

# **2000 LEGISLATIVE SUMMARY**



***Virginia***  
***Department of Taxation***

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**Tax Commissioner**

# INTRODUCTION

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The **Legislative Summary** is published by the Department of Taxation (TAX) as a convenient reference guide to state and local tax legislation enacted by the 2000 Session of the General Assembly. It includes a general description of enacted legislation affecting:

- ◆ State taxes administered by TAX, and
- ◆ Local taxes which TAX assists in the administration of or on which TAX renders advisory assistance.

The **Summary** also includes legislative studies in which TAX will be directly involved or acting in a technical support role. However, in general, legislation granting property tax exemptions, creating special taxing jurisdictions or 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 information purposes only. The **Summary** is not a substitute for the actual state law, local ordinances, and TAX regulations. Additional information on new legislation affecting state taxes may be obtained from TAX at the following telephone numbers:

<b>Individual Income Tax</b>	<b>(804) 367-8031</b>
<b>Corporation Income Tax</b>	<b>(804) 367-8037</b>
<b>Sales and Use Tax</b>	<b>(804) 367-8037</b>
<b>Employer Withholding Tax</b>	<b>(804) 367-8037</b>
<b>Voice/TDD</b>	<b>(804) 367-8329</b>

Additional information on new local tax legislation should be obtained from your local Commissioner of Revenue or Treasurer.

**Virginia Department of Taxation**  
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# **STATE TAX**

# **LEGISLATION**

## GENERAL PROVISIONS

### ***Payment of Taxes by Credit Card – Clarified***

House Bill 474 (Chapter 228) and Senate Bill 47 (Chapter 208) clarify current law to allow the Department of Taxation to expand the option of allowing taxpayers to pay taxes by credit card. While current law allows taxpayers to pay their taxes using credit cards, credit card companies do not allow the department to pass on service fees as required by current law. Under this legislation, the department can negotiate an arrangement with a third party vendor to allow taxpayers to use credit cards as a method to pay their taxes and the taxpayer would pay the vendor any service fee to use this service. Once the department contracts with the credit card companies, taxpayers will have an additional payment option to choose from when settling their tax liabilities.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-13.1

### ***Electronic Transmission of Assessments – New***

House Bill 498 (Chapter 402) and Senate Bill 55 (Chapter 369) allow the Department of Taxation to transmit assessments to taxpayers by either facsimile transmission or electronic mail. This method would be subject to the written approval of the taxpayer in which the taxpayer designates the proper fax machine or electronic mail address which may receive the assessment.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-1820

## INCOME TAX

### Corporations

#### ***Coalfield Employment Enhancement Tax Credit – Extended***

House Bill 732 (Chapter 91) and Senate Bill 421 (Chapter 1066) extend the sunset date that the Coalfield Employment Enhancement Tax Credit can be earned and claimed from taxable years 2001 and 2004 to taxable years 2007 and 2010, respectively. In addition, the amount of the excess credit redemption would be reduced from 90% to 85% beginning with credits earned for the 2002 taxable year.

**Effective Date:** Taxable years beginning on and after January 1, 2002  
**Code Section Amended:** § 58.1-439.2

#### ***Coalfield Employment and Production Incentive Tax Credit – Amended***

House Bill 1135 (Chapter 929) amends the Virginia Coal Employment and Production Incentive Tax Credit to require that electricity generators purchasing Virginia mined coal must be the consumer of the coal purchased in order to earn the credit. This legislation is not applicable to any contracts to purchase coal whose bid closing dates were before January 24, 2000.

**Effective Date:** Tax years and taxable years beginning on and after January 1, 2001  
**Code Section Amended:** §§ 58.1-433.1 and 58.1-2626.1

#### ***Historic Rehabilitation Tax Credit - Amended***

House 727 (Chapter 356) accelerates the period in which the Department of Historic Resources can enter into reciprocal agreements with other states for the purposes of the Historic Rehabilitation Tax Credit to taxable year 2000. Under a reciprocal agreement, a taxpayer could earn their state's historic rehabilitation credit for rehabilitating a historic property in another state. However, no credits will be permitted under the reciprocity provisions until taxable years beginning on or after January 1, 2002.

**Effective Date:** Taxable years beginning on and after January 1, 2000  
**Code Sections Amended:** § 58.1-339.2

#### ***Historic Rehabilitation Tax Credit - Amended***

Senate Bill 12 (Chapter 367) extends the carryover period for taxpayers to use the Historic Rehabilitation Tax Credit from five to ten years.

**Effective Date:** July 1, 2000  
**Code Section Amended:** § 58.1-339.2

***Historic Rehabilitation Tax Credit - Amended***

House Bill 1173 (Chapter 429) amends the definition of “material rehabilitation” for purposes of the Historic Rehabilitation Tax Credit. The current definition requires that qualifying expenditures total at least 50% of the assessed value of such buildings. This legislation provides that the total rehabilitative expenses for an owner-occupied building be at least 25% of the assessed value.

**Effective Date:** Taxable years beginning on and after January 1, 2001  
**Code Section Amended:** § 58.1-339.2

***Rent Reductions Credit – Extended***

House Bill 1142 (Chapter 428) restores the rent reductions credit that expired on December 31, 1999. This credit is a nonrefundable credit for individuals and corporations that provide rent reductions of at least 15% to elderly, disabled or previously homeless tenants. The credits are equal to 50% of the total rent reductions. The total amount of credits that may be approved by the Virginia Housing Development Authority (VHDA) in any fiscal year may not exceed \$50,000. Only those taxpayers participating in the rent reduction credit program prior to its expiration are allowed to participate in this credit program.

**Effective Date:** Taxable years beginning on January 1, 2000 through December 31, 2005  
**Code Section Amended:** § 58.1-339.8

***Credit for Technology Investments in Tobacco-Dependent Localities – New***

House Bill 402 (Chapter 1042) creates a tax credit equal to 50% of a qualified investment in an information technology or biotechnology company located in, or that will be located in, a tobacco-dependent locality. A qualified investment is defined as a cash investment in an information technology or biotechnology company or a capital investment by an information technology or biotechnology company in real property, personal property, or both. This credit is limited to \$500,000 per taxpayer and may only be claimed to the extent that monies are deposited in the Tobacco-Dependent Localities Fund to fund this credit.

**Effective Date:** Taxable years beginning on and after January 1, 2000, but before January 1, 2010  
**Code Section Amended:** § 9-385  
**Code Sections Added:** §§ 58.1-439.12\*, 58.1-439.13\*, 58.1-439.14\*, 58.1-439.15\*, and 58.1-439.16\*

***Credit for Research & Development Expenses in Tobacco-Dependent Localities – New***

House Bill 402 (Chapter 1042) creates a tax credit equal to 50% of the amount expended by the taxpayer on eligible research and development activity in a tobacco-dependent locality. Eligible research and development activity is defined as “qualified research expenses” as defined in the Internal Revenue Code when such expenses are for an activity occurring in a tobacco-dependent locality. This credit is limited to \$500,000 per taxpayer and may only be claimed to the extent that monies are deposited in the Tobacco-Dependent Localities Fund.

**Effective Date:** Taxable years beginning on and after January 1, 2000, but before January 1, 2010

**Code Section Amended:** § 9-385

**Code Sections Added:** §§ 58.1-439.12\*, 58.1-439.13\*, 58.1-439.14\*, 58.1-439.15\*, and 58.1-439.16\*

***Riparian Buffer Credit - New***

House Bill 1306 (Chapter 607) and Senate Bill 664 (Chapter 568) create individual and corporate income tax credits for 25% of the value of the timber on an area designated as a forested buffer for a waterway. The State Forester is responsible for determining the value of the area and providing a certification of such value for purposes of claiming the credit. The credit may not exceed \$17,500 or the total amount of tax, whichever is less.

**Effective Date:** Taxable years beginning on and after January 1, 2000

**Code Sections Added:** §§ 58.1-339.8\* and 58.1-439.12\*

***Subtraction for Income Received as a Result of Payment Made Under the Tobacco Settlement – New***

House Bill 176 (Chapter 1039) and Senate Bill 178 (Chapter 1021) provide an income tax subtraction for individuals and corporations for the income received as a result of the payments made under the Tobacco Master Settlement Agreement, the National Tobacco Grower Settlement Trust, and the Tobacco Loss Assistance Program.

**Effective Date:** Taxable years beginning on or after January 1, 1999

**Code Sections Amended:** §§ 58.1-322 and 58.1-402

***Sunset Date of the Neighborhood Assistance Act Program – Extended***

House Bill 740 (Chapter 358) extends the sunset date of the Neighborhood Assistance Act tax credit through July 1, 2002. The Neighborhood Assistance Act was scheduled to expire on July 1, 2000.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 63.1-323

***Number of Permitted Enterprise Zones - Amended***

Senate Bill 374 (Chapter 656) increases the maximum number of enterprise zones from 55 to 60 and requires that five of the zones designated after July 1, 2000 meet certain criteria. The five newly designated zones must be established in a locality with an unemployment rate at least 50% higher than the statewide unemployment rate.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 59.1-274

***Enterprise Zones – Amended***

House Bill 778 (Chapter 746) and Senate Bill 281 (Chapter 695) allow one satellite zone for each of the jurisdictions that have an area encompassed by a joint enterprise zone. This means that each locality with area included in a joint enterprise zone could have a satellite zone area.

