



June 2, 2010

Mr. Raymond S. Wacks
Chairman
Maryland Business Tax Reform Commission
80 Calvert Street
POB 466
Annapolis, MD 21404-0466

Dear Mr. Wacks:

At the January 25 meeting of the Commission's Subcommittee on Business Incentives in the Tax Code, members asked some questions about Maryland's personal property tax and a comparison to those of certain neighboring jurisdictions. This letter seeks to provide some follow-up to those questions.

In general, the tax rate applied to personal property in Maryland is less than that employed in the District of Columbia and the local governments in Northern Virginia. Maryland's effective tax rate on personal property is a factor of 2.5 times that applied to real property – with a median tax rate among Maryland counties of \$2.35 per \$100 of assessed value (applying additional municipal taxes is a more complicated exercise, but in some areas that would present some additional tax rate). The comparable rate for personal property in the District of Columbia is \$3.40 per \$100, and in several counties in Northern Virginia rates range from \$3.70 to \$5.00 per \$100. In short, merely comparing tax rates suggests a substantially lower tax burden in Maryland jurisdictions compared to those toward the immediate south.

A fair comparison of tax burden would also include some recognition of the breadth of application of the taxes, where the comparisons are less straightforward. **Attachment 1** to this letter includes some narrative on the application of these taxes in each jurisdiction, but this likely falls short of a more rigorous tax incidence analysis, that likely exceeds the technical capacity of our organization. Regardless, Maryland includes a series of broad exemptions from the personal property taxes applied on businesses (see **Attachment 2**) which substantially narrows the effective base of this tax as well. Further, while the Subcommittee's nominal focus is business tax effects; it is worth noting that other jurisdictions (including both DC and VA) apply personal property taxes to at least some individually owned-property, while Maryland does not.

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For further background, I have attached some additional information that may be of use to the Subcommittee members. **Attachment 3** is Virginia's personal property tax return form, detailing the range of materials and equipment to which the tax applies. **Attachment 4** is an excerpt from Arlington County, Virginia's Personal Property Tax information, including a "frequently asked questions" about the tax application and administration. **Attachment 5** details the Virginia Department of Motor Vehicles' qualifications for tax relief from the personal property tax applied to individually owned vehicles. **Attachment 6** is an excerpt from a website detailing current tax rates in the Northern Virginia counties, in each case substantially higher than those in any Maryland jurisdiction in the suburban area. Finally, **Attachment 7** provides overview information regarding the District of Columbia's tax system.

I hope that this information proves useful to the Committee in its deliberations. Please contact me if I may be of any further assistance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael Sanderson", written in a cursive style.

Michael Sanderson
Executive Director

Attachment 1

Summary of personal property tax application from Bankrate.com:

VIRGINIA

- Tangible personal property also is taxed at the local level and is based on a percentage or percentages of original cost.
- Tangible personal property includes, but is not limited to, machinery and equipment, furniture, fixtures and trucks and automobiles. Residents must file Form 762, Return of Tangible Personal Property, Machinery and Tools, and Merchants' Capital, by May 1.
- Contact information for the personal property tax assessment and collection agencies across Virginia is available on the state's Department of Motor Vehicles Web site.

DISTRICT OF COLUMBIA

- Property assessments are conducted by the Assessment Division, Real Property Tax Administration, Office of Tax and Revenue.
- There are three classes of real property in the District of Columbia. Class 1 is residential real property including multifamily. Class 2 is commercial and industrial real property including hotels and motels. Class 3 is vacant real property. Owner-occupied residential property, known as Class 1 property, is taxed at a lower rate than property in other classes.
- The tax rate is the amount of tax on each \$100 of the assessed value of the property. Rates differ for each class of property. The rates are established by the Council of the District of Columbia and may change from year to year. Check current rates at the Office of Tax and Revenue Web site.
- Property tax bills are mailed twice a year. The first half of your bill is mailed in February, and the tax payment is due by March 31. The second half of your bill is mailed in August, and the tax payment is due Sept. 15. Penalties and interest are charged for late payments.

SECTION 4 - PROPERTY TAXES

The property tax remains the largest single source of revenue for county government. This section is divided into four parts—the first detailing property tax rates in the counties, the second showing aggregate data for all property, followed by two segments containing individual data for the two major classes of property—real and personal.

Tax Rates

Table 4.1 shows a history of county property tax rates from FY 2000 to FY 2010. The rates shown are county-wide tax rates that apply to all non-municipal areas. In some counties, municipal residents enjoy a “tax differential,” resulting in a lower county tax rate within the municipality to reflect services provided by the municipal government.

In many counties, there are special taxing districts that levy property taxes for identified purposes—Table 4.1 reflects only special taxes that are “county-wide” in nature, and does not include taxes levied only in special service areas. For Montgomery County, which employs a variety of special service taxes, tax rates shown include county-wide special assessments, but do not include any of the district-wide taxes levied in various parts of the county.

