

Message from the Commissioner of the Revenue: COVID-19 Impacts Vehicle Values for 2021

Commissioner of the Revenue Doug Waldron wants vehicle owners in the City of Manassas to know that they could see increases in their personal property tax bills that are due on Oct. 5, 2021. This is not due to a tax rate increase but instead is due to increases in used vehicle values.

Vehicle values for tax assessment purposes are established as of January 1 and historically decline over time as vehicles age. Therefore, the value of any vehicle for tax purposes would normally be lower than the value of that same vehicle the previous January. In early 2020, vehicle values were trending normally. However, COVID-19 has altered the usual trends of the automobile industry. As a result, all major vehicle valuation services saw increased used vehicle market values between January 2020 and January 2021. During the summer of 2020, prices increased over 10% for the U.S. used car market as a whole. Several key market events played a role in the values that were established in January 2021. These events include, but are not limited to:

- In March of 2020, the Federal Reserve cut interest rates to near 0%, allowing consumers to purchase vehicles sooner than they may have in the past. Strong demand results in higher prices.
- The COVID-19-related closing of certain auto manufacturing plants for the necessary production of ventilators and other Personal Protective Equipment caused a reduction in new car inventories.
- Companies with large vehicle fleets, including car rental firms, chose not to replace inventory, adding to the shortage of pre-owned vehicles that would normally be available in the used vehicle market.

The decline in availability of both new and used vehicles caused the prices of used vehicles to increase and therefore their valuation for tax purposes has gone up.

My office assesses personal property based on the Clean Trade-In value as of January 1, 2021. A vehicle owner can request a review of the assessment if a vehicle is not in average condition as of January 1 of the tax year because of unusually high mileage, extensive unrepaired body damage or serious mechanical defects. This does not include normal wear and tear.

Appealing an assessment does not guarantee that it will be reduced nor does the filing of an appeal relieve the payment of the tax bill by the respective due date. Vehicle owners who believe their vehicle was worth less than its assessed value on January 1, 2021, can obtain more information regarding procedures at:

https://www.manassasva.gov/connect/commissioner_of_the_revenue/personal_property_vehicle_taxes/assessment_appeals.php

During the ongoing pandemic, the Commissioner encourages Manassas City taxpayers to connect with his office virtually in order to protect them as well as his staff and slow the spread of COVID-19. Most transactions with the office can be done online. For more information, visit https://www.manassasva.gov/connect/commissioner_of_the_revenue/index.php or call 703-257-8206 weekdays from 8:30 a.m. – 5:00 p.m.