**Effective Date:** April 8, 2000

**Code Section Amended:** § 59.1-274

***Elimination of the Excess Cost Recovery Program – Repealed***

House Bill 911 (Chapter 419) repeals the obsolete statutes enacted in 1987 to eliminate the excess cost recovery program. The repealed statutes created the program to eliminate the outstanding Accelerated Cost Recovery System (ACRS) additions and the excess cost recovery repeal fund.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-323 and 58.1-402.

**\* Code references are those shown in chapterized bills. Actual code section numbers will be assigned by the Virginia Code Commission.**

## Individuals

### ***Tax Credit for Low Income Families - New***

House Bill 160 (Chapter 397) provides a nonrefundable individual income tax credit equal to \$300 for each personal and dependent exemption for taxpayers with family Virginia adjusted gross income at or below the federal poverty line. The credit will not be allowed in any taxable year in which the taxpayer, taxpayer's spouse or any person claimed as a dependent on the taxpayer's income tax return claims one or more of the following: 1) the subtraction for wages or salaries received by members of the Virginia National Guard; 2) the subtraction of \$15,000 of military basic pay for military service personnel on extended active duty; 3) the subtraction for the first \$15,000 of salary for each federal and state employee whose annual salary is \$15,000 or less; 4) the additional personal exemption for blind or aged taxpayers; and 5) the deduction for taxpayers age 62 or older.

**Effective Date:** Taxable years beginning on or after January 1, 2000

**Code Section Added:** § 58.1-339.8\*

### ***Neighborhood Assistance Act Tax Credit – Extended***

Senate Bill 667 (Chapter 946) amends the Neighborhood Assistance Act tax credit to allow credits to individuals for qualifying monetary donations of \$50 or more. The credit for such donations would be equal to the donation, not to exceed \$200 in a taxable year.

**Effective Date:** July 1, 2000

**Code Section Added:** § 63.1-325.2

### ***Subtraction for Income Received by Holocaust Victims – New***

House Bill 176 (Chapter 1039) provides a subtraction for individuals for the income resulting from the return or replacement of assets stolen during the Holocaust and throughout the time period leading up to, during, and directly after World War II as a result of (1) Nazi persecution; (2) individuals being forced into labor against his or her will; (3) transactions with or actions of the Nazi regime; (4) treatment of refugees fleeing Nazi persecution; and/or (5) the holding of such assets by entities or persons in the Swiss Confederation.

**Effective Date:** Taxable years beginning on and after January 1, 1999

**Code Section Amended:** § 58.1-322

***Congressional Medal of Honor Recipient Military Pay Subtraction – New***

Senate Bill 495 (Chapter 387) exempts from individual income tax the military retirement income of a veteran who has received the Congressional Medal of Honor.

**Effective Date:** Taxable years beginning on and after January 1, 2001

**Code Section Amended:** § 58.1-322

***Subtraction for Taxpayers with Permanent Disabilities - Amended***

House Bill 119 (Chapter 394) broadens Virginia's current subtraction available to taxpayers under age 65 who are retired due to permanent disability. The current subtraction is equal to the base amount of the federal disability income tax credit. Under this legislation, individuals, regardless of their age, can subtract up to \$20,000 of disability income as defined under Internal Revenue Code ' 22. Under the disability subtraction, individuals age 62 or older cannot claim both the disability income subtraction and Virginia's age deduction.

**Effective Date:** January 1, 2001

**Code Section Amended:** § 58.1-322

***Virginia Education Savings Trust Deduction – Amended***

House Bill 438 (Chapter 400) and Senate Bill 359 (Chapter 382) allow individuals who are age 70 or older to deduct the full amount contributed to a Virginia Education Savings Trust account in the year of contribution. Under current law, the maximum deduction that may be claimed is \$2,000 per year per account until the total purchase price has been fully deducted. This bill also changes the name of the Virginia Higher Education Tuition Trust Fund to the Virginia College Savings Plan.

**Effective Date:** Taxable years beginning on and after January 1, 2000

**Code Section Amended:** §§ 2.1-41.2, 2.1-116, 2.1-342.01, 2.1-344, 9-6.14:4.1, 11-35, 23-38.75, 23-38.76, 23-38.77, 23-38.78, 23-38.80, 23-38.81, 23-38.83, 23-38.84, 58.1-302, and 58.1-322

***Estimated Taxes Filing Date for Merchant Seamen – New***

House Bill 737 (Chapter 415) allows merchant seamen to file their estimated taxes on or before January 15 of the year subsequent to the taxable year. This filing benefit is already afforded to farmers and fishermen. As with farmers and fishermen, qualification for the special estimated income tax return filing date is based on the requirement that two-thirds of the taxpayer's estimated gross income for the taxable year must be from income earned in that occupation. This special exception would apply to merchant seamen whether they are self-employed or an employee.

**Effective Date:** Taxable years beginning on and after January 1, 2001

**Code Section Amended:** § 58.1-490

***Family and Children’s Trust Fund of Virginia Check-off – Amended***

House Bill 70 (Chapter 516) makes the individual income tax check-off for voluntary contributions to the Family and Children’s Trust Fund of Virginia (FACT) permanent. FACT is an umbrella organization for public collaboration addressing family violence. This check-off was set to expire January 1, 2001.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-346.3:1

***Open Space Recreation and Conservation Fund Check-off – Amended***

House Bill 568 (Chapter 524) and Senate Bill 634 (Chapter 550) make the individual income tax check-off for voluntary contributions to the Open Space Recreation and Conservation Fund permanent. This check-off was set to expire January 1, 2001.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-345.1

***Children of America Finding Hope Check-off – New***

House Bill 706 (Chapter 525) creates an individual income tax check-off to fund Children of America Finding Hope, an organization designed to reach children with emotional and physical needs.

**Effective Date:** Taxable years beginning on or after January 1, 2001

**Code Section Added:** § 58.1-346.15

**\* Code references are those shown in chapterized bills. Actual code section numbers will be assigned by the Virginia Code Commission.**

## **Estates and Trusts**

### ***Income Tax Deduction for the Purchase of a Virginia Prepaid Education Contract – New***

House Bill 438 (Chapter 400) and Senate Bill 359 (Chapter 382) allow a \$2,000 income tax deduction to estates and trusts that purchase contracts under the Virginia Prepaid Education Program or contribute to Virginia Education Savings Trust (VEST) accounts.

**Effective Date:** Taxable years beginning on or after January 1, 2000

**Code Section Amended:** §§ 2.1-41.2, 2.1-116, 2.1-342.01, 2.1-344, 9-6.14:4.1, 11-35, 23-38.75, 23-38.76, 23-38.77, 23-38.78, 23-38.80, 23-38.81, 23-38.83, 23-38.84, 58.1-302, and 58.1-322

### ***Income Annualization Computation – Amended***

Senate Bill 537 (Chapter 388) changes the manner in which trusts and estates compute the annualization of income exception for determining whether a fiduciary taxpayer is subject to the penalty for underpayment of estimated tax. The legislation allows trusts and estates to annualize taxable income through the month which is two months before the month in which an estimated tax payment is required.

**Effective Date:** Taxable years beginning on and after January 1, 2001

**Code Section Amended:** § 58.1-492

## **Employer Withholding**

### ***Additional Withholding Allowances Deferred – Amended***

House Bill 94 (Chapter 553) and Senate Bill 46 (Chapter 501) defer from January 1, 2001, to January 1, 2003, the effective date of the provisions allowing taxpayers who itemize their deductions to claim additional withholding allowances.

**Effective Date:** July 1, 2000

**Code Section Amended:** §§ 58.1-461, 58.1-462, and 58.1-470

## RETAIL SALES AND USE TAX

### ***Taxation of Modular Buildings – New***

House Bill 1094 (Chapter 425) reduces the taxable base for applying the retail sales and use tax on the retail sale of certain types of modular buildings from 100% to 60% of the sales price. For the purposes of this legislation, a retail sale of a modular building is a sale without installation to the final consumer. This legislation also allows a modular housing manufacturer to take a sales or use tax credit on its sales tax return for sales or use tax paid on the cost price of materials incorporated into modular buildings when sold at retail. When a modular building is sold with installation by the seller, the transaction is treated as a real property services transaction, i.e., the seller is deemed the taxable user and consumer of the modular building. In such instances, the tax continues to apply to the total cost of materials incorporated into the product when built, sold, and installed by a modular building manufacturer.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-602 and 58.1-610

**Code Section Added:** § 58.1-610.1

### ***Exemption for Materials Used in the Repair and Maintenance of Nuclear Power Plants – New***

House Bill 99 (Chapter 346) and Senate Bill 157 (Chapter 505) provide a sales and use tax exemption for tangible personal property purchased for use or consumption in the performance of maintenance and repair services at nuclear power plants licensed by the Nuclear Regulatory Commission and located outside the Commonwealth.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-609.10

