

# 2020 Legislative Summary

Virginia Department of Taxation

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# Introduction

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The Legislative Summary is published by the Department of Taxation (“Virginia Tax” or “the Department”) as a convenient reference guide to state and local tax legislation enacted by the 2020 Session of the General Assembly, including the reconvened session on April 22, 2020. Please note that any legislation enacted after July 1, 2020 is not included. The Summary includes a general description of enacted legislation affecting:

- ▶ State taxes administered by the Department, and
- ▶ Local taxes for which the Department assists with administration or upon which the Department renders advisory assistance.

References to chapter numbers are to the corresponding chapters in the **Acts of Assembly**, which may be viewed at <http://lis.virginia.gov>. Effective dates of the legislation vary and are set out in each description.

In general, legislation affecting taxes administered by other state agencies is not included in the Summary.

The Summary is intended to provide a synopsis of enacted legislation and is for informational purposes only. The Summary is not a substitute for the actual state law, local ordinances, and the Department’s regulations or guidelines. Additional information on new legislation affecting state taxes may be obtained from the Department’s website at [www.tax.virginia.gov](http://www.tax.virginia.gov). Additional information on new local tax legislation should be obtained from your local Commissioner of the Revenue, Treasurer, or Director of Finance.

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# State Tax Legislation

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## General Provisions

### Interest Waiver for Certain Payments in Response to the COVID-19 Crisis

Item 3-5.23 of the 2020 Amendments to the 2019 Appropriation Act (House Bill 29, Chapter 1283) and Item 3-5.22 of the 2020 Appropriation Act (House Bill 30, Chapter 1289) provide that Virginia will waive the accrual of interest for certain Virginia income tax payments originally due during the period from April 1, 2020 to June 1, 2020, provided that full payment is made on or before June 1, 2020. Prior to these Acts, the Department waived penalties on such payments. The following Virginia income tax payments are eligible for the waiver of interest allowed under these Acts:

- ▶ Any payment required to be made with a Taxable Year 2019 individual, corporate, or fiduciary income tax return, as well as any such payment required to be made with respect to an election to file an extension;
- ▶ Any individual, corporate, or fiduciary estimated income tax payments; and
- ▶ Any payments associated with composite returns.

These Acts also provide that Virginia will waive the accrual of interest for certain sales tax payments originally due March 20, 2020 for which a waiver of penalty was granted by the Department, provided that such payment was submitted to the Department on or before April 20, 2020.

Effective: July 1, 2020

### Misclassification of Employees as Independent Contractors

House Bill 1407 (Chapter 681) and Senate Bill 744 (Chapter 682) provide that, if an individual performs services for an employer for remuneration, that individual shall be considered an employee of the party that pays such remuneration unless the individual or the employer demonstrates that such individual is an independent contractor. The Department is required to use IRS guidelines to determine whether a worker is an employee or an independent contractor with respect to their employer.

These Acts provide that any employer, or officer or agent of the employer, that fails to properly classify an individual as an employee and fails to pay taxes, benefits, or other contributions required to be paid with respect to an employee is subject to a civil penalty per misclassified individual of up to \$1,000 for the first offense, \$2,500 for the second offense, and \$5,000 for the third offense or any subsequent offenses.

These Acts also provide that if the Department determines that an employer failed to properly classify an individual as an employee, all public bodies and covered institutions will be prohibited from awarding a contract to such employer or to any firm, corporation, or partnership in which the employer has an interest. This debarment period will be up to one year from the date of notice for a second offense or up to three years from the date of notice for a third or subsequent offense. However, certain public bodies and covered institutions are exempt from this requirement.

These Acts provide that no person is permitted to require or request that an individual enter into an agreement or sign a document that results in the misclassification of such individual as an independent contractor or otherwise does not accurately reflect the relationship with the employer. It is unlawful for an employer or any other party to discriminate in any manner or take adverse action against any person in retaliation for exercising rights protected under these Acts.

These Acts also provide the Tax Commissioner with the authority to work and share information with certain state agencies to identify employers that fail to properly classify individuals as employees. Such agencies are required to notify the Department if they have reason to believe that an employer has failed to properly classify individuals as employees. In addition, such agencies are required to share any information with the Department that may assist in enforcing the proper classification of employees.

Effective: January 1, 2021  
Amended: §§ 2.2-4321, 2.2-4343, 58.1-1821, and 58.1-1825  
Added: §§ 58.1-3.4 and 58.1-1900 through 58.1-1905

### **Enhanced Reporting Requirements for Form 1099-K Filers**

Item 282 Y of the 2020 Appropriation Act (House Bill 30, Chapter 1289) requires that every payment settlement entity that is obligated to file Form 1099-K information returns to the Internal Revenue Service shall, within 30 days of the relevant federal deadline for filing such returns, submit to the Department electronically either:

- ▶ A duplicate of all such information returns; or
- ▶ A duplicate of such information returns related to participating payees with a Virginia state address or Virginia state taxpayers.

In addition to this Act, House Bill 730 (Chapter 248) and Senate Bill 211 (Chapter 63) require third-party settlement organizations to report to the Department, and to any participating payee, all information required to be reported for federal tax purposes on Form 1099-K using the de minimis thresholds imposed for purposes of Form 1099-MISC. For federal tax purposes, a Form 1099-K is only required if the third-party settlement organization has paid someone more than \$20,000 and has completed more than 200 separate transactions with such person. These Acts lower this threshold for Virginia tax purposes to \$600 or more in payments made by all persons in a trade or business during a taxable year to another person who is not an employee in pursuit of such trade or business. This requirement only applies with respect to payees that have a Virginia mailing



address. Such information is required to be reported to the Department and participating payees within 30 days of the relevant federal deadlines for submitting Form 1099-MISC to the Internal Revenue Service.

These Acts require third-party settlement organizations to report Form 1099-K information to the Department on forms and using an electronic medium prescribed by the Tax Commissioner.

The Tax Commissioner has the authority to waive the requirement to submit this information electronically upon a determination that the requirement creates an unreasonable burden on a third-party settlement organization. All requests for waiver are required to be transmitted to the Tax Commissioner in writing.

Effective: For all payments made on or after January 1, 2020  
Added: § 58.1-356

### **Taxes on Wills and Administrations: Exemption for Victims of the Virginia Beach Mass Shooting**

House Bill 839 (Chapter 249) and Senate Bill 93 (Chapter 278) exempt individuals who died as a result of the Virginia Beach mass shooting from the state probate tax and the optional probate tax that may be imposed by Virginia cities or counties. These Acts require the refund of any state or local probate taxes paid prior July 1, 2020 on the probate of a will or grant of administration of the estate of an individual who died or was wounded as a result of the Virginia beach mass shooting.

