%, 13.5%, 10%, 7.5%, 5% min.	$8.75	1 year 30% OC, 27.5%, 25%, 23.5%, 20%, 17.5%, 15%, 13.5%, 10%, 7.5%, 5% min.	$8.75	1 year 30% OC, 27.5%, 25%, 23.5%, 20%, 17.5%, 15%, 13.5%, 10%, 7.5%, 5% min.	$8.75
Powhatan	1 year 60% OC, 45%, 37.5%, 30%, 20% min. to $100	$3.60	1 year 60% OC, 45%, 37.5%, 30%, 20% min.	$3.60	1 year 60% OC, 45%, 37.5%, 30%, 20% min.	$3.60
Prince Edward	20% OC	$4.50	20% OC	$4.50	20% OC	$4.50
Prince George	1 year 60% OC, 50%, 40%, 30%, 20% min.	$4.25	1 year 60% OC, 50%, 40%, 30%, 20% min.	$4.25	N/A	N/A
Prince William	1 year 85% OC, 75%, 65%, 55%, 45%, 35%, 25%, 15%, 10% min.	$1.00	1 year 85% OC, 75%, 65%, 55%, 45%, 35%, 25%, 15%, 10% min.	$3.70	N/A	N/A
Pulaski	1-5 years 60% OC, 6-10 years 40%, 20% min.	$2.35	1-5 years 60% OC, 6-10 years 40%, 20% min.	$2.35	1-5 years 60% OC, 6-10 years 40%, 20% min.	$2.35
Richmond	N/A	N/A	1 year 40% to min. $100	$3.50	N/A	N/A

N/A Not applicable.

* See bottom of last page of Table 9.9 for key to abbreviations.

Table 9.9 Tangible Personal Property Taxes Related to Business Use for Research and Development, Furniture and Fixtures, and Biotechnology Equipment, 2014 (continued)

	Research & Development*		Business Furniture & Fixtures*		Biotechnology	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Counties (continued)						
Roanoke	N/A	N/A	1 year 60%, 50%, 40%, 30%, then 20% to $100 min.	$3.50	N/A	N/A
Rockbridge	25% OC	$4.25	25% OC	$4.25	N/A	N/A
Rockingham	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 20% min. to $100	$2.85	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 20% min. to $100	$2.85	N/A	N/A
Russell	N/A	N/A	0-1: 90% OC, 2-3: 80%, 4-5: 70%, 6-7: 60%, 8-10: 50%,11-14: 40%, 15+: 30%	$1.65	N/A	N/A
Scott	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30% min.	$0.72	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30% min.	$0.72	N/A	N/A
Shenandoah	1 year 80% OC, 70%, 60%, 50%, 40%,30%, 20%, 10% min.	$3.15	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20%, 10% min.	$3.15	N/A	N/A
Smyth	N/A	N/A	1 year 90% OC, 80%, 70%, 60%, 50%,40%, 30%, 20% min.	$2.30	N/A	N/A
Southampton	N/A	N/A	1 year 80% OC, 70%, 60%, 50%, 40%,30%, 20%, 10% min.	$5.00	N/A	N/A
Spotsylvania	1 year: 50% OC, 45%, 40%, 30%, 20% min.	$6.78	1 year: 50% OC, 45%, 40%, 30%, 20% min.	$5.95	N/A	N/A
Stafford	1 year 35% OC, 30%, 25%, 20%, 15% min.	$5.49	1 year 35% OC, 30%, 25%, 20%, 15% min.	$5.49	1 year 35% OC, 30%, 25%, 20%, 15% min.	$5.49
Surry	1 year 60% OC, 50%, 40%, 30%, 20% min.	$4.00	1 year 60% OC, 50%, 40%, 30%, 20% min.	$4.00	1 year 60% OC, 50%, 40%, 30%, 20% min.	$4.00
Sussex	N/A	N/A	1 year 90%, 80%, 70%, 60%, 50% 40%, 30%, 20%, 10% min.	$4.85	N/A	N/A
Tazewell	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min. min. value $100	$2.00	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min. min. value $100	$2.00	1 year 80% OC, 70%, 60%, 50%, 40%, 30%, 20% min. min. value $100	$2.00
Warren	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$4.00	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$4.00	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$4.00
Washington	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 20% min. to $100	$1.70	1 year 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 20% min.	$1.70	N/A	N/A
Westmoreland	80% FMV	$3.00	80% FMV	$3.00	80% FMV	$3.00
Wise	1 year 90% OC, less 10% each year to 15%	$1.56	1 year 90% OC, less 10% each year to 15%	$1.56	1 year 90% OC, less 10% each year to 15%	$1.56
Wythe	1-5 years 50% OC, 6+: 20% to $500 min.	$2.27	1-5 years 50% OC, 20% min.	$2.27	1-5 years 50% OC, 20% min.	$2.27
York	25% OC; min. $100	$4.00	25% OC; min. $100	$4.00	25% OC; min. $100	$4.00
Towns (Towns that answered “not applicable” for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.)						
Altavista	N/A	N/A	1-10 yrs.: 25% OC, 11+: 15%	$2.00	N/A	N/A
Amherst	N/A	N/A	N/A	$0.35	N/A	N/A
Ashland	1 year 60% OC, 50%, 40%, 30%, 20%, 10% min.	$0.77	1 year 60% OC, 50%, 40%, 30%, 20%,10% min.	$0.77	N/A	N/A
Blackstone	Done by Nottoway Co.	$0.65	Done by Nottoway Co.	$0.65	N/A	N/A
Bridgewater	N/A	N/A	Done by Rockingham Co.	$0.75	N/A	N/A

N/A Not applicable.
* See bottom of last page of Table 9.9 for key to abbreviations.