Table 4.2 compares property tax rates and constant yield tax rates for Fiscal Years 2006 through 2010. Pursuant to Section 2-205 of the Tax-Property Article of the Maryland Annotated Code, on or before February 14 of each year, the State Department of Assessments and Taxation (SDAT) notifies each county and Baltimore City of its “constant yield tax rate.” This rate represents a tax rate sufficient to provide the same property tax revenue as was generated in the previous taxable year. SDAT calculates the constant yield tax rate by using the estimated full assessable base as of the date of finality of the next taxable year, exclusive of properties appearing for the first time on the assessment records.

All Property (Real and Personal Combined)

Table 4.3 shows the estimated Fiscal Year 2010 total assessable base for county tax purposes. Assessable base is the total assessed value of all taxable real and personal property in the county. By Maryland state law in place until October 1, 2000, the assessed value of real property was 40% of cash value, the assessed value of personal property is 100% of cash value. The assessable base shown is the total of that amount.

Technically, real property assessments have been altered by recent legislation passed by the General Assembly. The 2000 “Truth in Taxation” law required full-value assessment of real property, abandoning the previous 40% assessment ratio. Data presented has been adjusted to fairly reflect assessments before and after this change.

Montgomery County, with a \$174.1 billion base, has the largest property tax assessable base among the 24 subdivisions. It is followed by Prince George's County, Baltimore County, Anne Arundel County, Howard County, and Baltimore City respectively. Somerset County's assessable base, at \$1.75 million, is the smallest of the subdivisions.

Table 4.4 shows each jurisdiction's total assessable yield (real and personal property) and growth for Fiscal Years 2006 through 2010.

Real Property

Table 4.5 compares each jurisdiction relative to the real property assessable base in Fiscal Year 2010. Specifically, counties are ranked based upon their total FY 2010 real property assessable base and their per capita base. Amounts representing the per capita real property assessable base in each jurisdiction are included. (*see note above regarding the transition to full value assessment of real property*)

Montgomery, Prince George's and Baltimore Counties represent the top three jurisdictions (from largest to smallest) with respect to total real property assessable base. However, for per capita real property assessable base, the top two jurisdictions are Worcester County and Talbot County.

Table 4.6 reflects the net real property tax yields for Fiscal Years 2006 through 2010. Highlighted is the change in total net revenues generated from each subdivision's real property from FY 2009 to FY 2010. Net indicates the estimate after adjustments for additions and abatements, discounts, credits, penalties and interest, collections for prior year, etc.

Personal Property

In accordance with legislation enacted during the 1967 Session of the General Assembly, the political subdivisions are permitted to exempt personal property from property taxation, either partially or completely.

Table 4.7 lists the current exempt status for three categories of personal property by subdivision. Not shown is the treatment of furniture, fixtures and equipment. Previous versions of this publication detailed the county exemptions for farm implements and livestock—but both are exempted in every jurisdiction by current state law. Twenty one counties offer 100% exemptions for all three categories shown. In addition, five counties (Frederick, Garrett, Kent, Queen Anne's, and Talbot) levy no personal property tax. The three remaining subdivisions do not offer 100% exemption in all categories, but offer exemptions ranging from 0% to 65% for various commercial inventory, manufacturing inventory and machinery. No county taxes all categories of personal property at full value.

Further, it should be noted that many of the subdivisions grant special exemptions or credits to targeted, new and/or expanding industries, which are not reflected in this analysis.

Table 4.8 compares jurisdictions relative to the personal property assessable base in FY 2009. Counties are ranked in this table with respect to total personal property assessable base and per capita base in FY 2010.

Table 4.9 shows the historic and estimated yields from personal property taxes for each county. The personal property tax, is applied differently by different counties (see Table 4.7), including counties levying no personal property tax at all, and some counties levying no personal property tax on businesses, but applying the personal property tax rate to utility and railroad property. Yields from FY 2006 to FY 2009 are shown, along with estimated yields for FY 2010.