Effective: March 10, 2020  
Added: § 58.1-1718.01

### **Expanding the Authority of the Department to Share Certain Taxpayer Information with the Department of Social Services**

House Bill 341 (Chapter 325) expands the types of confidential tax information that the Department is authorized to share with Department of Social Services (“DSS”) by allowing the two agencies to enter into a written agreement to provide information, upon written request, regarding whether a taxpayer has claimed the federal earned income tax credit (“EITC”), the Virginia EITC, and the Virginia Tax Credit for Low-Income Individuals. This Act also expands the purposes for which DSS can obtain confidential tax information by allowing the Department to disclose such information to the extent that DSS intends to use it to facilitate the administration of outreach and enrollment related to the federal EITC, the Virginia EITC, and the Virginia Tax Credit for Low-Income Individuals.

Effective: July 1, 2020

Amended: § 58.1-3

## Virginia Health Benefit Exchange

House Bill 1428 (Chapter 916) and Senate Bill 732 (Chapter 917) require the Department to include on individual income tax returns a checkoff box or similar mechanism for indicating whether the individual or spouse, in the case of a married taxpayer filing jointly, or any dependent of the individual:

- ▶ Is an uninsured individual at the time the return is filed; and
- ▶ Voluntarily consents to the Department providing certain taxpayer information to the Department of Medical Assistance Services (“DMAS”) for purposes of affirming that the uninsured individual, spouse, or any dependents meet the income eligibility requirements for medical assistance.

These Acts provide that such information may not be used to determine that an individual is ineligible for medical assistance. These Acts also provide that if the individual or spouse voluntarily consents, the Department is authorized to disclose to DMAS the individual’s or spouse’s:

- ▶ Name;
- ▶ Address;
- ▶ Social Security number;
- ▶ Number and type of personal exemptions;
- ▶ Tax-filing status; and
- ▶ Adjusted gross income.

The Department is only authorized to disclose such information to DMAS upon entering a written agreement with the agency regarding the disclosure of taxpayer information.

These Acts also require the Secretary of Health and Human Resources to convene a work group that includes representatives from the State Corporation Commission, DMAS, DSS, the Department, and a consumer advocate with expertise in health program eligibility and enrollment to develop systems, policies, and practices to leverage state income tax returns to facilitate the enrollment of eligible individuals in insurance affordability programs through the Virginia Health Benefit Exchange established by these Acts. The Secretary is required to report the work group’s recommendations to the Governor and the General Assembly by September 15, 2020.

Effective: For all taxable years beginning on and after January 1, 2021.

Amended: §§ 58.1-3 and 58.1-341.1

## Sunset Dates for Income Tax Credits and Sales Tax Exemptions

Item 3-5.14 of the 2020 Amendments to the 2019 Appropriation Act (House Bill 29, Chapter 1283) and the 2020 Appropriation Act (House Bill 30, Chapter 1289) prohibits the General Assembly from advancing the sunset date for any existing sales tax exemption or income tax credit beyond June 30, 2025. Any new sales tax exemption or income tax credit enacted by the General Assembly after the 2019 regular legislative session, but prior to the 2024 regular legislative session must have a sunset date not later than June 30, 2025. Prior law generally prohibited the advancement of sunset dates or the enactment of new exemptions or credits with sunset dates after June 30, 2022. This requirement does not apply to sales tax exemptions related to nonprofit entities, to exemptions or tax credits with sunset dates after June 30, 2022 that were enacted or advanced during the 2016 session, or to the Motion Picture Production Tax Credit.

These Acts also require the Department to report to the General Assembly and to the Joint Subcommittee to Evaluate Tax Preferences on the revenue impact of every sales tax exemption and tax credit that is scheduled to expire prior to June 30, 2025. Such report is due by November 1, 2020 and must be updated every five years. The report is required to include the prior fiscal year's state and local sales tax impact of each expiring sales tax exemption, and the prior fiscal year's General Fund revenue impact of each expiring income tax credit. An updated revenue impact report is due no later than November 1, 2025, and every five years thereafter, for sales tax exemptions and income tax credits set to expire within two years following the date of the report.

Effective: July 1, 2020

## Income Tax Legislation

### Advancement of Virginia's Fixed Date Conformity to the Internal Revenue Code

House Bill 1413 (Chapter 255) and Senate Bill 582 (Chapter 1) advance Virginia's date of conformity to the Internal Revenue Code ("IRC") from December 31, 2018 to December 31, 2019. These Acts allow Virginia to generally conform to the Further Consolidated Appropriations Act, 2020 ("the federal extenders bill"). However, these Acts specifically deconform Virginia from the provision of this federal legislation that temporarily reduces the medical expense deduction threshold from 10 percent to 7.5 percent.

These Acts also allow Virginia to conform to the Virginia Beach Strong Act.

Virginia will continue to deconform from the following IRC provisions:

- ▶ Bonus depreciation allowed on certain assets under federal income taxation;

- ▶ The five year carry-back of NOLs allowed for certain NOLs generated in either Taxable Year 2008 or 2009;
- ▶ Tax exclusions related to cancellation of debt income;
- ▶ Tax deductions related to the application of the applicable high yield debt obligation rules; and
- ▶ The suspension of the overall limitation on itemized deductions (commonly known as the Pease limitation).

Effective: February 17, 2020

Amended: § 58.1-301

## Updated Procedures for Reporting Federal Adjustments to Taxable Income

### *Final Determination Date*

House Bill 1417 (Chapter 1030) provides that individuals, corporations, estates, and trusts are required to report to the Department federal adjustments and pay any additional amounts due within one year after the final determination date of such adjustments (“the one-year requirement”). Under current law, federal adjustments must be reported to the Department and any additional amount due must be paid within one year after a “final determination” rather than one year after a “final determination date.” For the purposes of the one-year requirement, the “final determination date” is defined as one of the following:

- ▶ If the federal adjustment arises from an IRS audit or other action by the IRS, the final determination date is defined as the first day on which no federal adjustments arising from that audit or other action remain to be finally determined, whether by IRS decision with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted. For agreements required to be signed by the IRS and the taxpayer, the final determination date is defined as the date on which the last party signed the agreement.
- ▶ For federal adjustments arising from an Internal Revenue Service audit or other action by the Internal Revenue Service, if the taxpayer filed as a member of a Virginia combined or consolidated return, the final determination date is defined as the first day on which no related federal adjustments arising from that audit remain to be finally determined for the entire group.
- ▶ If the federal adjustment results from filing an amended federal return, a federal refund claim, or an administrative adjustment request or if it is a federal adjustment reported on an amended federal return or other similar report, the final determination date is defined as the day on which the amended return, refund claim, administrative adjustment request, or other similar report was filed.

### *Reporting of Partnership Adjustments*

In addition, this Act provides updated procedures for reporting certain partnership adjustments that result from federal tax changes and other changes to federal taxable income to the Department. This update requires

partnerships to report federal adjustments to the Department and to their direct partners within 90 days after the final determination date (“the 90-day requirement”). After receiving this report from the partnership, the direct partners are generally required to use that information to report and pay Virginia income tax on their distributive share of any partnership adjustments. Such direct partners are subject to a one-year requirement to both report and pay Virginia income tax, along with interest and penalties. For purposes of both the 90-day requirement for the partnership and the one-year requirement for direct partners, the “final determination date” definition described above applies.