Table 9.9 Tangible Personal Property Taxes Related to Business Use for Research and Development, Furniture and Fixtures, and Biotechnology Equipment, 2014 (continued)

	Research & Development*		Business Furniture & Fixtures*		Biotechnology	
Locality	Basis	Rate/$100	Basis	Rate/$100	Basis	Rate/$100
Towns (continued)						
Cedar Bluff	N/A	N/A	N/A	$0.35	N/A	N/A
Chilhowie	% OC to $5 min.	$0.20	10% OC	$0.30	N/A	N/A
Christiansburg	30% OC annually to $100 min.	$0.444	30% OC annually to $100 min.	$0.444	30% OC annually to $100 min.	$0.444
Clarksville	OC	$1.65	N/A	$1.65	N/A	N/A
Clifton Forge	N/A	N/A	FMV	$3.35	N/A	N/A
Clintwood	N/A	N/A	N/A	$0.30	N/A	N/A
Culpeper	1 year 70% OC, 60%, 50%, 40%, 30% min.	$1.00	1 year 70% OC, 60%, 50%, 40%, 30% min.	$1.00	N/A	N/A
Dillwyn	N/A	N/A	N/A	$1.08	N/A	N/A
Drakes Branch	Done by Charlotte Co.	$0.37	Done by Charlotte Co.	$0.37	Done by Charlotte Co.	$0.37
Dublin	N/A	N/A	100%	$0.50	N/A	N/A
Eastville	N/A	N/A	FMV	$0.025	N/A	N/A
Edinburg	N/A	N/A	N/A	$1.08	N/A	N/A
Floyd	N/A	N/A	N/A	$0.25	N/A	N/A
Front Royal	N/A	N/A	N/A	40.64	N/A	N/A
Gordonsville	OC	$0.24	OC	$0.24	N/A	$0.24
Grundy	N/A	N/A	FMV	$0.50	N/A	N/A
Hamilton	N/A	N/A	N/A	$1.10	N/A	N/A
Haymarket	1 year 85% OC, 75%, 65%, 55%, 45%, 35%, 25%, 15%, 10% min.	$0.60	N/A	$0.60	N/A	N/A
Haysi	10% OC	$0.40	N/A	N/A	N/A	N/A
Hillsville	1 year 90% OC, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$0.72	1 year 90% OC, 85%, 80%, 70%, 60%, 50%, 40%, 35%, 30% min.	$0.72	N/A	N/A
Independence	N/A	N/A	N/A	$0.63	N/A	$0.63
Kilmarnock	Done by Lancaster and Northumberland counties	$0.16 $0.40	Done by Lancaster and Northumberland counties	$0.16 $0.40	Done by Lancaster and Northumberland counties	$0.16 $0.40
Lebanon	Less 20% annually to 50% OC min.	$0.75	Less 20% annually to 50% OC min.	$0.75	Less 20% annually to 50% OC min.	$0.75
Leesburg	N/A	$1.00	N/A	$1.00	N/A	$1.00
Luray	N/A	N/A	1 year 72% OC, less 10% of previous year to $100	$0.40	N/A	N/A
McKenney	N/A	N/A	N/A	$0.50	N/A	N/A
Orange	N/A	$0.066	N/A	$0.83	N/A	$0.066
Pamplin	N/A	N/A	N/A	$1.00	N/A	N/A
Pearisburg	N/A	N/A	50% OC	$0.938		
Pennington Gap	N/A	N/A	N/A	$0.25	N/A	N/A
Purcellville	N/A	N/A	FMV	$0.55	N/A	N/A
Rocky Mount	Done by Franklin County	$0.51	Done by Franklin County	$0.51	Done by Franklin County	$0.51
Rural Retreat	N/A	N/A	70% OC, less 10% annually to 20% min.	$0.50	N/A	N/A
Smithfield	N/A	N/A	N/A	$1.00	N/A	N/A
South Boston	10% OC	$2.00	10% OC	$2.00	10% OC	$2.00
South Hill	Done by Mecklenberg Co.	$1.05	Done by Mecklenburg Co.	$1.05	Done by Mecklenberg Co.	$1.05
Stanley	N/A	N/A	N/A	$0.75	N/A	N/A
Stony Creek	Done by Sussex County	$0.60	Done by Sussex County	$0.60	Done by Sussex County	$0.60
Vinton	1 year 60% OC, 50%, 40%, 30%, 20% min.	$1.00	1 year 60% OC, 50%, 40%, 30%, 20% min.	$1.00	N/A	N/A
Warrenton	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$1.00	1 year 70% OC, 60%, 50%, 40%, 30%, 20%, 10% min.	$1.00	N/A N/A	N/A N/A
Waverly	N/A	N/A	N/A	$1.85	N/A	N/A
Windsor	N/A	N/A	BV	$0.10	N/A	N/A
Wise	N/A	N/A	OC	$0.53	N/A	N/A
Woodstock	N/A	$0.90	N/A	N/A	N/A	N/A
Wytheville	1-5: 50% OC, 20% min.	$0.28	N/A	$0.28	N/A	N/A

N/A Not applicable.
Key to abbreviations:
BV: Book Value; DC: Depreciated Cost; FMV: Fair Market Value; OC: Original Cost

Table 9.10
Tangible Personal Property Taxes for Livestock and Farm Equipment, 2014

	Livestock*		Farm Equipment*	
Locality	Basis	Rate/$100	Basis	Rate/$100
Cities (Note: All cities responded to this survey. Those that answered “not applicable” to all items in this table are excluded.)				
Chesapeake	12% OC; min. $370	$4.08	12% OC; min $370	$4.08
Franklin	N/A	N/A	25% OC; min. $100	$4.50
Fredericksburg	N/A	N/A	1 yr. 90% OC, 80%, 70%, 60%, 45%, 30%, 20% min.	$3.40
Harrisonburg	20% OC; min. $100	$2.12	20% OC	$2.12
Newport News	85% OC, less 10% annually to $0	$4.50	33.3% OC	$4.50
Salem	N/A	N/A	1 yr. 70% OC, 60%, 50%, 40%, 30%, then 25% to $225 min.	$3.20
Counties (Note: All cities responded to this survey. Those that answered “not applicable” to all items in this table are excluded.)				
Accomack	N/A	N/A	15% OC, 14%, 13%, 12%, 11%, 10%, 9%, 8%, 7%, 6%, 5%, 4%	$3.63-$3.72
Alleghany	5% FMV	$5.95	5% OC	$5.95
Caroline	N/A	N/A	1-4 years: 24%, then 22% min. to $400	$3.80
Carroll	N/A	N/A	1 yr. 90% OC, 85%, 80%, 70%, 60%, 50%, 40% 35%, 30% min.	$0.80
Charles City	100% FMV	$3.75	100% FMV; $200 min. value	$3.75
Charlotte	N/A	N/A	30% OC to 10% min.	$3.75
Clarke	N/A	N/A	Depreciated value x 25%	$4.496
Essex	N/A	N/A	10% OC to $100 min.	$3.75
Henry	30% OC	$1.48	1 year 97%, 87%, 77% 67% to 57% min.	$1.48
King & Queen	N/A	N/A	70% OC, less 10% each year	$1.10
Lancaster	100%	$1.52	100%	$1.52
Mathews	N/A	N/A	70% OC	$2.14
Middlesex	$200 per head	$3.50	10% OC	$3.50
Northampton	N/A	N/A	1 yr. 70% OC, 60%, 50%, 40%, 25%, 10% min.	$1.43
Northumberland	10% OC; min. $150	$3.60	10% OC	$3.60
Prince William	N/A	N/A	1 yr. 85% OC, 75%, 65%, 55%, 45%, 35%, 25%, 15%, 10% min.	$0.00001[a]
Richmond	N/A	$3.50	40% OC; min. value $100	$3.50
Rockingham	N/A	N/A	8 year, 10% str. line	$0.44
Southampton	Hogs $30/head; cows $50/head; horses $100/head	$5.00	BV to $200 min. Seasonal equip. LV	$1.95 $1.25
Sussex	Varies	$4.85	N/A	N/A
Washington	N/A	N/A	1 yr. 90% OC, 80%, 70%, 60%, 50%, 40%, 30%, 8-10: 20%, then 0%	$1.70
Westmoreland	Hogs $250/head; calf $200/head; cow $400/head; bull $600/head	$1.25	DC	$1.25
Towns (Towns that answered “not applicable” for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.)				
Cedar Bluff	N/A	N/A	Done by Tazewell Co.	$0.35
Chilhowie	N/A	N/A	Done by Smyth Co.	$0.30
Christiansburg	N/A	N/A	Done by Montgomery Co.	$0.444
Colonial Beach	N/A	N/A	Done by Westmoreland Co.	$2.60
Haysi	N/A	N/A	Done by Dickenson Co.	$0.40