TABLE 4.1
COUNTY PROPERTY TAX RATES (NON-MUNICIPAL AREAS)
FOR FISCAL YEARS 2000 THROUGH 2010

COUNTY	FY 2000	FY 2001 original	FY 2001 adjusted	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
ALLEGANY	2.47	2.46	0.98	0.98	0.98	1.000	1.001	1.0007	0.983	0.9829	0.9829	0.983
ANNE ARUNDEL	2.36	2.40	0.96	0.96	0.95	0.955	0.941	0.931	0.918	0.891	0.888	0.876
BALTIMORE CITY	5.82	5.82	2.33	2.33	2.33	2.328	2.328	2.308	2.288	2.268	2.268	2.268
BALTIMORE COUNTY	2.855	2.855	1.142	1.115	1.115	1.115	1.115	1.115	1.100	1.100	1.100	1.100
CALVERT	2.23	2.23	0.89	0.89	0.89	0.892	0.892	0.892	0.892	0.892	0.892	0.892
CAROLINE	2.38	2.38	0.95	0.95	0.95	0.952	0.952	0.910	0.870	0.870	0.870	0.870
CARROLL	2.62	2.62	1.048	1.048	1.048	1.048	1.048	1.048	1.048	1.048	1.048	1.048
CECIL	2.45	2.45	0.98	0.98	0.98	0.980	0.980	0.980	0.960	0.960	0.960	0.940
CHARLES	2.49	2.49	1.00	1.02	1.02	1.016	1.026	1.026	1.026	1.026	1.026	1.026
DORCHESTER	2.18	2.18	0.87	0.88	0.88	0.930	0.930	0.920	0.896	0.896	0.896	0.896
FREDERICK	2.26	2.26	0.90	1.00	1.00	1.000	1.000	1.000	0.936	0.936	0.936	0.936
GARRETT	2.59	2.59	1.04	1.04	1.04	1.036	1.036	1.000	1.000	1.000	1.000	0.990
HARFORD	2.73	2.73	1.09	1.09	1.09	1.092	1.092	1.082	1.082	1.082	1.082	1.082
HOWARD	2.61	2.61	1.04	1.04	1.04	1.044	1.044	1.044	1.014	1.014	1.014	1.014
KENT	2.33	2.53	1.01	1.01	1.01	1.012	1.012	0.992	0.972	0.972	0.972	0.972
MONTGOMERY	2.258	2.253	0.901	0.901	0.910	0.9140	0.9020	0.8560	0.8120	0.812	0.818	0.826
PRINCE GEORGES	2.41	2.41	0.96	0.962	0.962	0.960	0.960	0.960	0.960	0.960	0.960	0.960
QUEEN ANNE'S	2.19	2.44	0.98	0.98	0.98	0.976	0.926	0.870	0.800	0.770	0.770	0.770
ST. MARY'S	2.08	2.27	0.908	0.908	0.908	0.908	0.878	0.872	0.857	0.857	0.857	0.857
SOMERSET	2.15	2.45	0.98	0.98	1.01	1.010	1.010	0.990	0.940	0.940	0.920	0.900
TALBOT	1.39	1.39	0.56	0.56	0.55	0.553	0.540	0.520	0.500	0.475	0.449	0.432
WASHINGTON	2.31	2.37	0.95	0.95	0.95	0.948	0.948	0.948	0.948	0.948	0.948	0.948
WICOMICO	2.25	2.71	1.08	1.07	1.05	1.041	1.025	0.993	0.942	0.881	0.814	0.759
WORCESTER	1.74	1.74	0.70	0.73	0.73	0.730	0.730	0.700	0.700	0.700	0.700	0.700

NOTE: Many counties levy special service property taxes by district. Except as noted below, those taxes are in addition to those represented on this table.

FY 2001 rates show both the original rate set by the county government and the equivalent adjusted rate following the mid-year conversion to full-value assessment

Source: Maryland Association of Counties, Budget and Tax Rate Survey, November 2009 and prior year survey data

TABLE 4.7
TAXATION OF PERSONAL PROPERTY ¹
 (Expressed As The Percentage Exempt From Local Taxation)
 Fiscal Year 2010

SUBDIVISION	COMMERCIAL INVENTORY	MANUFACTURING and R&D	
		INVENTORY	MACHINERY
ALLEGANY	100	100	100
ANNE ARUNDEL	100	100	100
BALTIMORE CITY ²	100	100	100
BALTIMORE COUNTY	100	100	100
CALVERT	100	100	100
CAROLINE	100	100	100
CARROLL	100	100	100
CECIL	100	100	100
CHARLES	100	100	100
DORCHESTER	100	100	100
FREDERICK ³	100	100	100
GARRETT ³	100	100	100
HARFORD	100	100	100
HOWARD	100	100	100
KENT ³	100	100	100
MONTGOMERY	100	100	100
PRINCE GEORGE'S ²	100	100	100
QUEEN ANNE'S ³	100	100	100
ST. MARY'S	100	100	100
SOMERSET	100	100	0
TALBOT ³	100	100	100
WASHINGTON	100	100	100
WICOMICO	65	100	0
WORCESTER	100	100	0

¹ State law has exempted all farm implements and livestock, therefore they are no longer presented here.

² Exemption for machinery includes pasteurizing & laundries.

³ Assesses no other personal property tax.