### ***Return of State Sales and Use Tax Generated by the Hampton Convention Center to the City of Hampton – New***

House Bill 444 (Chapter 474) authorizes the state sales and use tax generated by sales at the City of Hampton Convention Center (a public facility) to be returned to the City of Hampton. The tax so returned to the City of Hampton must be applied to the repayment of municipals bonds issued to finance the construction of the facility. To qualify, the bonds must be issued on or after July 1, 2000, but before July 1, 2003.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-608.3

***Information Filing Requirement for Sales and Use Tax Exemptions – Amended***

House Bill 906 (Chapter 172) amends the information filing requirement for legislative consideration of bills that establish or expand retail sales and use tax exemptions. This legislation deletes the filing requirement for other than nonprofit organizations under Code §§ 58.1-609.4 (educational), 58.1-609.7 (medical-related), 58.1-609.8 (civic and community services), 58.1-609.9 (cultural), and 58.1-609.10 (miscellaneous). This legislation also eliminates the provision requiring that legislation establishing or expanding exemptions for nonprofit organizations be considered by the General Assembly only in regular sessions convened in even-numbered years. Finally, this legislation eliminates a provision requiring legislation that extends or renews an exemption from retail sales and use tax to be introduced no later than the first calendar day of any regular session of the General Assembly.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 30-19.05 and 30-19.1:3

***Various Nonprofit and Miscellaneous Exemptions - New***

Exemptions from the retail sales and use tax were created for various nonprofit organizations by House Bill 106 (Chapter 493) and Senate Bill 48 (Chapter 487). The exemptions apply to purchases by nonprofit organizations, generally exempt from taxation under § 501(c)(3) of the Internal Revenue Code, and established for a specific purpose. The exemptions are designated by type and category. The known affected organizations, the code section amended, and the amending legislation are noted in parentheses.

***Governmental (effective July 1, 2000, through June 30, 2001)***

- Any soil and conservation district which is organized in accordance with the provisions of Article 3 (§10.1-506 et seq.) of Chapter 5 of Title 10.1.  
(*Soil and Water Conservation Districts*; § 58.1-609.1; HB 106 and SB 48)

***Educational (effective July 1, 2000, through June 30, 2001):***

- An organization operating to design and deliver to the Eighth Planning District (Northern Virginia), educational programs for older persons by older persons, including disabled, low-income and minority individuals, for the purpose of keeping older persons up-to-date in technology, psychology and health maintenance and the purpose of exploring human values, the philosophical underpinnings of community service, and the ultimate meaning of life.  
(*Lifetime Learning Institute of Northern Virginia*; § 58.1-609.4; HB 106)

- An organization within the Eleventh Planning District (Central Virginia) operating to coordinate professionals, expertise, curricular materials, funds and school personnel to create educational programs that raise community awareness regarding watershed health, to collect data about the watershed so as to help further soil, water and habitat conservation in the community, and to design replicable project models that can be of use to rural Virginia's schools and communities, all through hands-on learning experiences.  
(*Pedlar River Institute*; § 58.1-609.4; HB 106)
- An organization within the Fifteenth Planning District (Richmond Regional) operating for the purpose of providing opportunities for international educational exchange for foreign high school students to visit Virginia, and for Virginia high school students to visit foreign countries.  
(*American Academic and Cultural Exchange, Inc.*; § 58.1-609.4; HB 106)

*Medical-related (effective July 1, 2000, through June 30, 2001):*

- A foundation established to promote quality health care and health care education in the Roanoke Valley by establishing scholarships for needy and deserving students pursuing health care careers, promoting health care research, and providing health care education. This exemption is extended until June 30, 2001. (*Lewis-Gale Foundation*; § 58.1-609.7(26); HB 106)
- An organization operating exclusively to provide breast cancer support and outreach for the medically under-served, including free mammography programs. This exemption is extended until June 30, 2001.  
(*Tranquility Breast Center Foundation, Inc.*; § 58.1-609.7(30); HB 106)
- An organization operating to address the nationwide shortage of transplantable organs by promoting an increase in organ and tissue donation through campaigns in national print and broadcast media and community-based programs designed to educate the public about the virtues and benefits of organ and tissue donation. (*Coalition on Donation*; § 58.1-609.7; SB 48)
- An organization operating to provide medical services to individuals, regardless of economic status, with speech, hearing and language disorders, including services such as, but not limited to, evaluation, diagnosis and treatment.  
(*Roanoke Valley Speech/Hearing Center*; § 58.1-609.7; SB 48)
- An organization within the Twenty-Third Planning District (Hampton Roads) operating to provide support services to terminally ill persons and their caregivers, including but not limited to, cancer information, bereavement care, transportation assistance, and time out for family members.  
(*Hospice of Williamsburg*; §58.1-609.7; HB 106)

- An organization within the Eighth Planning District (Northern Virginia) operating to provide housing facilities and services specially designed to meet the physical, social and employment needs of the physically disabled and to promote their health, security and happiness in an effort to assist them in achieving social and economic self-sufficiency.  
(*Alliance for the Physically Disabled, Inc.*; § 58.1-609.7; HB 106)
- An organization operating to foster the faith of students in healthcare graduate studies on the campus of the Medical College of Virginia, encourage and develop medical missions overseas, promote and support volunteer services in medical and dental care for the needy and homeless, and discourage out-of-wedlock teenage sexual activity.  
(*Richmond Christian Medical and Dental Society*; § 58.1-609.7; HB 106)

*Civic and community service (effective July 1, 2000 through June 30, 2001):*

- An organization operating for the purpose of providing assistance to the needy through ministries that support elderly women in the Johnson City-Kingsport-Bristol, TN-VA Metropolitan Statistical Area, distributing food, and sending medications and medical supplies to third world countries.  
(*King Pharmaceuticals Benevolent Fund, Inc.*; § 58.1-609.8; SB 48)
- An organization operating to provide housing-related services to low and moderate income households including such services as, eviction prevention services, housing identification and placement services, and housing financial assistance services to those of the Eighth Planning District (Northern Virginia).  
(*Housing and Community Services of Northern Virginia, Inc.*; § 58.1-609.8; SB 48)
- An organization within the boundaries of the Fifteenth Planning District (Richmond Regional) operating for the purpose of assisting in the placement of children with adoptive families and accomplishes its purpose by providing adoption-related services to children waiting to be adopted, birth parents, prospective adoptive parents, adoptive families, and adult adoptees.  
(*Coordinator/2, Inc.*; § 58.1-609.8 SB 48)
- An organization within the boundaries of the Fifteenth Planning District (Richmond Regional) operating to provide services and programs designed to maintain and improve the health, wellness, good cognitive functioning, and quality of life for persons fifty years of age and older, and to assist such persons to function independently.  
(*Senior Center of Richmond, Virginia*; § 58.1-609.8; SB 48)

- An organization operating to assist low income citizens through programs that provide child care to low income parents who are employed or in job training; support pregnant teenagers; promote adult literacy; foster education, youth development, and women's' wellness; and provide evening meals to low income families located in the Johnson City-Kingsport-Bristol, TN-VA area. (*Young Women's Christian Association of Bristol*; § 58.1-609.8; SB 48)
- An organization operating for purposes including, but not limited to, providing opportunities for the citizens of Virginia to participate in the provision of health care, education, and the daily needs of Tibetan refugee children in refugee camps in Nepal and providing opportunities for Virginia citizens to give hearing aids to deaf children in Vietnam and to participate in medical teams going into Cambodia, Laos and Nepal. (*Outreach to Asia Nationals*; §58.1-609.8; HB 106)
- An organization within the boundaries of the Eighteenth Planning District (Middle Peninsula) organized to promote civic, social, educational, and cultural advancement; and accomplishes this purpose by means including, but not limited to, providing educational mentoring to primary and high school students and funding scholarships to graduating high school students and women re-entering college. (*The Middlesex County Women's Club*; § 58.1-609.8; SB 48)
- An organization operating to prevent homelessness and help individuals and families achieve self-sufficiency by providing housing and related services, grants to prevent eviction, and counseling and support to homeless Virginia citizens. (*Good Shephard Housing and Family Services*; § 58.1-609.8; SB 48)
- An organization operating for the purpose of informing citizens about transportation, land use, and environmental issues that affect the National Capital Region; expanding public participation in transportation planning and decision-making; ensuring that federal air quality and transportation laws are implemented; advocating additional transit facilities, pedestrian access, and bicycle pathways; promoting the coordination of transportation, environmental and land use planning at the municipal, county, state, and regional levels. (*Washington Regional Network of Livable Communities*; § 58.1-609.8; SB 48)
- An organization within the boundaries of the Ninth Planning District (Rappahannock-Rapidan) organized to promote the study and knowledge of gardening, landscape design, and horticulture through such activities as, operating and maintaining a library for books, manuscripts, works of art, and related artifacts; sponsoring educational programs for scholars and the public; publishing, distributing, and selling educational publications, including free or subsidized dissemination of such works; and maintaining gardens and research facilities. (*Oak Spring Garden Foundation*; § 58.1-609.8; SB 48)