N/A Not applicable.
* See bottom of last page of Table 9.10 for key to abbreviations.
[a] Rate verified by Prince William County.

Table 9.10 Tangible Personal Property Taxes for Livestock and Farm Property, 2014 (continued)

	Livestock		Farm Equipment-	
Locality	Basis	Rate/$100	Basis	Rate/$100
Towns (continued)				
Hillsville	N/A	N/A	Done by Carroll Co.	$0.72
Kilmarnock	Done by Lancaster Co.	$0.16	Done by Lancaster Co.	$0.16
	and Northumberland Co.	$0.40	and Northumberland Co.	$0.40
Lebanon	N/A	N/A	Done by Russell Co.	$0.75
Rocky Mount	Done by Franklin Co.	$0.51	Done by Franklin Co.	$0.51
Stanley	N/A	N/A	Done by Page Co.	$0.75
Stony Creek	Done by Sussex Co.	$0.60	N/A	N/A
South Hill	N/A	N/A	Done by Mecklenburg Co.	$1.05
Tappahannock	N/A	N/A	Done by Essex Co.	$1.25
Windsor	N/A	N/A	Done by Isle of Wight Co.	$0.10
Wise	N/A	N/A	Done by Wise Co.	$0.63

N/A Not applicable.

Key to Abbreviations:

BV: Book Value; DC: Depreciated Cost; FMV: Fair Market Value; LV: Loan Value; OC: Original Cost

Appendix 4: **<u>"Section 10: Machinery and Tools Tax, 2014" of the Weldon Cooper Center for Public Service publication " Tax Rates 2014," reprinted with permission of the authors</u>**

Table 10.1
Machinery and Tools Property Tax, General Information, 2014

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Cities (Note: All cities responded to this survey.)						
Alexandria	OC	IN	$4.50	1	80	$3.60
				2	70	$3.15
				3	60	$2.70
				4	50	$2.25
				5	40	$1.80
				6	30	$1.35
				7+	20	$0.90
Bristol	OC	IN	$7.00	All	11	$0.77
Buena Vista	OC	IN	$4.25	1 to 10	20	$0.85
				11 to 20	15	$0.64
				21+	10	$0.43
				Not in use	1	$0.04
Charlottesville	OC	IN	$4.20	1	25	$1.05
				2	22.5	$0.95
				3	20	$0.84
				4	17.5	$0.74
				5	15	$0.63
				6+	12.5	$0.53
Chesapeake	OC	IN	$3.12a	All	20	$0.63
Colonial Heights	OC	IN	$2.00	1	90	$1.80
				2	80	$1.60
				3	70	$1.40
				4	60	$1.20
				5	50	$1.00
				6+	40	$0.80
Covington	OC	IN	$5.52	All	15	$0.83
Danville	OC	IN	$1.50	1 to 10	20	$0.30
				11 to 15	10	$0.15
				16+	2	$0.03
Emporia	OC	IN	$5.00	All	12.5	$0.63
Fairfax	OC	IN	$4.13	1	80	$3.30
				2	70	$2.89
				3	60	$2.48
				4	50	$2.07
				5	40	$1.65
				6	30	$1.24
				7	20	$0.83
				8+	10	$0.41
Falls Church	OC	IN	$4.84	1	80	$3.87
				2	70	$3.39
				3	60	$2.90
				4	50	$2.42
				5	40	$1.94
				6	30	$1.45
				7+	20	$0.97
Franklin	OC	IN	$2.00	All	30	$0.60
Fredericksburg	OC	IN	$0.80	1	90	$0.72
				2	80	$0.64
				3	70	$0.56
				4	60	$0.48
				5	45	$0.36
				6	30	$0.24
				7+	20	$0.16
Galax	OC	IN	$1.50	All	50	$0.75
Hampton	OC	IN	$3.50	All	35	$1.23