Source: Department of Assessments and Taxation, July 1, 2009

RETURN OF TANGIBLE PERSONAL PROPERTY, MACHINERY AND TOOLS, AND MERCHANTS' CAPITAL — FOR LOCAL TAXATION ONLY

Please print

Name		Name of wife or husband		Your social security number or FEIN	
Home address		Number and street or rural route		Spouse's social security number	
City, town or post office		State		ZIP Code	
				County or City	
				District, Ward or Town	

PART I TANGIBLE PERSONAL PROPERTY

1. Motor vehicles * Leased vehicles for business use do not qualify for the personal property tax reduction.	Business Use Yes or No	Trade Name of Motor Vehicle	Year	Model or Series	No. Cylinders or Tonnage	Date Acquired	Number Owned	Air Cond. Yes or No	Fair Market Value as Listed by Taxpayer	Fair Market Value as Ascertained by Commissioner of the Revenue
(a) Automobiles (not daily rental passenger cars)										
VIN:										
(b) Motorcycles										
(c) Trucks										
(d) Tractors and trailers										
(e) Antique motor vehicles										
(f) All other motor vehicles and motor homes										
2. Manufactured (mobile) offices, campers, travel trailers and recreational camping trailers										
Manufacturer	Year	Model or Series		Length and Width	Date Acquired	Number Owned	Cost			
3. Manufactured (mobile) homes (see instructions on back)										
Manufacturer	Year	Model or Series		Length and Width	Date Acquired	Number Owned	Cost			
4. Boats and Watercraft (Assess the value of all property which pertains to craft (§58.1-3500))										
	Over 5 Tons	Under 5 Tons	Manufacturer	Year	Type	Length and Horsepower	Date Acquired	Number Owned	Cost	
(a) Used for recreation and pleasure only										
(b) Boat trailers, etc.										
(c) Other										
5. Aircraft										
(a) Aircraft owned by scheduled air carriers with seating capacity of no more than 50 persons			Manufacturer	Year	Model or Series	Date Acquired	Number Owned	Cost		
(b) All other aircraft and flight simulators										
6. Motor vehicles owned/leased by auxiliary police officers, members or auxiliary members of a volunteer rescue squad or fire department (§§58.1-3506.15, 58.1-3506.16, 58.1-3506.20)										
7. Motor vehicles owned by a nonprofit organization (§58.1-3506.17)										
8. Heavy construction machinery (attach schedule)										
9. Business furniture and listings not returnable as part of merchants' capital or if not defined as intangible personal property (§58.1-1100).										
10. Furniture and office equipment, including books, used in practicing a profession.										
11. Tools, hand or power, including woodworking equipment and metal lathes										
12. Farming implements, including gas engines, electric motors, etc., threshing machines, corn huskers, feed cutters, combines, harvesters, blowers, plows, harrows, rakes, mowers, animal drawn vehicles, peanut pickers, etc.										
13. Tangible personal property used in research and development business.										
14. Tangible personal property, leased, loaned or otherwise made available from federal, state or local government.										
15. Tangible personal property consisting of programmable computer equipment and peripherals used in business										

PART II MACHINERY AND TOOLS (see instructions on back)

	Date Acquired	Original Capitalized Cost	Value as Listed by Taxpayer	Value as Ascertained by Commissioner of the Revenue
16. Machinery and tools.				
17. Energy conversion equipment of MANUFACTURERS (§58.1-3506)				

PART III MERCHANTS' CAPITAL (see instructions on back)

	Value as Listed by Taxpayer	Value as Ascertained by Commissioner of the Revenue
18. Inventory of stock on hand.		
19. Daily rental passenger cars		
20. All other taxable merchants' capital		
21. Total taxable merchants' capital (add lines 18, 19 and 20)		

PART IV OTHER TANGIBLE PERSONAL PROPERTY

22. Total amount of Part IV from line 31 on the back of the return		
23. All other tangible personal property not specifically enumerated on this return		
24. Total (add lines 1-17, 21, 22 and 23)		

NOTES OR COMMENTS:

PART IV OTHER TANGIBLE PERSONAL PROPERTY		Fair Market Value as Listed by Taxpayer	Fair Market Value as Ascertained by Commissioner of the Revenue
25. (a) Horses, mules and other kindred animals	Number Owned		
(b) Cattle			
(c) Sheep and goats			
(d) Hogs			
(e) Poultry — chickens, turkeys, ducks, geese, etc.			
(f) Equipment used by farmers or cooperatives to produce ethanol derived primarily from farm products			
(g) Grains and other feeds used for the nurture of farm animals			
(h) Grain, tobacco and other agricultural products in the hands of a producer			
(i) Equipment and machinery used by farm wineries in the production of wine			
26. Felled timber, ties, poles, cord wood, bark and other timber products			
27. (a) Refrigerators, deep freeze units, air conditioners and automatic refrigerating machinery			
(b) Vacuum cleaners, sewing machines, washing machines, dryers and all other household machinery			
(c) Pianos and organs, television sets, radios, phonographs and records and all other musical instruments			
(d) Watches and clocks and gold and silver plates and plated ware			
(e) Oil paintings, pictures, statuary, and other works of art \$ _____ books \$ _____			
(f) Diamonds, cameos and other precious stones and precious metals used as ornaments or jewelry			
(g) Sporting and photographic equipment			
(h) Firearms and weapons of all kinds			
(i) Bicycles and lawn mowers, hand or power			
(j) Household and kitchen furniture (state number of rooms _____)			
28. Seines, pound nets, fykes, weirs and other devices for catching fish			
29. Poles, wires, switchboards, etc., telephone or telegraph instruments, apparatus, etc., owned by any person, firm, association or company not incorporated			
30. Toll bridges, turnpikes and ferries (except steam ferries owned and operated by chartered company)			
31. Total of Part IV (add lines 25 through 30 and enter on line 22)			