- An organization within the boundaries of the Eleventh Planning District (Central Virginia) organized exclusively to provide services and activities that promote individual and family development for youth and their families, including, but not limited to, sports, education and enrichment activities, free health screenings, and mentor and tutorial programs.  
(*Jubilee Family Development Center*; § 58.1-609.8; SB 48)
- An organization within the boundaries of the Eleventh Planning District (Central Virginia) organized to foster biblical scholarship by providing a medium of exchange for oral and written expression of religious thought and research.  
(*Evangelical Theological Society*; § 58.1-609.8; SB 48)
- An organization operating to assist persons of the Eleventh Planning District (Central Virginia) with disabilities to reach their independent living goals.  
(*Lynchburg Area Center for Independent Living*; § 58.1-609.8; SB 48)
- An organization within the boundaries of the Eighth Planning District (Northern Virginia) organized for the purpose of providing cross-cultural and educational exchange programs, internships, and training seminars for students, teachers, and professionals, with emphasis on such exchange between Japan and the United States. (*International Internship Programs*; § 58.1-609.8; SB 48)
- An organization operating for the purpose of pioneering the development of strategies and programs that leverage the power of the emerging global medium to have a positive impact on society by improving the lives of families and children and empowering the disadvantaged.  
(*AOL Foundation, Inc.*; §58.1-609.8; HB 106)
- An organization operating for the purpose of offering sports activities to children in Northern Virginia, and advancing the character of youth and promoting sportsmanship, team spirit, fair play, honesty and patriotism among youth by providing and supervising youth sports programs.  
(*Springfield, Virginia Youth Club, Inc.*; §58.1-609.8; HB 106)
- An organization operating to provide housing-related services to low and moderate income households, within the boundaries of the Eighth Planning District (Northern Virginia) established pursuant to § 15.2-4203, including such services as, but not limited to, eviction prevention services, housing identification and placement services, and housing financial assistance services.  
(*Housing & Community Services of Northern Virginia, Inc.*; §58.1-609.8; HB 106)
- An organization operating to promote public safety, health, good living, fellowship, recreation, conservation, justice, and law and order for the citizens of the Konnarock, Green Cove, Laurel Valley communities.  
(*Konnarock, Green cove, Laurel Valley Community Assn., Inc.*; §58.1-609.8; HB 106)

- An organization within the Third Planning District (Mount Rogers) operating to perform a wide array of charitable services including, but not limited to, aid to patients and research for eye operations, speech therapy, burns, and Alzheimer's disease; provision of scholarships for high school students to attend college; and aid for religious pilgrimages.  
(*York Masonic Lodge, #12*; §58.1-609.8; HB 106)
- An organization operating for the purpose of providing free public service in the area of consumer horticulture and preservation of the environment within the Eighth Planning District (Northern Virginia).  
(*Fairfax County Master Gardeners Assoc.*; § 58.1-609.8; HB 106)
- An organization operating to provide ostomy-related educational and support services in the Northern Virginia area.  
(*United Ostomy Association Inc.*; § 58.1-609.8; HB 106)
- An organization within the Fifteenth Planning District (Richmond Regional) organized for the purpose of developing and operating residential programs and support services for persons with mental disabilities, to help them discover life opportunities for expanded choices, personal growth, increased independence, and participation in community life.  
(*Community Based Services*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of making housing opportunities available for persons with mental disabilities residing in the Fifteenth Planning District (Richmond Regional). (*Housing Options, Inc.*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of providing assisted living services at affordable prices within the Fifteenth Planning District (Richmond Regional). (*Beth Sholom Assisted Living*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of publishing a bimonthly theological journal and distributing it to thousands of churches and individuals in the Fourth Planning District (New River Valley).  
(*Presbyterians for Faith, Family & Ministry*; § 58.1-609.8; HB 106)
- An organization operating to assist those in need by providing food, clothing, housewares, and transportation and financial assistance for housing, utilities, medication, and transportation within the Eighth Planning District (Northern Virginia). (*Ecumenical Community Helping Others, Inc.*; § 58.1-609.8; HB 106)
- An organization operating to provide assistance to the needy, including, but not limited to, food, clothing and transportation to medical appointments within the Twenty-Third Planning District (Hampton Roads).  
(*FISH, Inc.*; § 58.1-609.8; HB 106)

- An organization operating to provide services to low-income children and families, including parent education, transportation, health assessments, home visiting, developmental screenings, and referrals for medical care within the Twenty-Third Planning District (Hampton Roads).  
(*Chesapeake Health and Investment Program*; § 58.1-609.8; HB 106)
- An organization operating for purposes including purchasing dictionaries for ninth grade public high school students who do not have one for home use; lending medical equipment for home use; providing entertainment tickets for emotionally disturbed children; and supporting the Virginia Peninsula Council on Domestic Violence. (*National Council of Jewish Women, Hampton Roads Section, Inc.*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of providing a family environment to elderly people in a peaceful, relaxed, and comfortable home and encouraging them to continue to be vital members of the community within the Twenty-Third Planning District (Hampton Roads).  
(*Episcopal Church Home*; § 58.1-609.8; HB 106)
- An organization operating to facilitate cooperation among church-operated schools; provide educational and athletic activities for students; and provide professional development opportunities for teachers.  
(*Old Dominion Association of Church Schools*; § 58.1-609.8; HB 106)
- An organization organized to foster participation in clean, wholesome, and competitive athletic events through the creation, organization, and promotion of programs in various sports for those of the Nineteenth Planning District (Crater).  
(*United States Specialty Sports Association*; § 58.1-609.8; HB 106)
- An organization within the boundaries of the Eighth Planning District (Northern Virginia) organized to provide assistance and support to needy and abused children through the operation of a special trips camp.  
(*Grandma Rita's Children, Inc.*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of providing support to terminally ill patients and their families in the Fauquier County area.  
(*Hospice Support of Fauquier County, Inc.* § 58.1-609.8; HB 106)
- An organization operating to provide legal, educational, empowerment, and other services to the Central American and Latin communities in the Washington, D.C. metropolitan area including Northern Virginia.  
(*Central American Resource Center*; § 58.1-609.8; HB 106)

- An organization within the boundaries of the Ninth Planning District (Rappahannock-Rapidan) organized for the purposes of supporting students in their pursuit of higher education through scholarships and tutoring, while providing food for needy families at Thanksgiving, and creating community spirit through other activities. (*The Plains Community League*; § 58.1-609.8; HB 106)
- An organization within the boundaries of the Eleventh Planning District (Central Virginia) organized for the purpose of providing housing opportunities for low-income members of society by constructing homes, through volunteer help and charitable donations, and then selling these homes at cost, with no-interest mortgages, to low-income members of society. (*Amherst County Habitat for Humanity, Inc.*; § 58.1-609.8; HB 106)
- An organization operating for the purposes of providing emergency shelter for victims of domestic violence as well as crisis and supportive counseling, and educating those of the Eleventh Planning District (Central Virginia) in an effort to end domestic violence. (*Amherst Co. Comm. Against Domestic Violence*; § 58.1-609.8; HB 106)
- An organization operating to teach and foster the prevention of cruelty to children; create programs that treat and solve the problems of child abuse and neglect; and develop a statewide coalition of child abuse and neglect services, agencies and programs. (*Virginians for Child Abuse Prevention, Inc.*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of sponsoring volunteer projects to repair the homes of poor, elderly and disabled individuals living in the Shenandoah Valley. (*Christmas in April-Staunton/Augusta County, Inc.*; § 58.1-609.8; HB 106)
- An organization operating to develop endowments to establish scholarship funds in perpetuity for graduates of Salem High School. (*Salem Education Foundation & Alumni Association*; § 58.1-609.8; HB 106)
- An organization operating to stop drunk driving, support the victims of drunk driving and prevent underage drinking. (*Mothers Against Drunk Driving*; § 58.1-609.8; HB 106)
- An organization operating for the purpose of sponsoring amateur sports throughout the Commonwealth. (*Virginia Amateur Sports/Commonwealth Games*; § 58.1-609.8; HB 106)
- An organization within the boundaries of the Eighth Planning District (Northern Virginia) organized for the purpose of globally finding and supporting individuals with ideas for far-reaching social change to yield regional and national advances in education, health, human rights, the environment and other areas of social concern. (*Ashoka – Innovators for the Public*; § 58.1-609.8; HB 106)

- An organization within the boundaries of the Eleventh Planning District (Central Virginia) organized to assist persons with disabilities to reach their independent living goals. (*Lynchburg Center for Independent Living*; § 58.1-609.8; HB 106)
- An organization operating to eradicate sexual abuse and domestic and dating violence; to aid victims of such abuse and violence; and to develop programs, as resources permit, to aid dysfunctional families and teenage runaways, and to provide counseling to perpetrators of sexual assault and domestic violence and other deviant behavior. (*Conspiracy of Silence*; § 58.1-609.8; HB 106)
- An organization operating to promote careers in health services and to provide access to primary care for medically under-served populations through community-academic partnerships. (*Virginia Statewide AHEC Program & Community AHEC*; § 58.1-609.8; HB 106 and SB 48)
- An organization operating for the purpose of protecting the natural, scenic, recreational, and historical values of the Rappahannock River and its tributaries. (*Friends of the Rappahannock*; § 58.1-609.8; SB 48)
- An organization operating to create public awareness regarding prisoners of war and persons missing in military action and to raise funds for needy persons. (*Rolling Thunder, Inc.*; § 58.1-609.8; SB 48)