* See the last page of Table 10.1 for key to abbreviations.
† Effective rates in different localities are not comparable unless they share the same basis of assessment and assessment ratio schedule.
a Chesapeake City adds an $0.08 per $100 mosquito district tax on its machinery and tools rate.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Cities (continued)						
Harrisonburg	OC	IN	$2.12	1	90	$1.91
				2	80	$1.70
				3	70	$1.48
				4	60	$1.27
				5	50	$1.06
				6	40	$0.85
				7+	30	$0.64
Hopewell	OC	IN	$3.05	All	25	$0.76
Lexington	OC	IN	$4.25	All	25	$1.06
Lynchburg	OC	IN	$3.00	1 to 5	30	$0.90
				6+	25.35	$0.76
Manassas	OC	IN	$2.10	1	80	$1.68
				2	70	$1.47
				3	60	$1.26
				4	50	$1.05
				5	40	$0.84
				6	30	$0.63
				7+	20	$0.42
Manassas Park	OC	IN	$3.50	1	70	$2.45
				2	60	$2.10
				3	50	$1.75
				4	40	$1.40
				5	30	$1.05
				6+	20	$0.70
Martinsville	OC	IN	$1.85	1	90	$1.67
				2	80	$1.48
				3	70	$1.30
				4	60	$1.11
				5	50	$0.93
				6	40	$0.74
				7	30	$0.56
				8+	25	$0.46
Newport News	OC	IN	$3.75	All	33.3	$1.25
Norfolk	OC	IN	$4.25	All	40	$1.70
Norton	OC	IN	$2.05	All	10	$0.21
Petersburg	OC	IN	$3.80	1	40	$1.52
				2	35	$1.33
				3	30	$1.14
				4	25	$0.95
				5+	20	$0.76
Poquoson	OC	IN	$4.15	All	30	$1.25
Portsmouth	OC	IN	$3.00	1984-current	50	$1.50
				before 1984	25	$0.75
Radford	OC	IN	$1.76	All	30	$0.53
Richmond	OC	IN	$2.30	1	90	$2.07
				2	80	$1.84
				3	70	$1.61
				4	60	$1.38
				5	50	$1.15
				6+	40	$0.92
Roanoke	OC	IN	$3.45	1	60	$2.07
				2	50	$1.73
				3	40	$1.38
				4	30	$1.04
				5+	20	$0.69

* See the last page of Table 10.1 for key to abbreviations.
† Effective rates in different localities are not comparable unless they share the same basis of assessment and assessment ratio schedule.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Nominal Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Cities (continued)						
Salem	OC	IN	$3.20	1	70	$2.24
				2	60	$1.92
				3	50	$1.60
				4	40	$1.28
				5	30	$0.96
				6+	25	$0.80
Staunton	OC	IN	$1.24	All	100[b]	$1.24
Suffolk	OC	IN	$3.15	1 to 5	20	$0.63
				6+	10	$0.32
Waynesboro	OC	IN	$3.00	1	27	$0.81
				2	25	$0.75
				3	22	$0.66
				4	20	$0.60
				5	15	$0.45
				6+	12	$0.30
Williamsburg	OC	IN	$3.50	All	30	$1.05
Winchester	OC	IN	$1.30	1	80	$1.04
				2	70	$0.91
				3	60	$0.78
				4	50	$0.65
				5	40	$0.52
				6+	30	$0.39
Counties (Note: All counties responded to this survey.)						
Accomack	OC	IN	Districts 2, 3,	1	45	$1.67
			4 & 5	2	35	$1.30
			$3.72	3	30	$1.12
				4 to 10	20	$0.74
				11+	10	$0.37
			District 6	1	45	$1.63
			$3.63	2	35	$1.27
				3	30	$1.09
				4 to 10	20	$0.73
				11+	10	$0.36
Albemarle	OC	IN	$4.28	1	25	$1.07
				2	22.5	$0.96
				3	20	$0.86
				4	17.5	$0.75
				5	15	$0.64
				6	12.5	$0.54
				7+	10	$0.43
Alleghany	OC	IN	$5.95	All	15	$0.89
Amelia	OC	IN	$1.00	1	60	$0.60
				2	45	$0.45
				3	37.5	$0.38
				4	30	$0.30
				5+	20	$0.20
Amherst	OC	IN	$2.00	All	25	$0.50
Appomattox	OC	IN	$4.60	All	12.5	$0.58
Arlington	OC	IN	$5.00	1	80	$4.00
				2	70	$3.50
				3	60	$3.00
				4	50	$2.50
				5	40	$2.00
				6	30	$1.50
				7+	20	$1.00
Augusta	OC	IN	$1.90	All	20	$0.38
Bath	OC	IN	$0.35	All	100	$0.35

* See the last page of Table 10.1 for key to abbreviations.

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[b] In the city of Staunton allows a variety of depreciation methods, including 3, 5, 7, 10, and 15 year straight-line depreciation.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Bedford	OC	IN	$1.20	1	100	$1.20
				2	95	$1.14
				3	90	$1.08
				4	85	$1.02
				5	80	$0.96
				6	75	$0.90
				7	70	$0.84
				8	65	$0.78
				9	60	$0.72
				10	55	$0.66
				11	50	$0.60
				12	45	$0.54
				13	40	$0.48
				14	35	$0.42
Bland	OC	IN	$0.89	1	95	$0.85
				2	90	$0.80
				3	85	$0.76
				4	80	$0.71
				5	75	$0.67
				6	70	$0.62
				7	65	$0.58
				8	60	$0.53
				9	55	$0.49
				10	50	$0.45
				11	45	$0.40
				12	40	$0.36
				13	35	$0.31
				14	30	$0.27
				15	25	$0.22
				16+	20	$0.18
Botetourt	OC	IN	$1.80	1 to 5	50	$0.90
				6+	42	$0.76
Brunswick	OC	IN	$3.40	All	20	$0.68
Buchanan	OC	IN	$1.95	1 to 3	80	$1.56
				4 to 6	60	$1.17
				7 to 9	40	$0.78
				10+	20	$0.39
Buckingham	OC	IN	$2.90	1 to 9	15	$0.44
				10 to 19	10	$0.29
				20+	5	$0.15
Campbell	OC	IN	$3.25	All	25	$0.81
Caroline	OC	IN	$3.50	All	20	$0.70
				Heavy Equipment:		
				1	50	$1.75
				2	45	$1.58
				3	40	$1.40
				4	35	$1.23
				5	30	$1.05
				6	25	$0.88
				7	20	$0.70
				8	15	$0.53
				9	10	$0.35
Carroll	OC	IN	$1.30	1	90	$1.17
				2	85	$1.11
				3	80	$0.98
				4	70	$0.85
				5	60	$0.72
				6	50	$0.59
				7	40	$0.52
				8	35	$0.46
				9+	30	$0.39