GENERAL INSTRUCTIONS: Complete Form 762, reporting property which you owned on January 1, 2010, then file it with the Commissioner of the Revenue of the County or City generally on or before May 1, 2010. Since some localities have due dates other than May 1, you may want to contact your local office to be sure of the proper due date. Write the word "None" opposite each item of property which you do not own. No property is assessable as tangible personal property if defined by §58.1-1100 as intangible personal property. If additional space is needed, attach a separate schedule.

Note: If your motor vehicle is considered by State Law to have a business usage, it does not qualify for Car Tax Relief. Your vehicle is classified as having business usage if any of the following circumstances apply: 1) more than 50% of the mileage for the year was reported as a business expense for Federal Income Tax purposes or reimbursed by an employer; 2) more than 50% of the depreciation associated with the vehicle is deducted as a business expense for Federal Income Tax purposes; 3) the cost of the vehicle is expensed pursuant to Section 179 of the IRC; or 4) the vehicle is leased by an individual and the leasing company pays the tax without reimbursement from the individual.

DEFINITION OF MANUFACTURED HOMES (ALSO KNOWN AS MOBILE HOMES) FOR PART I, LINE 3

"Manufactured home" means a structure subject to federal regulation, which is transportable in one or more sections; is eight body feet or more in width and 40 body feet or more in length in the traveling mode, or is 320 or more square feet when erected on site; is built on a permanent chassis; is designed to be used as a single-family dwelling, with or without a permanent foundation, when connected to the required utilities; and includes the plumbing, heating, air-conditioning, and electrical systems contained in the structure (§36-85.3, *Code of Virginia*). "Manufactured homes" are also known as "mobile homes."

INFORMATION FOR PART II, MACHINERY AND TOOLS

If you are engaged in a manufacturing, mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry business, report all machinery and tools used in manufacturing, mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry business, such machinery and tools being segregated by §58.1-3507, *Code of Virginia*, as amended for local taxation exclusively, and each county, city and town being required to make a separate classification for all such machinery and tools.

INFORMATION FOR PART III, MERCHANTS' CAPITAL

If you are a merchant and if locality taxes the capital of merchants, report all other taxable personal property of any kind whatsoever, except money on hand and on deposit and except tangible personal property not offered for sale as merchandise, which tangible personal property should be reported as such on front of this return under the heading "TANGIBLE PERSONAL PROPERTY."

FOR EXECUTORS, ADMINISTRATORS, TRUSTEES, COMMITTEES, GUARDIANS AND OTHER FIDUCIARIES

If this is the return of tangible personal property, machinery and tools, or merchants' capital in the hands of an executor, administrator, trustee, committee, guardian or other fiduciary, such fiduciary must complete so much of both pages of this return as pertains to such property and, in addition, supply the information called for below:

- 1. Character of Fiduciary: Executor Administrator Trustee Committee Guardian Other
- 2. Name of Estate, Trust or Ward _____

DECLARATION OF TAXPAYER

(Specify)

I declare that the statement and figures submitted on both pages of this return are true, full and correct to the best of my knowledge and belief. I certify that unless otherwise indicated as business use, the vehicles listed herein are for personal use.

NOTE — It is a misdemeanor for any person willfully to subscribe a return which he does not believe to be true and correct as to every material matter (*Code of Virginia* §58.1-11).

Report Problems

- [Potholes, Sidewalk, Curb/Gutter](#)
- [Broken Meters | Streetlights](#)
- [Missed Trash Pick-Up](#)
- [Site Plan/Zoning Violation Complaints](#)
- [Cable TV Complaint Form](#)
- [Website Problems](#)
- [Report Drug Activity](#)
- [Restaurants](#)

Building & Construction

- [Track Construction Projects](#)
- [Check Permits](#)
- [Inspections - Schedule/Check](#)

Find Things & Get Connected

- [Search Contract Awards](#)
- [Register to Bid](#)
- [County Maps](#)
- [Your Fire Station | Your Polling Place](#)
- [Volunteer Opportunities](#)
- [Real Estate Assessments](#)
- [Check Out/Reserve Books](#)
- [Subscribe to e-Newsletters](#)
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Commissioner of Revenue

Vehicle Personal Property Tax Information

[En español](#)

For any questions concerning decal fees or problems, please contact the [Arlington County Treasurer's Office](#) at 703-228-4000.

PERSONAL PROPERTY TAX ON VEHICLES

Arlington County taxes all vehicles located in the county. Virginia state law gives the Commissioner of Revenue the duty of assessing vehicles and administering the tax. The Arlington County Board sets the tax rate each spring. The tax rate for tax year 2009 is \$5.00 per \$100.00 of the assessed value.