*Nonprofit cultural organization (effective July 1, 2000 through June 30, 2001):*

- An organization operating for the purpose of preserving, protecting, and promoting awareness of the historic, natural, and cultural resources of a county located within the Sixteenth Planning District (RADCO). This purpose would be accomplished by donating applicable books to libraries, the placing of historic markers, and providing or arranging historic and cultural tours in such counties. (*Spotsylvania Preservation Foundation*; § 58.1-609.9; SB 48)
- An organization operating to promote the performing arts by providing theatrical facilities at below market cost to nonprofit performing arts groups and promoters. (*Carpenter Center for the Performing Arts*; § 58.1-609.9; SB 48)
- An organization operating to produce special events and festivals designed to bring the community together and promote public interest in downtown Richmond. (*Downtown Presents*; § 58.1-609.9; SB 48)
- An organization operating to promote preservation of the rural and small-town character of the Shenandoah Valley by facilitating natural resource conservation and environmentally sound land use. (*Valley Conservation Council, Inc.*; § 58.1-609.9; SB 48)

- An organization within the boundaries of the Eighteenth Planning District (Middle Peninsula) operating to promote maritime history and education through such activities as the establishment of a museum dedicated to the shipbuilding industry; archeological investigations of shipbuilding sites; and the reconstruction and maintenance of a 19th century shipbuilding and fishing village. (*Mathews Maritime Foundation*; § 58.1-609.9; SB 48)
- An organization within the boundaries of the Fifth Planning District operating for the purpose of promoting activities related to genealogy, including, but not limited to, research, education, record keeping, and collection and publication of documents. (*Southwestern Virginia Genealogical Society*; § 58.1-609.9; SB 48)
- An organization operating to provide support to the University of Virginia's Orland E. White Arboretum, Inc., the state arboretum, through scientific research, cultural and education programs for the public, and financial assistance for tangible improvements. (*Foundation of the University of Virginia's Blandy Experimental Farm and Orland E. White Arboretum*; § 58.1-609.9; SB 48)
- An organization within the boundaries of the Eleventh Planning District (Central Virginia) which conducts symphony performances and educational programs on music in the central Virginia area. (*Lynchburg Symphony Orchestra, Inc.*; § 58.1-609.9; SB 48)
- An organization within the boundaries of the Eleventh Planning District (Central Virginia) operating to promote African-American history and culture through programs, exhibitions, and the cataloging and storing of historical artifacts for scholars. (*Legacy Project, Inc.*; § 58.1-609.9; SB 48)
- An organization operating to collect and display to the public a representative sample of past and present military vehicles; to gather, write, edit, publish and otherwise create and disseminate material relating to the history of military vehicles; and to promote public awareness and understanding of the contribution military vehicles have made to various nations. (*American Armoured Foundation, Inc.*; § 58.1-609.9; SB 48 and HB 106)
- An organization organized primarily for the purpose of operating a museum and providing educational programs on the life and times of General George C. Marshall. (*George C. Marshall Research Foundation*; § 58.1-609.9; HB 106)
- An organization operating exclusively to study and preserve the social, economic and political history of a village and its surrounding areas, located in a county with a population of at least 57,450 but no more than 60,000, by preserving the historical sites, artifacts and buildings. (*Society of Port Republic Preservations, Inc.*; § 58.1-609.9; HB 106)

- An organization organized for the purpose of operating a museum dedicated to promoting interest in the history of western Virginia, collecting, interpreting, preserving and making available materials relating to that history, and providing educational services to people and institutions throughout western Virginia. (*History Museum of Western VA*; § 58.1-609.9; HB 106)
- An organization organized for the purpose of operating a year-round, professional theatre serving the western area of Virginia with cultural and educational programs and outreach services to youth. (*Mill Mountain Playhouse Company, DBA Mill Mountain Theatre*; § 58.1-609.9; HB 106)
- An organization within the boundaries of the Thirteenth Planning District (Southside) operating for the purpose of establishing a regional cultural arts center that will promote, provide, and preserve the performing and visual arts for the education of the citizens in the southern region of Virginia. (*Community Arts Center Foundation, Inc.*; § 58.1-609.9; HB 106)
- An organization within the boundaries of the Eleventh Planning District (Central Virginia) organized for the purpose of operating and managing a museum dedicated to historic preservation, restoration and research. (*Appomattox County Historical Society*; § 58.1-609.9; HB 106)
- An organization operating for the purpose of promoting interdisciplinary scholarship and research of nineteenth century culture and supporting that purpose, in part, by sponsoring an annual conference, an annual journal, and an annual newsletter. (*Nineteenth Century Studies Association*; § 58.1-609.9; HB 106)
- An organization operating to give students interested in acting, directing, and playwriting a chance to explore their talents in a professional setting; and to produce drama which speaks to current cultural issues such as discrimination and war. (*Spectrum Theatre*; § 58.1-609.9; HB 106)

*Miscellaneous exemptions (effective July 1, 2000 through June 30, 2001):*

- An organization within the Eighth Planning District (Northern Virginia) operating to provide for the funding, construction and operation of a community rowing boathouse for use by public and private high schools, community rowing clubs and individuals through educational and recreational programs. (*Arlington Boathouse Foundation, Inc.*; § 58.1-609.10; HB 106)
- Any civic youth organization operating solely for the purpose of promoting community little league-type baseball or softball. This exemption is extended until June 30, 2001. (§ 58.1-609.10 (14); HB 106)

***Exemption for the Transfer of Aircraft, Watercraft, or Motor Vehicles to Beneficiaries of a Trust Upon the Death of the Grantor – New***

House Bill 527 (Chapter 602) exempts the transfer of aircraft, watercraft or motor vehicles from sales and use tax when the transfer is made from the grantor of a revocable inter vivos trust to a trustee when the grantor and trustee are the same, or from the trustee to the beneficiaries if the grantor dies and there is no consideration.

**Effective Date:** July 1, 2000

**Code Sections Amended:** § 58.1-1404, 58.1-1501 and 58.1-2403

## MISCELLANEOUS TAXES

### SCC Tax

#### **TAXATION OF NATURAL GAS UTILITIES**

##### ***License Tax on Gross Receipts – Repealed and Replaced***

House Bill 279 (Chapter 706) and Senate Bill 185 (Chapter 691) allow retail supply choice for consumers of natural gas. Gas suppliers would be eligible to provide retail choice for natural gas consumption after filing a retail supply choice plan with the State Corporation Commission (“SCC”).

These bills would also repeal the state and local gross receipts taxes and the special regulatory revenue tax imposed on natural gas suppliers, pipeline distribution companies, and gas utilities. These taxes will be replaced with a consumption tax on natural gas based on the volume of natural gas in units of 100 cubic feet (“CCF”) delivered and used per month and a corporate income tax on gas suppliers, pipeline distribution companies, and gas utilities.

**Effective Date:** Tax years beginning on or after January 1, 2002

##### ***Consumption Tax***

The consumption tax will be imposed on all consumers of natural gas in Virginia based on CCF used per month. A total rate of \$0.0195 is charged per CCF consumed up to 500 CCF. Of the \$0.0195 per CCF consumed rate, \$0.0135 is the state consumption tax, \$0.004 is the local consumption tax, and \$0.002 is the special regulatory tax. There is no consumption tax for natural gas consumed above 500 CCF per month.

Prior to the effective date of the consumption tax, this legislation requires that every consumer’s gas bill must contain a statement that explains the upcoming change in how natural gas is taxed. Included in this language is a statement that notifies consumers that if they reside in certain localities, the tax they pay may be higher. Every gas utility must also separately state the current gross receipts tax on each consumer’s bill.

Pipeline distribution companies and gas utilities will collect the tax from the consumer by adding it as a separate charge to the consumer’s monthly bill. After the consumer pays the tax to the pipeline distribution company or gas utility, the taxes will be held in trust by the pipeline distribution company or gas utility until remitted to the SCC and/or localities.

The pipeline distribution company or gas utility will remit monthly to the SCC the amount of tax billed during the preceding month to the consumers of the pipeline distribution company or gas utility, except that portion which replaces the local license tax revenues. The pipeline distribution company or gas utility will remit this portion of the tax to the locality in which the gas was sold. Payments are due on the last day of each month succeeding the month of collection.

The governments of the United States and the Commonwealth of Virginia, as well as the localities of the Commonwealth, are exempt from the consumption tax. This exemption applies to federal and state agencies. This tax will also not be imposed on consumers served by a pipeline distribution company or gas utility owned or operated by a municipality.

**Effective Date:** January 1, 2001

### ***Corporate Income Tax***

“Gas suppliers,” “pipeline distribution companies,” and “gas utilities” will pay the Virginia corporate income tax. A gas supplier is defined as any person licensed by the SCC to engage in the business of selling natural gas. A pipeline distribution company is defined as a corporation, other than a pipeline transmission company, which transmits by means of a pipeline, natural gas, manufactured gas or crude petroleum and the products or by-products thereof to a purchaser for purposes of furnishing heat or light. A gas utility is defined as each public utility authorized to furnish natural gas service in Virginia.

