

HB 2627 -- RELATING TO PERSONAL PROPERTY TAXES

SPONSOR: Taylor (48)

Currently, local County Assessors determine the value of new construction and improvements of both real and personal property by maintaining a yearly record of increases in valuation for each political subdivision in the county that results from new construction or improvements. The aggregate increase in valuation of personal property for the current year over that of the previous year is the equivalent of the new construction and improvements factor for personal property.

Beginning January 1, 2027, any increase in the aggregate valuation of personal property for the current year over that of the previous year cannot be counted as new construction.

This bill allows a taxing authority to establish a proration program for payments of personal property on totaled motor vehicles. The taxing authority may award a prorated property tax credit during the tax year to reduce the total personal property tax owed on a totaled motor vehicle and claimed against the amount of personal property tax due at the end of the same tax year.

The prorated property tax credit must be prorated on a monthly basis. The amount of the credit is determined by a ratio, where the numerator must be the number of full months from the date of disposition of the totaled motor vehicle continuing through the close of the tax year, and the denominator is 12. The prorated property tax credit is nonrefundable but may reduce the tax liability to zero.

A taxpayer may apply for this program if:

(1) The totaled vehicle was owned, registered, and titled under the taxpayer's name as of January 1 of the tax year in which the vehicle was totaled; or if owned by a business, the name of the business or authorized agent;

(2) The totaled vehicle was included on the local taxing entity's tax roll, and the taxpayer was liable for personal property taxes on the totaled vehicle;

(3) The taxpayer was up to date on all state and local taxes and fees owed on the totaled vehicle; and

(4) The title on the totaled vehicle has been transferred to the insurance company and is no longer titled or registered to the taxpayer nor in the taxpayer's possession; if a taxpayer who participates in this program purchases a replacement vehicle during the same tax year that the taxpayer's vehicle was totaled and he or she received a prorated property tax credit, the replacement vehicle will not be included in the tax rolls for that tax year to offset the property tax liability. Taxation of the replacement vehicle must follow the normal assessment procedures.

If a taxpayer repurchases a totaled vehicle through a salvage certificate of title and operates or maintains the salvaged motor vehicle, it will be taxed in accordance with the statutory assessment standards provided by general law and will not qualify for the prorated property tax credit.

A taxing entity must adopt a personal property tax proration program by way of an ordinance. The ordinance must include the following:

- (1) Procedures and deadlines for application and participation in the program, as well as required documentation, as specified in the bill;
- (2) Procedures for verification and record keeping of the prorated property tax credit amount, as well as the amount of personal property tax to be modified;
- (3) Creation of a form for use by taxpayers;
- (4) Procedures for the crediting of the amount of the prorated property tax credit toward the taxpayer's personal property taxes; and
- (5) Any other provision the taxing entity deems reasonable and necessary to implement and carry out the program.

The taxing entity may by ordinance establish rules and procedures for the program and must make the information regarding the program available to the taxpayers.

A taxpayer who participates in the program will not have his or her right to protest the amount of the tax payments affected.