Q. Why have personal property taxes changed?

A. In 2006 there were significant changes to the vehicle tax relief and the personal property tax rate. For more

information, [click here](#) (30.0K PDF format).

Q. What types of vehicles are defined as taxable under the Vehicle Personal Property Tax?

A. Automobiles, trucks, buses, motorcycles, motor homes, trailers, semitrailers, and boats.

Q. Which vehicles are subject to the Vehicle Personal Property Tax?

A. All vehicles located in Arlington County are subject to personal property tax, including vehicles that are not registered in Virginia, vehicles that do not run, and vehicles that are temporarily absent from Arlington County. A vehicle is temporarily absent if it has not been legally registered in another jurisdiction.

Q. Do I need to register my vehicles in Arlington County even if they are already registered in the state of Virginia?

A. Every vehicle garaged in Arlington County must be registered with the Arlington County Commissioner of Revenue. This can be done through the mail or in person using the [Vehicle Registration Form](#) (15.0K PDF format). You can also [register online](#). To register your vehicle, you'll need to submit your valid state vehicle registration. If you have moved your vehicle from another Virginia jurisdiction, you'll need to supply a copy of your most recent paid vehicle personal property tax receipt or a copy of your most recent certified vehicle personal property tax filing.

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Q. Do I need a decal and, if I do, how do I get one?

A. Every vehicle regularly garaged or parked in Arlington County requires a County Decal. The fee for obtaining an Arlington County decal is \$25.00. For information on Arlington decal procedures, please contact the [Treasurer's Office](#) at **703-228-4000**.

Many neighborhoods in Arlington have zoned parking. You may also need to obtain a [Zone Parking Permit](#) depending on your Arlington address.

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Q. If I'm new to Arlington or I have purchased a new vehicle, how soon do I need to register?

A. You are required to file a vehicle personal property tax return *within 60 days* of moving a vehicle into Arlington or purchasing a vehicle which will be located in Arlington.

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Q. What is the usual tax return filing timeline?

A. Each April you will receive a notice listing the vehicle(s) registered in your name as of the previous January 1st. Included with this listing is a notification form for changes or additions. Should you need to make changes or additions, this notification form must be sent to the CoR office before May 1st.

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Q. Is the timeline the same for boats?

A. If you own a boat, you must file a [Watercraft Personal Property Tax Return \(15.6K PDF format\)](#) by May 1st.

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Q. When will I receive my tax bill?

A. Owners of vehicles registered in Arlington on or before July 15 will receive a tax bill which will be due on *October 5*. If you move a vehicle into Arlington after July 15 and file a vehicle personal property tax return within 60 days, the Treasurer will bill you and you will have 30 days from the billing date to pay the tax without late payment penalty or interest.

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Q. Upon what is my vehicle assessment based?

A. The Arlington County Commissioner of Revenue bases the assessment on values in recognized vehicle pricing guides, such as the *N.A.D.A. Used Car Guide*. The actual price you paid for the vehicle may be the basis for the assessment only if the vehicle is not listed in a pricing guide.

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Q. If my vehicle has been in Arlington less than a whole year, will my taxes be prorated?

A. The vehicle personal property tax year is from January 1 to December 31. Vehicles are assessed based on the number of months they have a taxable situs in Arlington. A period of half a month or more is considered a full month. If your vehicle is not registered in another jurisdiction, it is considered to be temporarily absent from Arlington so the Arlington tax will not be prorated. If the vehicle is moved to a non-prorating Virginia locality, you will still owe taxes to Arlington for the full year.

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Q. What if I trade in my vehicle?

A. When you buy or trade in a vehicle, the salesperson will often say they will "take care of everything." However, they will not register your vehicle for the personal property tax or have your Arlington vehicle decal transferred for you. Nor, will the salesperson contact our office to tell us you have disposed of a vehicle.

Please [provide your disposal information to our office online](#) to notify the Commissioner of the trade-in.

If you prefer to complete the paper version of this form, please print and complete the [Vehicle Disposal Form \(90.5K PDF format\)](#) and return it to our office via facsimile: 703-228-7581, or by mail to:

- Commissioner of Revenue
Vehicle Personal Property Tax Division
2100 Clarendon Boulevard, Suite 218
Arlington, Virginia 22201

You may also **register your new vehicle** online using the [Online Payment and Registration System](#) and then contact the [Treasurer](#) regarding the transfer of the decal from your previous vehicle to your recently acquired vehicle.

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Q. What if I sell, donate, or dispose of my vehicle?

A. If your vehicle has been disposed of, please notify the [Virginia Department of Motor Vehicles \(DMV\)](#) by calling **800-435-5137** to update the Commonwealth's records. You can then [provide your disposal information to our office online](#) as long as the disposal occurred within the last 30 days.