* See the last page of Table 10.1 for key to abbreviations.
† Effective rates in different localities are not comparable unless they share the same basis of assessment and assessment ratio schedule.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Charles City	OC	IN	$3.00	1	50	$1.50
				2	40	$1.20
				3	30	$0.90
				4	20	$0.60
				5+	10	$0.30
Charlotte	OC	IN	$3.00	1	45	$1.35
				2	40.5	$1.22
				3	36.45	$1.09
				4	32.8	$0.98
				5+	29.52	$0.89
Chesterfield	OC	IN	$1.00	1 to 10	25	$0.25
				11 to 20	20	$0.20
				20+	15	$0.15
Clarke	OC	IN	$1.25	1	50	$0.63
				2	45	$0.56
				3	40	$0.50
				4	37.5	$0.47
				5	35	$0.44
				6	32.5	$0.41
				7	30	$0.38
				8	27.5	$0.34
				9	25	$0.31
				10	22.5	$0.28
				11	20	$0.25
				12	17.5	$0.22
				13	15	$0.19
				14	12.5	$0.16
				15+	10	$0.13
Craig	OC	IN	$2.20	1	80	$1.76
				2	70	$1.54
				3	60	$1.32
				4	50	$1.10
				5	40	$0.88
				6	30	$0.66
				7	20	$0.44
Culpeper	OC	IN	$2.00	1	70	$1.40
				2	60	$1.20
				3	50	$1.00
				4	40	$0.80
				5	30	$0.60
				6+	20	$0.40
Cumberland	OC	IN	$3.75	All	20	$0.75
Dickenson	OC	IN	$1.82	1 to 3	80	$1.46
				4 to 6	60	$1.09
				7 to 9	40	$0.73
				10+	20	$0.36
Dinwiddie	OC	IN	$3.30	All	20	$0.66
Essex	OC	IN	$3.75	All	10	$0.38

* See the last page of Table 10.1 for key to abbreviations.

† Effective rates in different localities are not comparable unless they share the same basis of assessment and assessment ratio schedule.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Fairfax	OC	IN	$4.57	General		
				1	80	$3.66
				2	70	$3.20
				3	60	$2.74
				4	50	$2.29
				5	40	$1.83
				6	30	$1.37
				7+	20	$0.91
				Computer equipment		
				1	50	$2.29
				2	35	$1.60
				3	20	$0.91
				4	10	$0.46
				5	2	$0.09
Fauquier	OC	IN	$2.30	1	70	$1.61
				2	60	$1.38
				3	50	$1.15
				4	40	$0.92
				5	30	$0.69
				6	20	$0.46
				7+	10	$0.23
Floyd	OC	IN	$1.55	1	60	$0.93
				2	50	$0.78
				3	40	$0.62
				4	30	$0.47
				5+	20	$0.31
Fluvanna	OC	IN	$2.00	All	13	$0.26
Franklin	OC	IN	$0.70	1	100	$0.70
				2	90	$0.63
				3	80	$0.56
				4	70	$0.49
				5	60	$0.42
				6	50	$0.35
				7+	40	$0.28
Frederick	OC	IN	$2.00	1	60	$1.20
				2	50	$1.00
				3	40	$0.80
				4+	30	$0.60
Giles	OC	IN	$1.01	All	100	$1.01
Gloucester	OC	IN	$2.95	1 to 7	30	$0.86
				8+	10	$0.30
Goochland	OC	IN	$3.75	1 to 5	20	$0.75
				6 to 10	15	$0.56
				11+	10	$0.38
Grayson	OC	IN	$1.75	1	100	$1.75
				2	90	$1.58
				3	80	$1.40
				4	70	$1.23
				5	60	$1.05
				6	50	$0.88
				7	40	$0.70
				8+	30	$0.53
Greene	BV	IN	$2.50	All	100	$2.50
Greensville	OC	IN	$4.00	All	20	$0.80
Halifax	OC	IN	$1.26	1993-Current	50	$0.63
				1992-Prior	25	$0.32
				Idle	5	$0.06
Hanover	OC	IN	$3.57	All	10	$0.36

* See the last page of Table 10.1 for key to abbreviations.

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Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Henrico	OC	IN	$1.00	1	80	$0.80
				2	78	$0.78
				3	70	$0.70
				4	63	$0.63
				5	56	$0.56
				6 to 10	24	$0.24
				11 to 12	18	$0.18
				13 to 14	13	$0.13
				15+	7	$0.07
Henry	OC	IN	$1.48	1	97	$1.44
				2	87	$1.29
				3	77	$1.14
				4	67	$0.99
				5	57	$0.84
Highland	OC	IN	$1.00	All	5	$0.05
Isle of Wight	OC	IN	$0.70	All	100	$0.70
James City	OC	IN	$4.00	All	25	$1.00
King & Queen	OC	IN	$1.10	1	70	$0.77
				2	60	$0.66
				3	50	$0.55
				4	40	$0.44
				5	30	$0.33
				6	20	$0.22
				7+	10	$0.11
King George	OC	IN	$2.50	All	20	$0.50
King William	OC	IN	$2.25	All	25	$0.56
Lancaster	BV	IN	$1.52	1	100	$1.52
				2	90	$1.37
				3	80	$1.22
				4	70	$1.06
				5	60	$0.91
				6	50	$0.76
				7	40	$0.61
				8	30	$0.46
				9+	20	$0.30
Lee	OC	IN	$2.00	1	90	$1.80
				2	80	$1.60
				3	70	$1.40
				4	60	$1.20
				5	50	$1.00
				6	40	$0.56
				7	30	$0.42
				8+	20	$0.28
Loudoun	OC	IN	$2.75	1	50	$1.38
				2	40	$1.10
				3	30	$0.83
				4	20	$0.55
				5+	10	$0.28
Louisa	OC	IN	$1.90	All	10	$0.19
Lunenburg	OC	IN	$1.80	1 to 5	50	$0.90
				6 to 10	40	$0.72
				11 to 15	30	$0.54
				16 to 20	20	$0.36
				21+	10	$0.18

* See the last page of Table 10.1 for key to abbreviations.