Under current law, partnerships are not required to report federal adjustments to the Department, and the requirement to report such adjustments falls solely on the individual, corporate, estate, or trust partners. During 2015, Congress enacted federal legislation that generally shifted the burden of paying tax resulting from federal partnership adjustments from partners to the partnership itself. As a result, federal law no longer required partnerships to provide their partners with information regarding federal partnership-level adjustments. This left certain partners subject to a Virginia requirement to report information that they no longer receive from a partnership. By requiring partnerships to report federal adjustments to the Department and to their partners within 90 days, this Act updates Virginia’s law to make it match with the new federal procedures. These new partnership reporting procedures do not apply to those partnership with 100 or fewer partners that elect to opt-out of the new federal rules.

Generally under the Act’s 90-day requirement, the partnership is only required to report federal adjustments to the Department and is not required to make any kind of payments. The obligation to pay remains with the direct partners. However, as an alternative, the Act allows an election where the partnership may opt to pay the resulting Virginia income tax, interest, and penalties attributable to any partnership-level adjustments in lieu of requiring the partners to do so. In addition, a partnership may elect to enter into an agreement with the Department to use a modified reporting and payment method if necessary to reasonably report and pay taxes, penalty and interest. Both of these elections are generally irrevocable.

Effective: July 1, 2020  
Amended: §§ 58.1-311, 58.1-499, and 58.1-1823  
Added: §§ 58.1-311.2 and 58.1-396 through 58.1-399.7

### **Subtraction for Crime Stopper Reward: Increase of the Maximum Amount of the Subtraction**

House Bill 307 (Chapter 324) and Senate Bill 931 (Chapter 375) increase the maximum amount of the individual income tax subtraction for rewards for providing information to a law-enforcement official or agency, or to a nonprofit corporation created exclusively to assist such official or agency, that is used in the apprehension and conviction of perpetrators of crimes. These Acts increase the maximum amount of the subtraction from \$1,000 to \$5,000 per taxable year.

Effective: Taxable years beginning on or after January 1, 2020  
Amended: § 58.1-322.02

### **Communities of Opportunity Tax Credit: Expansion of the Credit**

House Bill 590 (Chapter 430) and Senate Bill 200 (Chapter 1032) modify the Communities of Opportunity Tax Credit by permitting landlords renting a qualified housing unit located in an eligible census tract within the Washington-Arlington-Alexandria Metropolitan Statistical Area to qualify for the credit. Under prior law, only landlords with qualified housing units located in eligible census tracts within either the Richmond Metropolitan or Virginia Beach-Norfolk-Newport News Metropolitan Statistical Areas could qualify for the credit.

These Acts also impose a January 1, 2025 sunset date on the credit.

Effective: July 1, 2020  
Amended: § 58.1-439.12:04

### **Green Job Creation Tax Credit: Extension of the Sunset Date**

House Bill 408 (Chapter 429) extends the sunset date for the Green Job Creation Tax Credit from January 1, 2021 to January 1, 2025.

Effective: July 1, 2020  
Amended: § 58.1-439.12:05

### **Motion Picture Production Tax Incentives: Extension of Sunset Dates**

House Bill 1318 (Chapter 966) and Senate Bill 923 (Chapter 967) extend the sunset date for the Motion Picture Production Tax Credit from January 1, 2022 to January 1, 2027. These Acts also make the Virginia Tourism Authority responsible for all portions of the credit that are currently the responsibility of the Virginia Film Office.

Under prior law, taxpayers were required to claim this credit on a tax return filed for the taxable year in which the Virginia production activities were completed. These Acts allow the Virginia Tourism Authority to issue and a taxpayer to claim Motion Picture Production Tax Credits in future fiscal years other than the taxable year in

which the Virginia production activities are completed. The Department is prohibited from paying interest on any prospective or future credits issued.

These Acts also extend the sunset date for the media-related sales and use tax exemption for certain tangible and intangible property used in the production of an audiovisual work from July 1, 2022 to July 1, 2027.

Effective: July 1, 2020  
Amended: §§ 58.1-439.12:03 and 58.1-609.6

### **Exclusion for the Discharge of Student Loans for Certain Disabled Veterans**

Senate Bill 745 (Chapter 606) provides an individual income tax exclusion for any amount includable in the federal adjusted gross income of veterans, who have been rated with a 100 percent service-connected, permanent, and total disability by the U.S. Department of Veterans Affairs, by reason of the whole or partial discharge of certain student loans.

For federal income tax purposes, student loan forgiveness on account of death or total and permanent disability is exempt from taxation for Taxable Year 2018 through Taxable Year 2025. Therefore, student loan forgiveness for totally and permanently disabled veterans is not generally taxable for federal income tax purposes. Virginia currently conforms to this exemption.

Effective: For taxable years beginning on and after January 1, 2020, but before January 1, 2026  
Amended: § 58.1-321

### **Research and Development Tax Credits**

House Bill 748 (Chapter 469) and Senate Bill 110 (Chapter 470) increase the annual credit cap for the Research and Development Expenses Tax Credit from \$7 million to \$7.77 million per fiscal year. These Acts increase the annual credit cap for the Major Research and Development Expenses Tax Credit from \$20 million to \$24 million per fiscal year. The sunset dates for both credits are also extended from January 1, 2022, to January 1, 2025.

In addition, these Acts move the deadline for submitting applications for both of these credits to the Department from July 1 to September 1 of the calendar year following the close of the taxable year in which expenses related to these credits were paid or incurred.

Effective: July 1, 2020, except that the portion increasing the annual caps for both credits is effective for taxable years beginning on or after January 1, 2021 but before January 1, 2025.  
Amended: §§ 58.1-439.12:08 and 58.1-439.12:11

### **Advanced Recycling Tax Incentives**

Senate Bill 590 (Chapter 789) extends the sunset date for the Recyclable Materials Processing Equipment Tax Credit from January 1, 2020 to January 1, 2025. This Act also expands the credit by making the purchase of machinery and equipment used in advanced recycling eligible for the credit.

This Act provides that machinery, tools, and materials used in advanced recycling are exempt from sales tax if the preponderance of their use is in advanced recycling.

This Act also adds business primarily engaged in advanced recycling to the list of industries whose machinery and tools are to be segregated and classified as separate from all other classes of property and taxed at a rate no higher than that levied on other classes of personal property.

This Act defines “advanced recycling” as the operation of a single-stream or multi-stream recycling plants that convert waste materials into new materials for resale by processing them and breaking them down into their raw constituents. This includes the operation of a materials recovery facility or materials reclamation facility that receives, separates, and prepares recyclable materials for sale to end-user manufactures.