These bills would allow each gas supplier, pipeline distribution company, and gas utility a special deduction from federal taxable income in determining Virginia taxable income. This deduction would allow a gas supplier, pipeline distribution company, or gas utility to reduce its taxable income for its “Virginia Tax Basis.” The Virginia Tax Basis would be the difference between the total book value and the total tax value of the assets of the gas supplier, pipeline distribution company, or gas utility. This amount will be determined according to the asset values as of the last day of the taxable year preceding the tax year in which the gas supplier, pipeline distribution company, or gas utility became subject to the corporate income tax. The Virginia Tax Basis will be amortized over 30 years using the straight line method.

Gas suppliers, pipeline distribution companies, or gas utilities whose fiscal years begin after January 1, 2001 would be subject to the corporate income tax during a short taxable year. The short taxable year is defined as the period beginning January 1, 2001 and ending on the last day prior to the beginning of the gas supplier, pipeline distribution company, or gas utility's taxable year. Virginia taxable income will be determined during the short taxable year using the methodology prescribed in § 443 of the Internal Revenue Code, as if the gas supplier, pipeline distribution company, or gas utility was undergoing a change of annual accounting period, and Code of Virginia § 58.1-440 B and the regulations thereunder.

These bills also contains provisions to prevent the taxable income of gas suppliers, pipeline distribution companies, and gas utilities from being reduced by net operating losses and capital losses which occurred before these companies were subject to the Virginia income tax.

**Effective Date:** Taxable years beginning on or after January 1, 2001

### ***Local Taxes***

This legislation also permits any city, county, or town to impose a tax based on CCF delivered monthly to each consumer. For residential consumers, this optional tax by localities is limited to a maximum of \$3.00 on their monthly bill. For all other consumers, tax rates will be based on factors such as existing minimum charges, the amount of CCF used, and the amount of consumer utility tax paid in 1999. The initial maximum rate of tax on non-residential consumers will be based on the amount of revenue due from each of non-residential gas purchase and each gas transportation class in calendar year 1999.

**Effective Date:** January 1, 2001

**Code Sections Amended:** §§ 56-235.8, 58.1-400.2, 58.1-403, 58.1-440.1, 58.1-504, 58.1-2626, 58.1-2627.1, 58.1-2660, 58.1-3731 and 58.1-3814

**Code Sections Added:** §§ 58.1-2904, 58.1-2905, 58.1-2906, and 58.1-2907

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### ***Electric Utility Consumption Tax – Amended***

House Bill 1134 (Chapter 427) provides customers of electric cooperatives that purchase power from a federal entity an adjustment to the amount of the Electric Utility Consumption Tax that would be required to be paid on purchases of electricity. The change under this legislation gives these customers the same treatment they currently receive under the gross receipts tax. Currently, cooperatives that purchase electricity from a federal entity pay a tax of 5% on the cost of the electricity, which under federal law is in lieu of any state tax. The Virginia gross receipts tax is only assessed on the cost of electricity to the consumer that is above the price of the electricity from the federal entity. This legislation allows this same treatment under the consumption tax.

**Effective Date:** January 1, 2001

**Code Sections Amended:** §§ 58.1-2900 and 58.1-2901

***Electric Utility Consumption Tax – Amended***

Senate Bill 163 (Chapter 614) amends the electric utility consumption tax and local consumer utility tax to allow customer-generators to pay the consumption tax and local consumer utility tax based on the electricity they receive from the electric grid less the electricity they feed back to the grid. This legislation also clarifies the procedure for collection and remittance of unpaid electric utility consumption tax and changes the base of the local consumer utility tax from kilowatt-hours billed to the consumer to kilowatt-hours consumed by the consumer.

**Effective Date:** January 1, 2001

**Code Sections Amended:** §§ 58.1-2900, 58.1-2901, and 58.1-3814

**Recordation Tax*****Exemption for the City of Lynchburg Habitat for Humanity - New***

House Bill 101 (Chapter 393) provides an exemption from the recordation tax for deeds and from the recordation tax for receiving a deed of trust or mortgage for the City of Lynchburg Habitat for Humanity.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-811

***Exemption on the Transfer of Real Property to Beneficiaries of a Trust Upon the Death of the Grantor – New***

House Bill 527 (Chapter 602) provides an exemption from the recordation tax on the transfer of real property to any beneficiaries of a trust under a will or inter vivos trust if the grantor who also is the trustee or personal representative dies and the transfer is in accordance with the trust.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-811

## **Minimum Tax on Telecommunications Companies**

### ***Period to Correct Gross Receipts – Extended***

Senate Bill 53 (Chapter 368) extends from 90 days to 18 months the period in which a telecommunications company can ask the State Corporation Commission to correct its gross receipts certified to the Department of Taxation for purposes of the minimum tax imposed on telecommunications companies. As such, a telecommunications company will have the opportunity to correct an error in reporting gross receipts prior to the extended due date for filing the corporate income tax return whether it files on a calendar year or fiscal year basis.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-400.1, 58.1-2035, and 58.1-2670

**Code Section Added:** § 58.1-2674.1

## **Cigarette Tax**

### ***Prohibition of the Distribution of Cigarettes into Virginia that are Intended to be Sold Outside the United States - New***

House Bill 1387 (Chapter 880) and Senate Bill 653 (Chapter 901) prohibit the distribution of cigarettes into Virginia that are intended to be sold outside the United States or would otherwise violate federal law if sold in Virginia. Any person who violates the provisions of this legislation is guilty of a Class 5 felony and is subject to a penalty of 1 to 10 years in jail or 1 year in jail and/or \$2,500 fine. In addition, the Department of Taxation will assess a fine of up to the greater of 500% of the retail value of the cigarettes involved or \$5,000. Any cigarettes that violate the provisions of this legislation will be seized by the Department of Taxation or the Department of Alcoholic Beverage Control.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 4.1-105, 58.1-3, 58.1-1009 and 59.1-200

**Code Sections Added:** §§ 58.1-1031, 58.1-1032, 58.1-1033, 58.1-1034, 58.1-1035, 58.1-1036, and 58.1-1037

# **LOCAL TAX**

# **LEGISLATION**

## GENERAL PROVISIONS

### ***Prohibition from Imposing New Taxes on the Sale of Alcoholic Beverages –New***

House Bill 416 (Chapter 450) and Senate Bill 346 (Chapter 381) clarify that localities are prohibited from imposing any tax on the sale of alcoholic beverages, except for (1) the local license tax authorized by § 4.1-205; (2) the local sales tax; and (3) the local food and beverage or meals tax. This legislation would also clarify that the authority of a locality to impose a Business, Professional, and Occupational License (BPOL) Tax on a business engaged in whole or part in the sale of alcoholic beverages is not affected if the BPOL Tax (1) is based on an annual or per event flat fee specifically authorized by general law, or (2) is an annual license or privilege tax, specifically authorized by general law, which includes alcoholic beverages in its taxable measure and treats alcoholic beverages the same as if they were non-alcoholic beverages.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 4.1-128

### ***Payment of Taxes and Fees with Debit Cards - New***

House Bill 628 (Chapter 316) permits localities to accept payment of local taxes, fees, and other charges through the use of debit cards. The service charge for use of a credit or debit card may not exceed the amount negotiated and agreed to in a contract with the county, city or town. Under current law, localities are authorized to accept the use of credit cards for the payment of local taxes, fees or other charges generated by the sale of utility services. Localities are authorized to add a charge of up to 4.5 percent of the amount of tax, penalty and interest paid, or six dollars, whichever is greater.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3013

### ***Release of Owner Information to Owner's Associations – New***

House Bill 1219 (Chapter 717) allows the Commissioner of the Revenue or other assessing official to provide to the representatives of a condominium unit owners' association, a property owners' association, a real estate cooperative association or the owner of property governed by such associations, the names and addresses of parties having a security interest in real property governed by any such associations. This information may be provided upon the receipt of a written request stating the reasons such information is needed.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3

***Withholding of Payment of Interest on Refunds – New***

Senate Bill 198 (Chapter 507) allows localities to withhold the payment of interest on refunds in any of the following instances: (1) the amount of refund is ten dollars or less; or (2) the refund is a result of pro-ration related to the personal property tax.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-3916 and 58.1-3918

***Notice of the Sitting of Boards of Equalization – Amended***

Senate Bill 381 (Chapter 383) stipulates that notice of the sittings of boards of equalization be posted at each public library, voting precinct or both, in addition to being posted at the courthouse and in newspapers having general circulation in the city or county of jurisdiction. Under current law, notices of board of equalization sittings must be posted at each voting precinct, in addition to the postings at the courthouse and newspapers having general circulation in the city or county of jurisdiction.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3378