† Effective rates in different localities are not comparable unless they share the same basis of assessment and assessment ratio schedule.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Madison	OC	IN	$1.67	1	90	$1.50
				2	80	$1.34
				3	70	$1.17
				4	60	$1.00
				5	50	$0.84
				6	40	$0.67
				7	30	$0.50
				8	20	$0.33
				9	10	$0.17
Mathews	BV	IN	$2.14	1 to 10	30	$0.64
				10+	10	$0.21
Mecklenburg	OC	IN	$0.66	All	80	$0.53
Middlesex	OC	IN	$1.75	All	10	$0.18
Montgomery	OC	IN	$1.82	1 to 4	60	$1.09
				5 to 7	50	$0.91
				8+	40	$0.73
Nelson	OC	IN	$1.25	1 to 5	40	$0.50
				6 to 10	30	$0.38
				11 to 15	20	$0.25
				16+	10	$0.13
New Kent	OC	IN	$1.50	1 to 3	35	$0.53
				4 to 6	30	$0.45
				7 to 10	25	$0.38
				11+	20	$0.30
				Idle	5	$0.08
Northampton	OC	IN	$2.00	1	70	$1.40
				2	60	$1.20
				3	50	$1.00
				4	40	$0.80
				5	25	$0.50
				6+	10	$0.20
Northumberland	OC	IN	$3.60	All	25	$0.90
Nottoway	OC	IN	$1.35	1 to 3	70	$0.95
				4 to 7	60	$0.81
				8+	30	$0.41
Orange	OC	IN	$1.83	1	75	$1.37
				2	70	$1.28
				3	65	$1.19
				4	60	$1.10
				5	55	$1.01
				6	50	$0.92
				7	45	$0.82
				8	40	$0.73
				9	35	$0.64
				10	30	$0.55
				11+	25	$0.46
Page	OC	IN	$2.00	All	40	$0.80

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Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Patrick	OC	IN	$1.71	1	95	$1.62
				2	85.5	$1.46
				3	77	$1.32
				4	69.3	$1.19
				5	62.3	$1.07
				6	56.1	$0.96
				7	50.5	$0.86
				8	45.4	$0.78
				9	40.9	$0.70
				10	36.8	$0.63
				11	33.1	$0.57
				12	29.8	$0.51
				13	26.8	$0.46
				14+	25	$0.43
Pittsylvania	OC	IN	$4.50	All	10	$0.45
Powhatan	OC	IN	$3.60	1	60	$2.16
				2	45	$1.44
				3	37.5	$1.35
				4	30	$1.08
				5+	20	$0.72
Prince Edward	OC	IN	$4.20	All	10	$0.42
Prince George	OC	IN	$1.50	1	60	$0.90
				2	50	$0.75
				3	40	$0.60
				4	30	$0.45
				5+	20	$0.30
Prince William	OC	IN	$2.00	1	85	$1.70
				2	75	$1.50
				3	65	$1.30
				4	55	$1.10
				5	45	$0.90
				6	35	$0.70
				7	25	$0.50
				8	15	$0.30
				9+	10	$0.20
Pulaski	OC	IN	$1.50	All	48	$0.72
Richmond	BV	IN	$0.01	All	100	$0.01
Roanoke	OC	IN	$3.00	1 to 5	25	$0.75
				6 to 10	20	$0.60
				11+	15	$0.45
Rockbridge	OC	IN	$2.55	All	10	$0.26
Rockingham	OC	IN	$2.55	1	90	$2.30
				2	80	$2.04
				3	70	$1.79
				4	60	$1.53
				5	50	$1.28
				6	40	$1.02
				7	30	$0.77
				8+	20	$0.51
Russell	OC	IN	$2.00	New to 1	90	$1.80
				2 to 3	80	$1.60
				4 to 5	70	$1.40
				6 to 7	60	$1.20
				8 to 9	50	$1.00
				10 to 15	40	$0.80
				15+	30	$0.60
Scott	OC	IN	$0.72	All	100	$0.72

N/A Not applicable.

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Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Shenandoah	OC	IN	$3.15	1	55	$1.73
				2	50	$1.58
				3	45	$1.42
				4	40	$1.26
				5	25	$0.79
				6+	10	$0.32
Smyth	OC	IN	$1.55	1	90	$1.40
				2	80	$1.24
				3	70	$1.09
				4	60	$0.93
				5	50	$0.78
				6	40	$0.62
				7	30	$0.47
				8+	20	$0.31
Southampton	OC	IN	$2.40	1	80	$1.92
				2	70	$1.68
				3	60	$1.44
				4	50	$1.20
				5	40	$0.96
				6	30	$0.72
				7	20	$0.48
				8+	10	$0.24
Spotsylvania	OC	IN	$2.50	1	50	$1.25
				2	45	$1.13
				3	40	$1.00
				4	30	$0.75
				5+	20	$0.50
Surry	OC	IN	$1.00	1	60	$0.60
				2	50	$0.50
				3	40	$0.40
				4	30	$0.30
				5+	20	$0.20
Sussex	OC	IN	$2.43	1 to 5	100	$2.43
				6 to 15	80	$1.94
				16 to 25	50	$1.22
				26+	20	$0.49
Tazewell	OC	IN	$2.00	All	100	$2.00
Warren	OC	IN	$1.30	1	70	$0.91
				2	60	$0.78
				3	50	$0.65
				4	40	$0.52
				5+	30	$0.39
Washington	OC	IN	$1.55	New	100	$1.55
				1	90	$1.40
				2	80	$1.24
				3	70	$1.09
				4	60	$0.93
				5+	50	$0.78
Westmoreland	OC	IN	$1.50	1	80.0	$1.20
				2	72.0	$1.08
				3	64.8	$0.97
				4	58.3	$0.87
				5	52.9	$0.79
				6	47.2	$0.71
				7	42.5	$0.64
				8	38.3	$0.57
				9	34.4	$0.52
				10	31.0	$0.47
				11	27.9	$0.42