Effective: The provisions of this Act regarding the income tax credit are effective for taxable years beginning on and after January 1, 2020. The provisions of this Act regarding the sales tax exemption are effective for purchases on or after July 1, 2020. The provisions of this Act regarding the classification of advanced recycling machinery and equipment for personal property tax purposes are effective for taxable years beginning on and after January 1, 2021.  
Amended: §§ 58.1-439.7, 58.1-609.3, and 58.1-3507

### **Study of Tax Incentives for Commuter Benefits**

Senate Bill 277 (Chapter 1033) directs the Virginia Department of Rail and Public Transportation (“DRPT”) to study the utilization and impacts of providing tax incentives to Virginia businesses that offer commuter benefits to their employees. DRPT is required to submit a report to the Chairmen of the House Committee on Appropriations, House Committee on Finance, and Senate Committee on Finance and Appropriations by December 2020.



This Act also contains provisions that allow income tax deductions and subtractions to businesses that offer commuter benefits, but those provisions will not take effect unless the 2021 General Assembly reenacts the Act.

Effective: July 1, 2020

## Retail Sales and Use Tax

### Central Virginia Regional Tax

House Bill 1541 (Chapter 1235) creates the Central Virginia Transportation Authority (“CVTA”), comprised of the localities within Planning District 15. Planning District 15 encompasses the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, and Powhatan, as well as the City of Richmond and the Town of Ashland. This Act provides that the CVTA will administer transportation funding in the region generated through an additional 0.7 percent sales tax. The revenue generated by this additional sales tax must be deposited into the Central Virginia Transportation Fund. The additional 0.7 percent sales tax will take effect on October 1, 2020.

Effective: July 1, 2020

Amended: §§ 58.1-603.1, 58.1-604.01, 58.1-638, 58.1-2295, and 58.1-2299.20

Added: §§ 33.2-3700 through 33.2-3713

### Additional Local Sales and Use Tax in Qualifying Localities

Legislation enacted during the 2020 session authorizes the following localities to impose, by ordinance, an additional local sales and use tax at a rate of up to one percent as determined by its local governing body:

- ▶ Charlotte County (House Bill 1631 (Chapter 705))
- ▶ City of Danville (House Bill 486 (Chapter 327))
- ▶ Gloucester County (Senate Bill 224 (Chapter 865))
- ▶ Henry County (House Bill 486 (Chapter 327))
- ▶ Mecklenburg County (House Bill 200 (Chapter 427) and Senate Bill 943 (Chapter 428))
- ▶ Northampton County (House Bill 486 (Chapter 327) and Senate Bill 1028 (Chapter 708))
- ▶ Patrick County (House Bill 486 (Chapter 327))
- ▶ Pittsylvania County (House Bill 486 (Chapter 327))

The additional tax cannot be levied on food purchased for human consumption or essential personal hygiene products that are taxed at a reduced rate. Revenue from the tax must be used solely for capital projects for the construction or improvement of schools.

The additional tax is required to first be approved by voters at a referendum and initiated by a resolution of the local governing body. Any local sales tax levied under this legislation will be administered and collected by the Tax Commissioner in the same manner and subject to the same exemptions and penalties as the state sales tax.

Under current law, counties and cities may levy a general retail sales and use tax at the rate of one percent to provide revenue for the general fund of such city or county. Halifax County is the only locality currently authorized to impose an additional one percent sales tax for capital projects for the construction or improvement of schools.

Effective: July 1, 2020  
Amended: §§ 58.1-602, 58.1-605, 58.1-605.1, and 58.1-606.1

### **Retail Sales and Use Tax Exemption for Gun Safes**

House Bill 888 (Chapter 507) and Senate Bill 268 (Chapter 191) provide an exemption from the Retail Sales and Use Tax for gun safes with a selling price of \$1,500 or less per item. These Acts define a gun safe as a safe or vault that is:

- ▶ Commercially available;
- ▶ Secured with a digital or dial combination locking mechanism or biometric locking mechanism; and
- ▶ Designed for the storage of a firearm or for ammunition for use in a firearm.

Glass-faced cabinets are specifically excluded from the exemption.

Effective: July 1, 2020  
Amended: § 58.1-609.10

### **Virginia Beach Sports and Entertainment Project: Extends Expiration Date of Tax Incentive**

House Bill 120 (Chapter 467) extends the expiration date of the entitlement to state sales and use tax revenue of the City of Virginia Beach (“the City”) that is attributable to a sports or entertainment project. Under prior law, the entitlement was set to expire on July 1, 2039. Under this Act, it will instead expire on July 1 following the twentieth anniversary of the completion of construction of the sports and entertainment project.

This Act also authorizes the City to work with a community development authority established by the City to develop a sports or entertainment district, and authorizes it to use funds from the Sports or Entertainment Project Financing Fund to pay for debt maintenance costs of such authority.

Effective: July 1, 2020  
Amended: §§ 15.2-5113, 15.2-5928, 15.2-5931, 15.2-5932, and 15.2-5933

### **Public Facilities: Adds City of Chesapeake, Modifies Definitions and Extends the Deadline**

House Bill 906 (Chapter 329) and Senate Bill 163 (Chapter 329) add the City of Chesapeake (“the City”) to the list of localities that are authorized to issue bonds for the construction of public facilities and retain sales and use tax revenue generated within such facilities to pay off such bonds. These Acts also add outdoor amphitheaters to the list of authorized public facilities and extend until July 1, 2024, the period of time during which authorized localities may issue bonds for the construction of public facilities and retain sales and use tax revenue generated within the facilities to pay off the bonds. Under current law, such authority expires on July 1, 2020.

Effective: July 1, 2020  
Amended: § 58.1-603

### **Hampton Roads Regional Arena Authority Created: Financing of a Hampton Roads Arena and Facility**

House Bill 1102 (Chapter 537) and Senate Bill 787 (Chapter 539) create the Hampton Roads Regional Arena Authority (“the Authority”) and grants it certain powers relating to construction of an arena and facility, including the authority to:

- ▶ Issue bonds to construct the arena and facility;
- ▶ Receive state sales and use tax revenue that is attributable to the arena and facility;
- ▶ Use such revenue to repay such bonds; and
- ▶ Distribute any excess revenue to any Hampton Roads locality that elects to contribute to the financing of the construction of an arena and facility.

The Authority's entitlement to state sales and use tax revenue will expire on the earlier of the maturity date of any bonds it issues related to constructing the arena and facility or July 1, 2060.

These Acts also repeal existing provisions of state law related to the Hampton Roads Sports Facility Authority.

Effective: July 1, 2020  
Added: §§ 15.2-5935 through 15.2-5949  
Repealed: §§ 15.2-5900 through 15.2-5916

## Litter Tax

### Increase in the Annual Litter Tax

House Bill 1154 (Chapter 782) increases the litter tax rate to \$20 for each establishment engaged in business as a manufacturer, wholesaler, distributor or retailer of particular products enumerated in state law. In addition, each person engaged in business as a manufacturer, wholesaler, distributor or retailer of certain categories of products will pay an additional annual litter tax of \$30 for each establishment from which such business is conducted.