## TANGIBLE PERSONAL PROPERTY TAX

### ***Tangible Personal Property Used to Provide Internet Services – New***

House Bill 781 (Chapter 604) creates a separate classification of property for purposes of the local tangible personal property tax for tangible personal property used in the provision of Internet services. This legislation also authorizes localities to tax tangible personal property used in the provision of Internet services at lower rates than applied to the general class of tangible personal property within each locality. For the purposes of this legislation, “Internet services” are defined as a service that enables users to access content, information, electronic mail, and the Internet as part of a package of services sold to customers.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3506

### ***Privately-Owned Travel Trailers Used for Recreational Purposes - Reclassified***

House Bill 598 (Chapter 409) includes privately-owned travel trailers used for recreational purposes in a separate class of tangible personal property for local property taxation purposes. As a result of this reclassification, localities are authorized to impose a tangible personal property tax on privately-owned travel trailers used for recreational purposes only at a rate of tax and rate of assessment which does not exceed that applicable to the general class of tangible personal property in the locality. Travel trailers are currently classified in the general class of tangible personal property, and localities are authorized to impose a tangible personal property tax on them at the same rate of tax and rate of assessment as imposed on property in the general class of tangible personal property.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3506

### ***Privately-Owned Motor Homes Used for Recreational Purposes - Reclassified***

Senate Bill 115 (Chapter 442) establishes a separate tangible personal property classification for privately-owned motor homes that are used for recreational purposes only. This legislation would provide that the rate of tax and the rate of assessment applicable to this class of property may not exceed the rate of tax and rate of assessment applicable to the general class of tangible personal property in the locality.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3506

***Tangible Personal Property Employed in a Trade or Business – Clarification***

House Bill 684 (Chapter 413) clarifies that localities may impose a tangible personal property tax on all tangible personal property employed in a trade or business, other than property described in § 58.1-3503 (A)(1) through (A)(16) and (A)(18), at a rate of tax and a rate of assessment that does not exceed the rate of tax and rate of assessment imposed on the general class of tangible personal property in the locality.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3506

***Tangible Personal Property Tax Payment Due Date - Extended***

House Bill 1247 (Chapter 433) includes the personal property tax among those local taxes for which the governing body may offer an extension of time for payment due to good cause. The extension granted may not exceed ninety days. The legislation also provides that local governing bodies can offer such extensions only by resolution. Finally, this legislation provides that all extensions granted prior to the effective date of the legislation are ratified.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3916

***Habitat for Humanity – Exempted***

Senate Bill 95 (Chapter 441) exempts from tangible personal property and real estate taxation Habitat for Humanity and its local affiliates or subsidiaries. It classifies such organizations as charitable and benevolent organizations, whose real and personal property is exempt by classification. The legislation requires that a local resolution pass in support of such exemption prior to the granting of the exemption by the local governing body. Under current law, tangible personal property of Habitat for Humanity and its local affiliates is a separate classification of tangible personal property, which may be taxed at a rate not to exceed the general rate applied to tangible personal property.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-3506 and 58.1-3609

**Code Section Added:** § 58.1-3622

***Motor Vehicles Property Tax Exemption – Amended***

House Bill 1444 (Chapter 329) extends the current property tax exemption for motor vehicles owned by churches, religious associations or denominations operating exclusively on a non-profit basis and used predominately for church purposes, to motor vehicles leased by any of the above for the same purposes.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3617

***Commercial Fishing Equipment Reclassified – New***

House Bill 190 (Chapter 472) reclassifies tangible personal property used by a commercial fishing business in the water to catch or harvest seafood (including, but not limited to, crab pots, nets, tongs, and dredge equipment) as intangible personal property. This reclassification effectively exempts this property from taxation, as intangible personal property is segregated for state taxation only, and the Commonwealth currently applies a zero tax rate to it. Under current law, this property is taxed by localities as tangible personal property. The legislation specifically provides that fishing vessels and property permanently attached to such vessels continue to be taxed as tangible personal property.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-1101

## REAL ESTATE TAX

### ***Real Estate Reporting Requirement – Amended***

House Bill 37 (Chapter 515) broadens the property uses exempt from the local real estate informational reporting requirement to include any property used exclusively as an owner-occupied property, not as a hotel, motel, or office over 12,000 square feet, and not engaged in a retail or wholesale business where merchandise for sale is displayed. Currently, property owners of income-producing properties must provide income and expense information to the local assessor.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3294

### ***Abatement of Local Real Estate Taxes on Damaged Buildings – Amended***

House Bill 408 (Chapter 399) permits the abatement of local real estate taxes on damaged buildings in those instances in which the buildings are rendered unusable for 30 days or more during the calendar year. Under current law, the abatement is allowed when the building damage is not repaired during the calendar year in which it occurred.

**Effective Date:** April 4, 2000

**Code Section Amended:** § 58.1-3222

### ***Clarification of Taxation of Real Estate Dedicated to Agricultural, Horticultural, Forest, or Open-Space Use - Amended***

House Bill 617 (Chapter 410) clarifies that when localities provide for the special assessment and taxation of real estate dedicated to agricultural, horticultural, forest, or open-space use on a sliding scale for real estate held for such uses for longer periods of time, they may establish lower assessments, not tax rates. Currently, localities may establish lower tax rates for real estate held for such uses for longer periods of time.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3231

***Administration of Real Estate Taxes – Amended***

House Bill 1216 (Chapter 756) authorizes any city to adopt an ordinance making real estate, on which taxes are delinquent, eligible for a tax sale on December 31 following the first anniversary of the date the taxes became due. This legislation also provides that a person notified of a tax sale of real estate by publication may request a rehearing within 90 days of the entry of the confirmation of sale (the court order that allows the property to be sold). Finally, this legislation authorizes localities to adopt an ordinance allowing the locality to release tax liens in order to facilitate the sale of real estate in certain circumstances. Such liens would remain the personal obligation of the owner of the property at the times the liens were imposed.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3967

**Code Sections Added:** §§ 58.1-3228 and 58.1-3965.1

**BUSINESS PROFESSIONAL AND OCCUPATIONAL LICENSE TAX*****Member of an Affiliated Group – Amended***

House Bill 1494 (Chapter 557) allows limited partnerships, limited liability partnerships, and limited liability companies to be members of an “affiliated group” for purposes of the Business, Professional, and Occupational License Tax and to exclude gross receipts or purchases from other members of the affiliated group from the taxable measure. Under current law, only corporations are eligible to be members of an affiliated group and to take advantage of this exclusion.

**Effective Date:** July 1, 2000

**Code Section Amended:** §§ 58.1-3700.1 and 58.1-3703

## MISCELLANEOUS TAXES

### Meals Tax

#### ***Uniform Definition of Food Adopted – New***

House Bill 255 (Chapter 626) creates a uniform definition of food for local meals tax and food and beverage tax purposes. The local meals and food and beverage taxes cannot be imposed on food which meets the definition of food under the federal Food Stamp Program, with the exception of sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting of vegetables, and non-factory sealed beverages. In addition, the legislation clarifies that alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption shall not be subject to the local meals taxes. The legislation also directs the Commission on Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century to study the fiscal impact on the localities if they were required to compensate businesses for the collection of the local meals tax.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-3833 and 58.1-3840

### Transient Occupancy Tax

#### ***Gloucester and Stafford Counties Allowed to Impose Additional Tax - New***

House Bill 51 (Chapter 470) allows any county having a population of no less than 29,750 and no greater than 31,000, and no less than 60,000 and no greater than 62,500, to increase its transient occupancy tax to a rate not to exceed five percent of the amount charged for the occupancy of any room or space occupied. The revenues collected from that portion of the tax over the two percent rate must be designated and spent for tourism or tourism initiatives that attract travelers to the locality and generate tourism revenue in the locality. This legislation also provides that any transient occupancy tax in excess of two percent shall not apply to travel campgrounds in any county having a population of no less than 60,000 and no greater than 62,500.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3819

## Consumer Utility Tax

### ***Imposition of Telecommunications Consumer Utility Tax in Towns – Amended***

Senate Bill 233 (Chapter 375) authorizes a county to impose a telecommunications consumer utility tax on consumers located within a town that is located within the county unless the town currently imposes such a tax and either imposed such a tax prior to January 1, 2000 or is a separate school district. Additionally, this legislation prohibits a town from imposing such a tax if the county imposes such a tax on consumers located within the town limits. Towns that imposed such a tax prior to January 1, 2000 are not subject to this prohibition.

**Effective Date:** July 1, 2000

**Code Section Amended:** § 58.1-3812

## E-911 Tax

### ***E-911 Surcharge – Amended***

Senate Bill 148 (Chapter 1064) establishes a special non-reverting fund on the books of the Comptroller called the Wireless E-911 Fund. The source for the Wireless E-911 Fund will be a monthly surcharge of 75 cents collected by each mobile service provider from each customer. The Wireless E-911 Services Board will oversee the fund. The board will pay the operators of wireless E-911 systems for their operating costs using money from the Wireless Fund based on budget information submitted by the E-911 system operators.