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NR No reply.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Counties (continued)						
Wise	OC	IN	$1.41	1	86	$1.21
				2	72	$1.02
				3	58	$0.82
				4	44	$0.62
				5	30	$0.42
				6	16	$0.23
				7+	10	$0.14
Wythe	OC	IN	$1.50	1 to 5	50	$0.75
				6+	20	$0.30
York	OC	IN	$4.00	All	25	$1.00
Towns (Note: Towns that answered “not applicable” to all items are excluded. For a list of respondent and non-respondent towns, see Appendix B.)						
Abingdon	OC	G	$0.55	All	100	$0.55
Altavista	OC	G	$2.00	All	25	$0.50
Amherst	OC	G	$0.35	All	25	$0.09
Appalachia	OC	G	$0.70	All	100	$0.70
Appomattox	OC	…	$0.55	All	12.5	$0.07
Ashland	OC	…	$0.77	All	10	$0.08
Big Stone Gap	OC	G	$0.62	All	100	$0.62
Blackstone	OC	G	$0.65	All	100	$0.65
Bluefield	OC	G	$0.60	All	100	$0.60
Boones Mill	OC	…	$0.40	1	10	$0.04
				2	9	$0.04
				3	8	$0.03
				4	7	$0.03
				5	6	$0.02
				6	5	$0.02
				7+	4	$0.02
Boydton	OC	G	$0.47	All	100	$0.47
Bridgewater	OC	G	$0.375	1	90	$0.34
				2	80	$0.30
				3	70	$0.26
				4	60	$0.23
				5	50	$0.19
				6	40	$0.15
				7	30	$0.11
				8+	20	$0.08
Broadway	OC	G	$0.40	All	100	$0.40
Brookneal	OC	G	$1.70	1 to 10	20	$0.34
				11 to 20	15	$0.26
				21+	10	$0.17
Buchanan	OC	IN	$0.10	All	20	$0.02
Cape Charles	OC	G	$1.00	All	100	$1.00
Cedar Bluff	OC	…	$0.35	All	100	$0.35
Chase City	OC	G	$0.68	All	80	$0.54
Chatham	OC	G	$2.25	Pittsylvania County		
Chilhowie	FMV	G	$0.30	All	100	$0.30
Christiansburg	OC	G	$0.44	1 to 4	60	$0.27
				5 to 7	50	$0.23
				8+	40	$0.18
Clarksville	OC	G	$0.38	All	80	$0.30
Clifton Forge	OC	G	$6.70	Alleghany County		
				All	15	$1.00
Clintwood	BV	IN	$0.30	New to 3	80	$0.24
				4 to 6	60	$0.18
				7 to 9	40	$0.12
				10+	20	$0.06

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... No response.

Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Towns (continued)						
Colonial Beach	OC	G	$4.00	Westmoreland County		
				1	80.0	$3.20
				2	72.0	$2.88
				3	64.8	$2.59
				4	58.3	$2.33
				5	52.9	$2.12
				6	47.2	$1.89
				7	42.5	$1.70
				8	38.3	$1.53
				9	34.4	$1.38
				10	31.0	$1.24
				11	27.9	$1.12
Crewe	BV	G	$1.20	Nottoway County		
				1 to 3	70	$0.84
				4 to 7	60	$0.72
				8+	30	$0.36
Culpeper	OC	IN	$0.80	1	70	$0.56
				2	60	$0.48
				3	50	$0.40
				4	40	$0.32
				5+	30	$0.24
Damascus	OC	G	$0.52	All	100	$0.52
Dillwyn	OC	G	$0.28	All	100	$0.28
Drakes Branch	OC	G	$0.37	All	100	$0.37
Dublin	OC	G	$0.50	All	100	$0.50
Eastville	FMV	G	$0.25	All	100	$0.25
Edinburg	OC	G	$0.75	Shenandoah County		
				1	55	$0.41
				2	50	$0.38
				3	45	$0.34
				4	40	$0.03
				5	25	$0.19
				6+	10	$0.08
Floyd	BV	G	$0.25	1	60	$0.15
				2	50	$0.13
				3	40	$0.10
				4	30	$0.08
				5+	20	$0.05
Front Royal	OC	G	$0.64	1	70	$0.45
				2	60	$0.38
				3	50	$0.32
				4	40	$0.26
				5+	30	$0.19
Glen Lyn	OC	G	$0.25	All	100	$0.25
Gordonsville	OC	G	$0.24	Orange County		
				1	75	$0.18
				2	70	$0.17
				3	65	$0.16
				4	60	$0.14
				5	55	$0.13
				6	50	$0.12
				7	45	$0.11
				8	40	$0.10
				9	35	$0.08
				10	30	$0.07
				11+	25	$0.06
Gretna	OC	G	$2.00	All	10	$0.20

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Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Towns (continued)						
Grottoes	OC	G	$0.38	Rockingham County		
				1	90	$0.34
				2	80	$0.30
				3	70	$0.27
				4	60	$0.23
				5	50	$0.19
				6	40	$0.15
				7	30	$0.11
				8+	20	$0.08
Halifax	OC	G	$0.50	All	15	$0.08
Hamilton	OC	G	$1.10	1	50	$0.55
				2	40	$0.44
				3	30	$0.33
				4	20	$0.22
				5+	10	$0.11
Haymarket	BV	IN	$0.60	1	85	$0.51
				2	75	$0.45
				3	65	$0.39
				4	55	$0.33
				5	45	$0.27
				6	35	$0.21
				7	25	$0.15
				8	15	$0.09
				9+	10	$0.06
Haysi	OC	G	$0.40	1 to 3	80	$0.32
				4 to 6	60	$0.24
				7 to 9	40	$0.16
				10+	20	$0.08
Hillsville	OC	G	$0.72	1	90	$0.65
				2	85	$0.61
				3	80	$0.58
				4	70	$0.49
				5	60	$0.43
				6	50	$0.36
				7	40	$0.29
				8	35	$0.25
				9+	30	$0.22
Independence	OC	G	$0.63	All	10	$0.06
Keysville	OC	G	$0.60	All	100	$0.60
Kilmarnock	OC	G	$0.16	All	100	$0.16
La Crosse	OC	G	$0.24	All	80	$0.19
Lawrenceville	OC	G	$1.80	All	20	$0.36
Lebanon	OC	G	$0.75	All	100	$0.75
Leesburg	FMV	G	$1.00	1	50	$0.50
				2	40	$0.40
				3	30	$0.30
				4	20	$0.20
				5+	10	$0.10
Luray	OC	G	$0.40	All	100	$0.40
Marion	OC	G	$0.35	All	100	$0.35
Narrows	OC	G	$0.469	All	12.5	$0.06
New Market	OC	G	$0.80	New	100	$0.80
				1	80	$0.64
				2	70	$0.56
				3	55	$0.44
				4	40	$0.32
				5	25	$0.20
				6+	10	$0.08