Prior to this Act, the litter tax was imposed annually at a rate of \$10 per establishment from which business is conducted by manufacturers, wholesalers, distributors of enumerated products. An additional litter tax of \$15 per establishment was imposed on manufacturers, wholesalers, distributors, and retailers of groceries, soft drinks, carbonated waters, beer, and other malt beverages.

As the litter tax is imposed annually, this increase will apply beginning with the tax due May 1, 2021.

Effective: July 1, 2020  
Amended: § 58.1-1707

### Increased Litter Tax Penalty

House Bill 502 (Chapter 468) increases existing penalties for delinquent payment of the litter tax. It adds a \$100 penalty to the existing penalty for failure to timely pay the annual tax. Current law imposes a penalty for failure to timely pay the litter tax that is equal to the amount of litter tax due. As the litter tax is imposed annually, the increased penalty will apply beginning with taxes due May 1, 2021.

Effective: July 1, 2020

Amended: § 58.1-1709

## Recordation Tax

### Regional Transportation Improvement Fee and Regional Congestion Relief Fee

House Bill 1414 (Chapter 1230) and Senate Bill 890 (Chapter 1275) reduce the Regional Transportation Improvement Fee in all localities within the Northern Virginia Transportation Authority, also known as the regional WMATA capital fee, to \$0.10 per \$100 of value recorded beginning May 1, 2021 instead of the current \$0.15 rate.

These Acts also impose an additional grantor's fee called the Regional Congestion Relief Fee in Northern Virginia localities at the rate of \$0.05 per \$100 of recorded value from July 1, 2020 to April 30, 2021, with the rate increasing to \$0.10 per \$100 thereafter.

Effective: July 1, 2020  
Amended: §§ 58.1-802.3, 58.1-811, 58.1-2217, 58.1-2295, and 58.1-3660  
Added: § 58.1-802.4

### Hampton Roads Regional Transportation Improvement Fee

House Bill 1726 (Chapter 1241) and Senate Bill 1038 (Chapter 1281) levy an additional regional transportation improvement fee levied upon all deeds or writings conveying property within the Hampton Roads Transportation District at a rate of \$0.06 cents per \$100 recorded. Revenues from the Regional Transportation Improvement Fee must be allocated to the newly created Hampton Roads Regional Transit Fund ("HRRTF").

Effective: July 1, 2020  
Amended: §§ 58.1-811 and 58.1-816  
Added: §58.1-802.4

## Payment of Grantor's Tax and Regional Transportation Improvement Fee

Senate Bill 230 (Chapter 866) clarifies that the grantor and grantee to a deed, instrument, or writing may arrange for the grantee to pay all or a portion of the grantor's tax and the Regional Transportation Improvement Fee.

Effective: July 1, 2020  
Amended: §§ 58.1-802 and 58.1-802.3

## Open-space Preservation: Increases Fee for Every Writing Document and Instrument Admitted to Record

House Bill 1623 (Chapter 623) increases from \$1 to \$3 the fee for open-space preservation charged for every deed, deed of trust, contract, or other instrument admitted to record in those jurisdictions in which open-space easements are held by the Virginia Outdoors Foundation (VOF). This Act also clarifies that the fee applies to any "deed of trust, contract, or other instrument" admitted to record, by adding to the term "deed."

Effective: July 1, 2020  
Amended: §§ 58.1-812 and 58.1-817

## Recordation Tax: Supplemental Writings

House Bill 1615 (Chapter 334) clarifies that on deeds of trust or mortgage that convey property within the Commonwealth to secure bonds or obligations secured by deeds of trust or mortgage on property outside the Commonwealth, recordation tax shall be imposed only upon such proportion of the bonds or obligations as the actual value of the property located within the Commonwealth bears to the actual value of the entire amount of property conveyed only when the deed or mortgage being recorded secures the entire amount of such bonds or obligations.

Effective: July 1, 2020  
Amended: § 58.1-803

## **Recordation Tax: Restrictive Covenants**

House Bill 788 (Chapter 748) provides that no deed recorded on or after July 1, 2020 shall contain a reference to a specific portion of a restrictive covenant purporting to restrict the ownership or use of property on the basis of race, color, religion, national origin, sex, elderliness, or familial status, and that a clerk may refuse to accept any such deed submitted for recordation that references such language.

This Act also provides that a Certificate of Release of Certain Prohibited Covenants is a tax-exempt deed that may be submitted prior to the recordation of a deed of conveyance of legal title of real property containing a restrictive covenant or as a separate instrument without transfer of such property.

Effective: July 1, 2020  
Amended: §§ 55.1-300 and 58.1-810  
Added: § 55.1-300.1

## **Recordation Tax: Deeds Involving Only Spouses Not Taxable**

House Bill 1580 (Chapter 643) clarifies that the recordation tax exemption for deeds between married persons includes deeds between all spouses. Under current law, the Recordation Tax exemption for deeds between married persons refers to “a husband and wife.”

Effective: July 1, 2020  
Amended: § 58.1-810

## **Transient Occupancy Tax**

### **Transportation District Transient Occupancy Tax and Local Transportation Transient Occupancy Tax**

House Bill 1414 (Chapter 1230) and Senate Bill 890 (Chapter 1275) increase both the Transportation District Transient Occupancy Tax and Local Transportation Transient Occupancy Tax from two to three percent beginning May 1, 2021.

Effective: May 1, 2021  
Amended: §§ 58.1-1743, 58.1-1744,  
Added: § 58.1-802.4

### **Hampton Roads Transportation District Transient Occupancy Tax**

House Bill 1726 (Chapter 1241) and Senate Bill 1038 (Chapter 1281) levy an additional one percent Transportation District Transient Occupancy Tax within the Hampton Roads Transportation District beginning May 1, 2021. Revenues from this tax must be allocated to the newly created Hampton Roads Regional Transit Fund (“HRRTF”).

Effective: May 1, 2021  
Amended: §58.1-1743

## **Other State Tax Legislation**

### **Cigarette and Tobacco Products Tax Increase; Liquid Nicotine Subject to Tobacco Products Tax**

Item 3-5.21 of the 2020 Appropriation Act (House Bill 30, Chapter 1289) doubles the tobacco products tax rates on all products currently subject to the tax. The new rates are effective for taxable sales or purchase occurring on and after July 1, 2020.

This provision also imposes the tobacco products tax on liquid nicotine products at the rate of \$0.066 per milliliter of liquid nicotine for taxable sales or purchases occurring on and after July 1, 2020.

Additionally, this provision increases the cigarette tax rate from 1.5 cents per cigarette and 30 cents per pack of 20 to 3.0 cents per cigarette and 60.0 cents per pack of 20. The new rate applies to cigarettes sold, stored, or received on and after July 1, 2020.