If you prefer to complete the paper version of this form, please print and complete the [Vehicle Disposal Form \(90.5K PDF format\)](#) and return it to our office via facsimile: 703-228-7581, or by mail to:

- *Commissioner of Revenue
Vehicle Personal Property Tax Division
2100 Clarendon Boulevard, Suite 218
Arlington, Virginia 22201*

If you wait more than 30 days to notify the Commissioner, you must contact the [DMV](#) to be certain that the Commonwealth has a record of the vehicle's disposal. After 30 days, a bill of sale or insurance policy providing the disposal date of the vehicle may be provided as documentary evidence of the disposition of the vehicle.

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Q. What if I move?

A. If you have moved within Arlington, you will need to provide your new address so we can update your tax records. You can [provide your change of address information to our office online](#). Please also notify the [Virginia Department of Motor Vehicles \(DMV\)](#) by calling **800-435-5137** to update the Commonwealth's records.

If you prefer to complete the paper version of this form, please print and complete the [Vehicle Address Change Form \(65.0K PDF format\)](#) and return it to our office via facsimile: 703-228-7581, or by mail to:

- *Commissioner of Revenue
Vehicle Personal Property Tax Division
2100 Clarendon Boulevard, Suite 218
Arlington, Virginia 22201*

If you have moved out of Arlington, but within Virginia, in the last 30 days, you will need to provide your new address and the date of your move so we can adjust your vehicle personal property tax assessment. **If you wait more than 30 days to notify the Commissioner, and have moved within Virginia**, you must also provide a filing receipt or paid tax receipt from your new taxing locality. Please also notify the [DMV](#) to be certain your vehicle record and garage jurisdiction have changed. (The garage jurisdiction determines what locality receives the updated address changes from the DMV.)

If you have moved out of Virginia, you must provide a copy of your new state vehicle registration in order to adjust your account.

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Q. If I am in the military, do I still have to pay this tax?

A. If you are an active-duty member of the United States military who maintains a legal residence outside of Virginia and is residing in Virginia under military orders, your vehicle(s) may qualify for a military exemption. To qualify, a vehicle must be registered:

- solely in the name of the active duty service member, or

- jointly in the names of the active duty service member and his or her spouse who share a household, or
- solely in the name of the active duty service member's spouse as long as he or she resides with the active duty military member.

Any service member or spouse requesting an exemption from personal property tax will be required to submit their military ID, Leave and Earnings Statement (LES), and documentation as to military orders and marital status (if spousal exemption is sought.). Co-owned vehicles where the co-owner is other than a spouse are only exempted when both owners are on active duty and are residents of another state. Leased vehicles do not qualify for military exemption. To find out if you qualify for this exemption, call the CoR office at **703-228-3135**.

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Q. What about non-residents?

A. Even if you are a non-resident, you are liable for the vehicle personal property tax if your vehicle is garaged or parked in Arlington. Some non-residents may be exempt from the tax during the first year if you provide a paid receipt or certified filing for a personal property tax for the same vehicle and the same time period from another Virginia jurisdiction which does not prorate its tax or from another state or city. An excise tax, registration fee, sales tax or an ad valorem tax is not considered vehicle personal property tax.

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Q. Is there any possibility that I might be eligible for property tax relief?

A. The Commonwealth Car Tax Relief program was enacted in 1998. It applies to the first \$20,000.00 of the assessed value of cars, panel trucks and pick-up trucks. These vehicles must have a registered gross weight of under 7,501 pounds. It also applies to motorcycles that are owned or leased. To qualify, vehicles must be used for non-business purposes.

Motor homes, trailers, boats and farm use vehicles do not qualify for tax relief.

[Additional information regarding the Personal Property Tax Relief Act \(PPTRA\)](#)

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Q. May I talk to someone at the Commissioner of Revenue office in person?

A. You may visit the Commissioner's Vehicle Personal Property Office (Room 218) at any time between 8:00 a.m. and 5:00 p.m., Monday through Friday. You can also reach us by phone at **703-228-3135**.

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Commissioner of Revenue

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Information for Taxpayers

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Determining Qualifying Vehicles

In general, a qualifying vehicle (Va. Code §§ 58.1-3523 and 3525) is determined by the Commissioner of the Revenue (COR) of the county, city or town where the vehicle is garaged. In order to qualify for the tax relief, the motor vehicle must be owned or leased by a natural person or held in private trust by an individual beneficiary and be used for nonbusiness purposes.

The CORs are responsible for (i) determining which vehicles qualify for personal property tax relief; (ii) determining the value of every qualifying vehicle; and (iii) certifying this information to their respective Treasurer. (Va. Code § 58.1-3526.B.) The COR may rely on vehicle registration information provided by DMV on semi-annual vehicle registrations, reports from lessors, and other information available to them to identify qualifying vehicles.