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Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Towns (continued)						
Orange	OC	G	$0.066	1	80	$0.05
				2	76	$0.05
				3	72	$0.05
				4	68	$0.49
				5	64	$0.04
				6	60	$0.04
				7	56	$0.04
				8	52	$0.03
				9	48	$0.03
				10	44	$0.03
				11+	40	$0.03
Pearisburg	FMV	G	$0.469	All	100	$0.47
Pembroke	BV	G	$0.313	Giles County		
				All	100	$0.31
Pennington Gap	OC	G	$0.25	All	100	$0.25
Pound	OC	G	$0.44	All	100	$0.44
Pulaski	OC	G	$0.80	Pulaski County		
				All	48	$0.38
Purcellville	OC	G	$0.55	Loudoun County		
				1	50	$0.28
				2	40	$0.22
				3	30	$0.17
				4	20	$0.11
				5+	10	$0.06
Rocky Mount	OC	G	$0.17	1	100	$0.17
				2	90	$0.15
				3	80	$0.14
				4	70	$0.12
				5	60	$0.10
				6	50	$0.09
				7+	40	$0.07
Round Hill	OC	G	$1.15	Loudoun County		
				1	50	$0.58
				2	40	$0.46
				3	30	$0.35
				4	20	$0.23
				5+	10	$0.12
Rural Retreat	OC	G	$0.15	1 to 5	50	$0.08
				6+	20	$0.03
Saint Paul	OC	G	$0.31	All	100	$0.31
Saltville	OC	G	$0.75	All	100	$0.75
Smithfield	OC	G	$0.15	All	100	$0.15
South Boston	OC	G	$0.31	All	15	$0.05
South Hill	OC	G	$0.38	Mecklenburg County		
				All	80	$0.30
Stanley	OC	G	$0.75	Henry County		
				1	97	$0.73
				2	87	$0.65
				3	77	$0.58
				4	67	$0.50
				5	57	$0.43
Stony Creek	BV	G	$0.60	All	100	$0.60

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Table 10.1 Machinery and Tools Property Tax, General Information, 2014 (continued)

Locality	Basis of Assessment*	Assessment Type*	Statutory Rate Per $100	Assessment Year	Assessment Ratio (%)	Effective Rate Per $100†
Towns (continued)						
Strasburg	OC	G	$0.86	Shenandoah County		
				1	55	$0.47
				2	50	$0.43
				3	45	$0.04
				4	40	$0.03
				5	25	$0.22
				6+	10	$0.09
Surry	OC	IN	$0.60	All	100	$0.60
Tappahannock	OC	G	$1.00	All	10	$0.10
Timberville	OC	G	$0.30	All	100	$0.30
Victoria	OC	G	$0.75	All	33.3	$0.25
Vinton	OC	G	$1.00	1 to 5	25	$0.25
				6 to 10	20	$0.20
				11+	15	$0.15
Wakefield	FMV	C	$0.86	All	100	$0.86
Warrenton	OC	G	$1.00	1	70	$0.70
				2	60	$0.60
				3	50	$0.50
				4	40	$0.40
				5	30	$0.30
				6	20	$0.20
				7+	10	$0.10
Warsaw	BV	G	$0.60	All	100	$0.60
Waverly	OC	IN	$1.06	1 to 5	50	$0.53
				6 to 15	40	$0.44
				16 to 25	25	$0.27
				26+	10	$0.11
West Point	OC	G	$2.40	King William County		
				All	25	$0.60
Windsor	OC	G	$0.10	Isle of Wight County		
				All	100	$0.10
Wise	OC	G	$0.63	All	100	$0.63
Woodstock	OC	G	$0.90	1	80	$0.72
				2	70	$0.63
				3	55	$0.50
				4	40	$0.36
				5	25	$0.23
				6+	10	$0.09
Wytheville	OC	G	$0.28	1 to 5	50	$0.14
				6+	20	$0.06

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Key to abbreviations:

Basis of assessment: BV: Book Value; FMV: Fair Market Value; OC: Original Cost

Assessment type: C: Contracted Out; G: County Government; IN: In-House

Appendix 5: Sample Audit Program Checklist – Property Taxes

OFFICE OF THE COMMISSIONER OF THE REVENUE

Property

	Initial	Date	W/P Ref
I. DETERMINE OR CONFIRM CLASSIFICATION	______	______	______
II. CONDUCT SITE INSPECTION			
a. Document assets observed	______	______	______
b. Inquire as to use of assets	______	______	______
If taxpayer is manufacturer or processor, document use	______	______	______
c. Select assets for detail tracking (to other financial data)	______	______	______
d. Identify any assets which may be real estate	______	______	______
Document how asset is affixed to real prop	______	______	______
e. Inquire re: assets which may be located off-site	______	______	______
Inspect, if necessary	______	______	______
f. Inquire re: policy/methods for keeping track of assets	______	______	______
III. DISPOSAL AND CAPITALIZATION POLICY			
Discuss with taxpayer:			
a Frequency of review of depreciation schedules	______	______	______
b Disposal policies (how documented, controlled, etc)	______	______	______
c Policies for expensing v. capitalizing assets (ex: dollar cut-off)	______	______	______
IV. FINANCIAL DATA REVIEW			
a. Compile data from federal income tax returns			
1 Record all property information	______	______	______
2 Obtain detailed depreciation schedule supporting return	______	______	______
3 Review form 4562 (Depreciation)	______	______	______
Document deprecation taken	______	______	______
Document any asset detail availble from form	______	______	______
4 Review form 4797 (Sale of Business Assets)	______	______	______
Document detail of any assets sold	______	______	______
5 Record name, etc of preparer	______	______	______
b. Compile financial statement data			
1 Record any asset detail available	______	______	______
2 Record beginning and ending balances of all property accounts	______	______	______
3 Review expenses for accounts which may include potential assets	______	______	______
4 Note any liabilities which may pertain to leases/loans for assets	______	______	______
5 Record name, etc of preparer	______	______	______
6 Review notes to financial statements for any relevant comments	______	______	______
7 If audited, note type of opinion & any (relevant) exceptions*	______	______	______
(* May be necessary to inquire of auditor specific procedures related to assets, such as inspection, disposals, classification, etc)			
c. Review chart of accounts			
1 Document all property accounts	______	______	______
2 Familarize self with organization of system	______	______	______
3 Familarize self with account names, numbers & descriptions	______	______	______

d. Review general ledger
   1 Review all accounts, both balance sheet and expense, related to assets
   2 Investigate any material, unexplained postings

e. Reconcile orginal cost per tax return, per financials & per gen ledger

f. Review lease agreements
   1 Document type of lease
   2 Document terms of lease
   3 Document description of leased asset
   4 Document cost of asset
   5 Document any information related to ownership

g. Detail test options
   1 Review purchase logs and/or insurance listings
   2 Review purchase invoices and track through system
   Document and investigate any trade-in information

V. **PREPARE SUMMARY SCHEDULE**,Compare findings to filings & any adjs.

   1 Assessed value adjustments of less than $100 per year must be documented, but will not be pursued.
   2 If more than one taxpayer owns the property (ex: lessors), separate summaries should be prepared for each; If necessary a separate file should also be created if necessary.