Effective: July 1, 2020  
Superseded: §§ 58.1-1001 and 58.1-1021.02



## Tax on Skill Games

House Bill 881 (Chapter 1217) and Senate Bill 971 (Chapter 1277) set forth administrative procedures, licensing frameworks, and operation requirements for electronic gaming devices, establish new offenses relating to electronic gaming in Virginia, and establish the COVID-19 Relief Fund. These Acts also require distributors to remit a monthly tax to the Department equaling \$1,200 for each skill game that the distributor provided for play in the previous month.

The Department is directed to allocate the funds from this new tax as follows: two percent to the Problem Gambling Treatment and Support Fund, two percent to the Virginia Alcoholic Beverage Control Authority (“VA ABC Authority”), 12 percent to the localities in which the skill games are located, and 84 percent to the COVID-19 Relief Fund. Such tax is to be imposed until July 1, 2021.

Any distributor found by the VA ABC Authority to be in violation of this new tax is subject to a civil penalty of not less than \$25,000 and not more than \$50,000 per incident. These Acts authorize the Department to share information with the VA ABC Authority regarding the tax remitted by distributors.

Effective: July 1, 2020  
Amended: § 18.2-325  
Added: §§ 2.2-115.1 and 18.2-334.5

## Motor Vehicle Rental Tax: Peer to Peer Vehicle Sharing

Senate Bill 735 (Chapter 1266) imposes a tax upon peer-to-peer vehicle sharing in the Commonwealth as part of the Motor Vehicle Rental Tax. This Act provides that, for vehicle owners listing no more than ten vehicles on any combination of peer-to-peer vehicle sharing platforms at any given time, from October 1, 2020 to June 30, 2021, the tax levied will be 6.5 percent of the gross proceeds from the sharing of the vehicle with the tax increasing to seven percent beginning July 1, 2021. If and for so long as a vehicle owner lists more than ten vehicles at any given time, this Act provides that the full ten percent Motor Vehicle Rental Tax currently levied on motor vehicles and daily rental vehicles will be due.

This Act requires that taxes due on peer-to-peer vehicle sharing be collected by peer-to-peer vehicle sharing platforms that qualify as marketplace facilitators or the vehicle owner. However, the vehicle owner may not collect the tax where the sharing platform facilitating the transaction qualifies as a marketplace facilitator.

Effective: October 1, 2020  
Amended: §§ 58.1-1734, 58.1-1735, 58.1-1736, 58.1-1738, and 58.1-1741

# Local Tax Legislation

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## General Provisions

### Collection of Town Taxes by County

House Bill 1534 (Chapter 504) and Senate Bill 649 (Chapter 505) authorize the board of supervisors of any county that has adopted the urban county executive form of government (currently only Fairfax County) to enter into agreements with towns located partially or wholly within such county for the collection and enforcement of real or personal property taxes by the county official responsible for assessment or collection of taxes.

Effective: July 1, 2020  
Amended: § 15.2-826

### Refunds of Local Taxes: Authority of Treasurers

House Bill 316 (Chapter 240) increases from \$2,500 to \$5,000 the maximum amount that a governing body of a county or city may authorize its treasurer to refund for taxes paid as a result of an erroneous tax assessment. If the refund is over that amount, the governing body must direct the treasurer of the county, city or town to refund the excess to the specific taxpayer, with interest if authorized.

Effective: July 1, 2020  
Amended: § 58.1-3981

### Merchants' Capital Tax: Separate Classification for Retailers

House Bill 1575 (Chapter 541) expands the separate classification of merchants' capital currently established for property owned by wholesalers, to include property owned by retailers that is reported as inventory, and is normally located in a structure that contains at least 200,000 square feet, with at least 200,000 square feet used solely to store such inventory.

Effective: July 1, 2020

### Localities Authority to Levy Taxes

House Bill 785 (Chapter 1214) and Senate Bill 588 (Chapter 1263) grant counties the same taxing powers that are granted to cities and towns. Under prior law, when compared to cities and towns, counties are not authorized to impose certain taxes and are limited in the rates that they may impose for other taxes.

These Acts authorize any county to levy a tax on admissions charged for attendance at any event, except in any county in which a state sales and use tax is imposed at a rate of at least one percent, a portion of which is dedicated to the promotion of tourism.

These Acts also authorize counties to levy a transient occupancy tax at a rate greater than two percent, provided that:

- ▶ Any excess from a rate over two percent will be designated and spent solely for such purpose as was authorized under this article prior to January 1, 2020;
- ▶ If no purpose was authorized prior to January 1, 2020, any excess from a rate over two percent but not exceeding five percent will be designated and spent solely for tourism and travel, marketing of tourism or initiatives; or
- ▶ For any county that imposes a transient occupancy tax, any excess over five percent will not be restricted in its use and may be spent in the same manner as general revenues.

Any county, city, or town will be authorized to levy taxes upon the sale or use of cigarettes subject to limitations:

- ▶ If a locality is (i) a city or town that, on January 1, 2020, had in effect a rate not exceeding two cents (\$0.02) per cigarette sold or (ii) a county, then the maximum rate shall be two cents (\$0.02) per cigarette sold; or
- ▶ If a locality is a city or town that, on January 1, 2020, had in effect a rate exceeding two cents (\$0.02) per cigarette sold, then the maximum rate shall be the rate in effect on January 1, 2020.

Counties will also be authorized to levy a food and beverage tax at a rate of not more than six percent and without first holding a referendum on the tax. However, no county that held a referendum regarding food and beverage tax under current law and prior to July 1, 2020, that was defeated will be permitted to impose a tax under these Acts until six years after the date of such referendum, unless a successful referendum was held after the defeated referendum and before July 1, 2020.

These Acts also require the Division of Legislative Services (the “Division”) to convene a work group of stakeholders to identify and make recommendations as to other amendments to the Code of Virginia necessary to effectuate the provisions of these Acts. The Division shall submit a summary of its recommendations and a draft of any recommended changes to the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance and Appropriations no later than October 31, 2020.

These Acts also require the Department to convene a work group of stakeholders to identify and make recommendations for:

- ▶ Modernizing the process for using stamps to certify that tax has been paid on cigarettes; and
- ▶ Unifying the stamping process so that it is administered solely by the Department of Taxation

The Department shall submit a summary of its recommendations, including any proposed amendments to the Code of Virginia, to the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance and Appropriations no later than October 31, 2020.

Effective: July 1, 2020, except the provisions related to cigarette taxes are effective July 1, 2021 and the repeal of certain existing sections is effective May 1, 2021  
Amended: §§ 58.1-3818, 58.1-3819, 58.1-3823, as it is currently effective and as it may become effective, 58.1-3825.3, 58.1-3830, 58.1-3833, 58.1-3834, and 58.1-3840  
Repeals: §§ 58.1-3818.01, 58.1-3818.03, 58.1-3818.04, 58.1-3820, 58.1-3821, and 58.1-3831

## Business, Professional and Occupational License Taxes

### Certain Localities Allowed to Waive Business License Requirements

House Bill 466 (Chapter 242) authorizes localities with a population of greater than 50,000 to waive the license requirements for businesses with gross receipts of \$200,000 or less.