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Vehicles Qualifying for Tax Relief

- A vehicle must meet all three of the requirements below to qualify for tax relief. The vehicle must:
 - Be a passenger car, pickup or panel truck weighing less than 7,501 pounds, or motorcycle; and
 - Be (i) owned by a natural person or (ii) leased by a natural person under a contract requiring such person to pay the tangible personal property tax or (iii) held in a private trust for an individual beneficiary; and
 - Be used for nonbusiness purposes.

Note: If a gross weight change is recorded with the Department of Motor Vehicles that may cause a previously unqualified vehicle to become qualified (i.e., the gross weight is changed from 10,000 to 7,500 pounds), the vehicle may be considered for qualification for the following tax year.

- Passenger cars, pickup or panel trucks, and motorcycles used for nonbusiness purposes qualify for the tax relief provided under the Personal Property Tax relief Act.
 - "Passenger car" means every motor vehicle other than a motorcycle designed and used primarily for the transportation of no more than ten persons including the driver.
 - "Pickup or panel truck" means every motor vehicle designed for the transportation of property and having a registered gross weight under 7,501 pounds.
 - "Motorcycle" means every motor vehicle designed to travel on not more than three wheels in contact with the ground, except any vehicle included within the term "farm tractor" or "moped" as defined in Va. Code § 46.2-100.
- "Privately owned" vehicles, "leased" vehicles, and vehicles held in a private trust described below qualify for the tax reduction.

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Real Estate and Personal Property Tax Rates for FY 2009-2010 for Arlington County, Fairfax County, Fauquier County, Loudoun County, and Prince William County

May 11, 2009 by [Vivianne Rutkowski](#)

Northern Virginia Counties: Arlington County, Fairfax County, Fauquier County, Loudoun County, and Prince William County adopted new fiscal year budgets for 2009-2010.

The real property (real estate) tax rates per \$100 of assessed value are as follows:

ARLINGTON	FAIRFAX	FAUQUIER	LOUDOUN	PRINCE WILLIAM
\$0.865	\$1.04	\$0.765	\$1.245	\$1.212

The personal property (vehicles, etc.) tax rates per \$100 of assessed value are as follows:

ARLINGTON	FAIRFAX	FAUQUIER	LOUDOUN	PRINCE WILLIAM
\$5.00	\$4.57	\$4.65	\$4.20	\$3.70

SOURCE: [Arlington County](#); [Fairfax County](#) [Fauquier County](#)
[Loudoun County](#) [Prince William County](#)

NOTE: County governments refer to 2009-2010 budgets as Fiscal Year 2009 or Fiscal Year 2010, depending on the county – be sure to refer to the correct Budget Year – this blog refers to the Budgets for Fiscal Year 2009-2010 which begins July 1, 2009 and ends June 30, 2010.

NOTE: The above information is deemed to be accurate, but is subject to errors and omissions and should not be relied upon without verification – contact the counties directly to confirm.

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Tax Rates and Revenues

Property Taxes

Tax	Description	Current Tax Rate(s)
Real Property Tax	<p>All real property, unless expressly exempted, is subject to the real property tax and is assessed at 100% of market value.</p> <p>The District of Columbia has three property classes:</p> <ul style="list-style-type: none"> • Class 1 – improved residential real property that is occupied and is used exclusively for nontransient residential dwelling purposes • Class 2 – commercial property • Class 3 – unimproved or abandoned property <p><i>DC Code Citation: Title 47, Chapters 7-14.</i></p>	<p>Class 1 = \$0.85 per \$100 of assessed value</p> <p><i>Note: For Class 1 residential real property that is owner-occupied, the first \$67,500 of assessed value is exempt from tax.</i></p> <p>Class 2 = \$1.65 per \$100 for the first \$3 million of assessed value; \$1.85 per \$100 for assessed value more than \$3 million</p> <p>Class 3 = \$10.00 per \$100 of assessed value</p>
Deed Recordation Tax	<p>The recording of all deeds to real estate in the District. The basis of the tax is the value of consideration given for the property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property.</p> <p><i>DC Code Citation: Title 42, Chapter 9.</i></p>	<p>1.45% of consideration or fair market value</p> <p><i>Note: For residential properties under \$400,000, the rate is 1.1% of consideration or fair market value.</i></p>
Deed Transfer Tax	<p>Each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed.</p> <p><i>DC Code Citation: Title 47, Chapter 9.</i></p>	<p>1.45% of consideration or fair market value</p> <p><i>Note: For residential properties under \$400,000, the rate is 1.1% of consideration or fair market value.</i></p>
Personal Property Tax	<p>All tangible property, except inventories, used or available for use in a trade or business. Such property includes machinery, equipment, furniture, and fixtures.</p> <p><i>DC Code Citation: Title 47, Chapter 15-17.</i></p>	<p>\$3.40 per \$100 of assessed value</p> <p><i>Notes: The first \$225,000 of taxable value is excluded from tax.</i></p> <p><i>17.4 percent of the tax, not to exceed \$10 million, will be deposited in the Neighborhood Investment Fund.</i></p>