This legislation also allows localities that have or will establish an enhanced 911 service to impose an E-911 tax on consumers of telephone services not to exceed a monthly fee of three dollars. Any tax amounts collected must be accounted for in a separate, special revenue fund or accounted for using a cost center and revenue accounting system acceptable to the Virginia Auditor of Public Accounts.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 2.1-342.01, 2.1-344, 8.01-225, 9-6.25:2, 58.1-3812 and 58.1-3814

**Code Sections Added:** §§ 2.1-563.35:4, 56-484.12, 56-484.13, 56-484.14, 56-484.15, 56-484.16, 56-484.17, and 58.1-3813.1

**Code Sections Repealed:** §§ 56-484.8, 56-484.9, 56-484.10, 56-484.11, and 58.1-3813

## TAX COLLECTION AND ADMINISTRATION

### ***Process for Collection of Local Taxes and Fees – Amended***

House Bill 751 (Chapter 453) clarifies that notices, summons, and other legal process issued by a treasurer are not required to be executed and returned in the same manner as civil process in the courts system. Currently, all process issued by a treasurer must be executed and returned in the same manner as civil process in the courts system.

The legislation also increases, to twenty dollars, the amount of unbilled and/or uncollected taxes, below which a treasurer is required to maintain separate official lists. The threshold under current law is five dollars.

This legislation also authorizes localities to impose fees to cover the administrative costs of collecting delinquent charges owed to the localities. Recoverable costs would include attorney's or collection agency's fees. Currently, localities may impose these fees only regarding the collection of delinquent taxes.

**Effective Date:** July 1, 2000

**Code Sections Amended:** §§ 58.1-3128, 58.1-3921, and 58.1-3958

### ***Administrative Costs of Collecting Delinquent Fees – Amended***

House Bill 751 (Chapter 453) and Senate Bill 558 (Chapter 389) authorize localities to impose fees to cover the administrative costs of collecting delinquent charges owed to the localities. Recoverable costs would include attorney's or collection agency's fees. Currently, localities may impose these fees only regarding the collection of delinquent taxes.

**Effective Date:** July 1, 2000

**Code Sections Amended:** § 58.1-3958

**LEGISLATIVE**

**STUDIES**

***HB 30 (Chapter 1073) Item 266 d: Study of Sales and Use Taxation of Tangible Personal Property Purchased By Persons Providing Internet Services***

The Secretary of Finance and the Secretary of Technology will study the sales and use taxation of tangible personal property purchased by persons providing Internet services. This study shall be presented to the Governor and the Chairmen of the Senate Finance and General Laws Committees, the House Appropriations and Science and Technology Committees, and the Joint Commission on Technology and Science by October 1, 2000.

***HB 30 (Chapter 1073) Item 506 #6: Study of Teleworking***

The Secretary of Transportation, the Secretary of Technology, and the Secretary of Finance will conduct a study of the potential benefits of teleworking to the Commonwealth of Virginia. The study will be reported to the Governor and the Chairmen of the Senate Finance Committee and the House Appropriations Committee by November 1, 2001. The study will include the following: 1) the definition of teleworking; 2) costs of teleworking to employers and to government; 3) the impact of teleworking on congestion; 4) the applicability of teleworking in all regions of the state; 5) performance measures that can adequately and appropriately gauge the benefits of teleworking to the employee and employer as well as congestion relief; and 6) alternatives for encouraging the use of teleworking in Virginia.

***HB 30 (Chapter 1073) Item 281 E: Unpaid Fines and Court Costs Pilot Program***

The Tax Commissioner will conduct a one-year pilot program to collect unpaid fines and court costs in the same manner and means as provided to the Department of Taxation in § 58.1-1804 for the collection of these fines and court costs. The remedies available under §58.1-1804 shall be in addition to any civil judgement collection remedies available under the Code of Virginia or Virginia common law. The State Compensation Board will monitor the pilot program and upon the pilot program's expiration will include, in its annual report to the General Assembly on the collection of court ordered fines and fees for Clerks of the Courts and Commonwealth's Attorneys, the amount of unpaid fines and costs collected by the pilot program.

***HB 30 (Chapter 1073) Item 281 F: Study of Tax Exemptions, Credits, and Policy***

The Department of Taxation will provide support to the General Assembly prior to the 2001 General Assembly in its work regarding tax exemptions, credits, and policy. In addition, the Department of Taxation will develop a financial plan for the long-term compliance, auditing, research, and policy functions required regarding tax exemptions and credits.

***HJR 35: Study of Biotechnology Venture Capital***

The Innovative Technology Authority, in consultation with the Virginia Biotechnology Research Park Authority, be requested to study the feasibility of establishing a state-sponsored venture capital program tailored for biotechnology. The authorities shall consider all regions of the Commonwealth where existing and newly forming biotechnology centers of research and industry are located. In particular, the authorities shall confer with and request the participation of state-supported research universities, medical colleges, and public-private initiatives, such as the Carilion Biomedical Institute, in the study. TAX will provide technical assistance upon request.

***HJR 152: Study of the Feasibility of Changing the Remittance of the State and Local Sales Tax***

The Committee Studying Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century is requested to study the feasibility of changing the point of collection of the state and local sales tax from the state level to the local level. The study would (i) review the current procedures for reporting and collecting the state and local sales tax; (ii) hear from state and local government representatives concerning the advantages and disadvantages of the current procedures; and (iii) hear from the same representatives concerning the advantages and disadvantages of changing the point of collection from the state to the local level. TAX will provide technical assistance upon request. This resolution was not reported by the General Assembly. However, the Speaker of the House of Delegates has requested the Commission to conduct this study.

***HJR 158 & SJR 150: Study of the Impact of Virginia's Sales & Use Tax on Federal Government Contractors***

The Commission studying Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century will study the impact of the Virginia sales and use tax on federal government contractors. Among other items, the Commission will examine all aspects of the sales and use tax structure to ensure its viability, fairness, and appropriateness as applied to federal government contractors. TAX will provide technical assistance upon request.

***HJR 247: Continuing the Commission on the Condition and Future of Virginia's Cities***

The Commission on the Condition and Future of Virginia's Cities will be continued for the purpose of receiving the report from the Commission to Study Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century. TAX will provide technical assistance upon request.

***HJR 311: Study to Examine the Appropriate Role of the Sales and Use Tax in Today's Economy***

The Committee Studying Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century is requested to examine the appropriate role of the sales and use tax in today's economy and to make recommendations to ensure that Virginia has the fairest and most equitable sales and use tax laws possible. The study will examine the changes in the way goods and services are sold and the implications for the tax system; the ways businesses are organized to minimize potential sales and use tax liability; equity among different types of retailers who sell the same products; and the Department of Taxation's procedure for collecting and enforcing the sales and use tax. This resolution was not reported by the General Assembly. However, the Speaker of the House of Delegates has requested the Commission conduct this study.

***HJR 314: Study of the Utility of a Sales and Use Tax Exemption for Elements of the Internet's Infrastructure***

The Department of Taxation is requested to study the utility of a sales and use tax exemption for the elements of the internet infrastructure. The study will evaluate whether and to what extent a sales and use tax exemption of elements such as fiber optic equipment, software, and servers will facilitate broader access to state-of-the-art Internet resources throughout the Commonwealth. This resolution was not reported by the General Assembly. However, the Speaker of the House of Delegates has requested the Department conduct this study.

***SJR 127: Study Of Personal Property Tax Relief Funding By the Commonwealth***

The Auditor of Public Accounts is directed to examine the extent to which tax relief granted under the Personal Property Tax Relief Act of 1998 is accruing to or being received by businesses ineligible for such tax relief under the provisions of the Act. The Commissioner will recommend a course of action to ensure that the Commonwealth's payments for qualifying vehicles, as defined in § 58.1-3523, are consistent with the provisions of the Act. TAX will provide technical assistance upon request.

***SJR 146: Study of the Feasibility of Offering Tax Incentives to Technology Companies as a Means to Create Employment Opportunities for Disabled Workers***

The Disability Commission is requested to study the feasibility of offering tax incentives to technology companies as a means to create employment opportunities for disabled workers (those persons under a disability as defined under the Americans with Disabilities Act) in positions that require an education or training in computer programming, engineering, electronics, or other technology fields. In particular, the Commission will study whether (i) tax credits made available to technology companies are an effective means for promoting employment opportunities for disabled persons in such positions; (ii) the structure of any such tax credit; (iii) the number of years for which such tax credits would be available; (iv) the minimum employment requirements that must be met by technology companies in order to be eligible for such tax credits; and (v) the employment of those disabled workers for which credit is to be made available. TAX will provide technical assistance upon request. This resolution was not reported by the General Assembly. However, the Speaker of the House of Delegates has requested the Commission conduct this study.

***SJR 177: Continues the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry***

The Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry is continued. Among many of the industry's issues, the joint subcommittee will continue to examine the Commonwealth's tax structure and its impact on the shipyard industry, and incentive grants for capital investments by shipyards. TAX will provide technical assistance upon request.

***SJR 219: Study of the Ongoing or Permanent Commercial Activities of Not-For-Profit Organizations and the Effects of Such Activities on State Revenues***

The Commonwealth Competition Council is requested to study the ongoing or permanent commercial activities of not-for-profit organizations and the effects of such activities on state revenues. TAX will provide technical assistance upon request. This resolution was not reported by the General Assembly. However, the Speaker of the House of Delegates has requested the Council conduct this study.

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