Effective: July 1, 2020  
Amended: § 58.1-3703.1

### Business Licenses: Acceptable Identification

House Bill 1679 (Chapter 258) provides that on any application for a license issued by a locality under its business, professional, and occupational license (BPOL) taxing authority, the locality will not be permitted to require an applicant to provide a social security number if the applicant provides his federal employer

identification number (FEIN) instead. Additionally, if the applicant supplies a valid FEIN, the locality will not be required to determine the residency status of the applicant.

Effective: July 1, 2020  
Added: § 58.1-3703.2

## Plastic Bag Tax

### Local Tax on Disposable Plastic Bags

House Bill 534 (Chapter 1022) and Senate Bill 11 (Chapter 1023) authorize any county or city, beginning no earlier than January 1, 2021, to impose a tax of five cents per bag on disposable plastic bags provided to consumers by certain retailers, with certain bags being exempt from the tax. These Acts allow every retailer that collects the tax to retain a portion of the five-cent tax and provides that the revenue accruing to the county or city shall be used for certain purposes, including environmental cleanup and the provision of reusable bags. These Acts also authorize the Tax Commissioner to administer the tax. Each local ordinance imposing the tax is required to provide for the tax to become effective on the first day of a calendar quarter. The county or city is required to provide a certified copy of such ordinance to the Tax Commissioner at least three months prior to the date the tax is to become effective.

Effective: July 1, 2021  
Added: § 58.1-1745 through 58.1-1748

## Real Estate Tax

### Real Property Taxes: Definitions, Blighted and Derelict Properties in Certain Localities

House Bill 755 (Chapter 1213) provides that, in localities with a score of 107 or higher on the fiscal stress index, as published by the Department of Housing and Community Development in July 2019 using the revised data for fiscal year 2017, blighted properties and derelict structures shall constitute a separate class of property for local taxation of real property. Such certain localities may, by ordinance, levy a tax on blighted properties and derelict

structures at a rate that exceeds the general real property tax rate by five and 10 percent, respectively. Any tax levied pursuant to such an ordinance will be imposed upon a determination by the real estate assessor that a property constitutes a blighted property or derelict structure. This Act also provides that, in such certain localities, delinquent tax lands may be sold six months after the locality has incurred abatement costs for buildings that have been condemned, constitute a nuisance, are a derelict building, or are declared to be blighted.

Effective: July 1, 2020  
Amended: § 58.1-3965  
Added: § 58.1-3221.6

### **Delinquent Real Property Taxes: Correction of Tax Records**

House Bill 1581 (Chapter 644) clarifies that it is the responsibility of the treasurer rather than the circuit court clerk to update the delinquent tax books regarding the correction or satisfaction of delinquent real property taxes encumbering properties sold for delinquent taxes and other debts.

Effective: July 1, 2020  
Amended: §§ 8.01-98 and 58.1-3981

### **Classification of Land and Improvements for Tax Purposes: City of Richmond**

Senate Bill 725 (Chapter 790) reclassifies improvements to real property located in the City of Richmond as a separate class of real property. As a result of this reclassification, Richmond is authorized, after giving public notice and an opportunity for the public to be heard, to levy a tax on the improvements at a different rate than the tax imposed upon the land on which it is located, provided that the rate of tax does not exceed the rate of tax on the land and the rate of tax on improvements is not zero. Currently, in the City of Fairfax, the City of Roanoke, and the City of Poquoson improvements to real property constitute a separate class of property for purposes of imposing the real property tax, these localities may levy a tax on the improvements at a different rate than the tax imposed upon the land on which it is located.

Effective: July 1, 2020  
Amended: § 58.1-3221.1

## Thresholds for Nonjudicial Sale of Delinquent Tax Lands

House Bill 1582 (Chapter 257) permits the nonjudicial sale of improved and unimproved real property valued \$10,000 or less, if taxes levied upon it are delinquent for at least three years. This Act also permits the nonjudicial sale of any real property valued at more than \$10,000 but no greater than \$25,000, if taxes are delinquent for at least three years and the property:

- ▶ Is unimproved and measures no more than one acre;
- ▶ Is unimproved and has been determined to be unsuitable for building;
- ▶ Has a structure on it that has been condemned by the local building official;
- ▶ Has been declared a nuisance by the locality;
- ▶ Contains a derelict building; or
- ▶ Has been declared to be blighted by the locality.

Effective: July 1, 2020  
Amended: § 58.1-3975

## Real Estate Tax Exemption for Property in Redevelopment or Conservation Areas

House Bill 537 (Chapter 246) and Senate Bill 727 (Chapter 66) increase the maximum duration of a local real estate tax exemption for structures in redevelopment or conservation or rehabilitation areas or rehabilitation districts from 15 to 30 years.

Effective: July 1, 2020  
Amended: § 58.1-3219.4

## Real Estate with Delinquent Taxes or Liens; Sales by Nonprofit Organizations

House Bill 535 (Chapter 244) authorizes nonprofit organizations selling parcels of real estate encumbered by delinquent taxes or liens acquired from the cities of Norfolk, Richmond, Hopewell, Newport News, Petersburg, Fredericksburg, Hampton, or Martinsville as a result of the execution of a deed by a special commissioner to sell either:

- ▶ Both the land and the structural improvements on the property, or
- ▶ Only the structural improvements.

This Act also requires that a sale of only the structural improvements of such parcels be subject to a ground lease with a community land trust with a term of at least 90 years and the trust must retain the preemptive option to purchase the structural improvements subject to a formula designed to ensure affordability of the improvements to low and moderate income families in perpetuity.

Effective: July 1, 2020  
Amended: § 58.1-3970.1

## Personal Property Tax

### Personal Property Tax Classification of Forestry Harvesting and Silvicultural Equipment

House Bill 1021 (Chapter 251) clarifies that equipment used for forest harvesting and silvicultural activities qualifies as farm machinery and farm implements that localities may choose to exempt. This Act also clarifies that localities may not classify exempt equipment used for forest harvesting and silvicultural activities as a separate class of tangible personal property subject to tax at a lower rate.

Effective: July 1, 2020  
Amended: §§ 58.1-3505 and 58.1-3506

### Personal Property Tax Classification of Property: Satellites

House Bill 724 (Chapter 64) and Senate Bill 273 (Chapter 64) extend the sunset date for the classification of tangible personal property used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District as a separate class of property from June 30, 2019, to June 30, 2029.

Effective: July 1, 2020  
Amended: § 58.1-3506



## Personal Property Tax: Assessment of Generating Equipment of Electric Suppliers Utilizing Wind Turbines

House Bill 1327 (Chapter 508) authorizes localities to tax generating equipment owned by electric suppliers utilizing wind turbines for which an initial interconnection request has been filed on or before July 1, 2020 at a rate not to exceed the real estate tax rate by more than \$0.20 per \$100 of assessed value.

Effective: July 1, 2020

Amended: § 58.1-2606

## Property Tax Exemptions

### Revenue Share Assessments Authorized for Solar Energy Projects

House Bill 1131 (Chapter 1224) and Senate Bill 762 (Chapter 1270) authorize localities to, by ordinance, assess a revenue share of up to \$1,400 per megawatt of generation capacity on a solar photovoltaic project. These Acts prohibit localities from assessing revenue shares upon certain customer-generators, small agricultural generators, solar projects that are 5 megawatts or less, or projects that are 20 megawatts or less for which an interconnection request form has been filed on or before December 31, 2018. These Acts also prohibit solar projects greater than 5 megawatts from getting any exemption, regardless of whether a revenue share is adopted by the locality, if the project hasn't filed its application with the locality before July 1, 2030.

These Acts also mandate that if a locality adopts a revenue share ordinance, the certified pollution control exemption for solar projects greater than 5 megawatts will be 100 percent of the assessed value of the project. If a locality has not adopted a revenue share agreement, solar projects greater than 5 megawatts are eligible for an 80 percent exemption so long as the application is made before July 1, 2030.

These Acts also require that no revenue share is permitted for projects for which an application was filed prior to July 1, 2020 unless the owner and locality agree to waive a portion of the pollution control exemption that applies to the project and return the exemption to the locality or the owner and locality agree to enter into a new payment agreement.

Effective: July 1, 2020

Amended: § 58.1-3660

Added: § 58.1-2636

## Real Property Tax Exemption for Certified Pollution Control Equipment and Facilities

House Bill 1434 (Chapter 1028) and Senate Bill 763 (Chapter 1029) provide that the certified pollution control property tax exemption for solar projects generating greater than five megawatts shall be available only to projects for which an application has been filed with the locality before July 1, 2030. These Acts also provide that, for solar projects generating between 20 and 150 megawatts for which an interconnection request has been filed on or after January 1, 2019, and upon which a locality has not assessed a revenue share, the value of the exemption shall be reduced by multiplying it by 80 percent for the first five years, 70 percent for the next five years, and 60 percent from ten years until the project ceases to operate.

Effective: July 1, 2020  
Amended: § 58.1-3660

## Timing of Certification of Certified Pollution Control Equipment and Facilities for Tax Exemption

House Bill 1173 (Chapter 252) and Senate Bill 685 (Chapter 65) allow localities to request certification of tax-exempt certified pollution control equipment used in conjunction with a locality's water, storm-water, wastewater, or solid waste management facilities or equipment prior to completion of the facility.

Effective: July 1, 2020  
Amended: § 58.1-3660

## Solar Energy and Recycling Equipment: Classification for Purposes of Real Property Tax Exemption

Senate Bill 1039 (Chapter 633) provides that the real property tax exemption for certified solar energy and recycling equipment will be retroactive to the date of installation if the taxpayer obtains certification by the local building department or the Department of Environmental Quality within one year of installation. Currently, the exemption is effective in the next tax year after the taxpayer obtains certification.

Effective: July 1, 2020  
Amended: § 58.1-3661

## Transient Occupancy Tax

### Transient Occupancy Tax: Removal of Sunset Date from Arlington County's Authority to Impose

House Bill 62 (Chapter 238) and Senate Bill 107 (Chapter 61) remove the July 1, 2021 sunset date from Arlington County's authority to impose an additional transient occupancy tax of up to 0.25 percent.

Effective: July 1, 2020  
Amended: § 58.1-3825.3

### Additional Transient Occupancy Tax in Appomattox, Mathews, Middlesex, and New Kent Counties

House Bill 1262 (Chapter 330) adds Appomattox, Mathews, Middlesex, and New Kent Counties to the list of counties that may impose a transient occupancy tax at a rate above two percent but not to exceed five percent. This Act requires the revenue attributable to the tax in excess of two percent be used solely for tourism and travel purposes.

Effective: July 1, 2020  
Amended: § 58.1-3819

### Prince George County Authorized to Impose Additional Transient Occupancy Tax

Senate Bill 255 (Chapter 787) authorizes Prince George County to impose an additional transient occupancy tax at a rate not to exceed two percent on rooms or spaces rented and occupied by the same transient or group for less than 30 continuous days. This Act requires that the revenues generated by the additional tax be used solely for promoting tourism, including marketing generally and marketing Prince George County as an overnight tourist destination, programs, staff, events, and capital projects.

Effective: July 1, 2020  
Amended: § 58.1-3825.4

## Other Local Tax Legislation

### Meals Tax and County Food and Beverage Tax: Exemption for Farmers Markets and Roadside Stands

House Bill 342 (Chapter 241) exempts sellers at farmers markets and roadside stands from having to collect meals tax or food and beverage tax on their sales when the seller's annual income from such sales at all local farmers markets and roadside stands does not exceed \$2,500.

Effective: July 1, 2020  
Amended: §§ 58.1-3833 and 58.1-3840

## Legislative Studies/Reports

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### Study of Options for the Regulation of Adult Use of Cannabis and Medical Cannabis

Senate Joint Resolution 67 directs the Joint Legislative Audit and Review Commission ("JLARC") to study options for the regulation and adult use of cannabis and medical cannabis. JLARC will:

- ▶ Study and provide guidance on the potential creation of a Cannabis Control Commission to oversee licensing and regulation of industrial hemp, medical cannabis, and adult use of cannabis;
- ▶ Provide regulatory guidance on potential tax rates and revenue forecasts for retail and wholesale products;
- ▶ Study and make recommendations regarding the issuance of initial cultivation and retail licenses;
- ▶ Develop and recommend a fee structure and grandfathering process for current pharmaceutical processors;
- ▶ Study and recommend potential cannabis advertising regulations;
- ▶ Study and determine appropriate public consumption venues and personal cultivation allowances;
- ▶ Study funding and processing requirements for expungement of criminal records and rights restoration related to cannabis decriminalization;
- ▶ Study and recommend methods for diversifying ownership of the cannabis market;
- ▶ Assess the California, Massachusetts, and Illinois cannabis programs and their effectiveness in transferring economic prosperity to disproportionately affected areas;
- ▶ Study the potential development of a community reinvestment fund; and
- ▶ Review and analyze National Highway Traffic Safety Administration studies on cannabis-related impairment.

Technical assistance to JLARC will be provided by all agencies of the Commonwealth, upon request.

Meetings must be completed by November 30, 2020, and an executive summary of findings and recommendations must be submitted to the Division of Legislative Automated Systems no later than the first day of the 2021 Regular Session of the General Assembly.

Effective: July 1, 2020

### **Study of the Impact of Legalizing the Sale and Personal Use of Marijuana**

House Bill 972 (Chapter 1285) and Senate Bill 2 (Chapter 1286) require the Secretaries of Agriculture and Forestry, Finance, Health and Human Resources, and Public Safety and Homeland Security to convene a work group to study the impact on the Commonwealth of legalizing the sale and personal use of marijuana and report the recommendations of the work group to the General Assembly and the Governor by November 30, 2020.

Effective: July 1, 2020

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