

2001 LEGISLATIVE SUMMARY



Virginia
Department of Taxation

Danny M. Payne
Tax Commissioner

INTRODUCTION

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 2001 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:

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

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

Virginia Baseball Stadium Authority – Extended

House Bill 1602 (Chapter 441) and Senate Bill 793 (Chapter 424) extend the sunset date of the 1997 amendments to the Virginia Baseball Stadium Authority from January 1, 2002 to January 1, 2005. These amendments provide for the establishment of an income tax and local option admission surcharge entitlements, and the clarification of sales and use tax and local option admissions tax entitlements. These entitlements will expire if the Authority fails to lease a stadium to a Major League Baseball team by January 1, 2005.

Effective Date: July 1, 2001

Code Section Amended: § 15.2-5806

INCOME TAX

Corporations

Credit for Machinery Used for Processing Recyclable Materials – Extended

Senate Bill 1112 (Chapter 91) extends the sunset provisions for the individual and corporate income tax credits for the purchase of machinery and equipment used for processing recyclable materials from January 1, 2001 to January 1, 2004.

This credit allows individuals and corporations an income tax credit equal to 10% of the purchase price paid for machinery and equipment, as certified by the Department of Environmental Quality, used to process recycled materials for sale. The total credit allowed cannot exceed 40% of the taxpayer's Virginia income tax liability in the taxable year of purchase.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-439.7

Low Income Housing Tax Credit– Amended

House Bill 2145 (Chapter 299) and Senate Bill 1325 (Chapter 293) make a number of changes to the low-income housing tax credit. The maximum amount of tax credits that can be authorized annually is reduced from \$3.5 million to \$500,000. Taxpayers may now take the credit against the bank franchise tax and the gross receipts tax on insurance premiums. The tax credit applies to any five taxable years in which a federal low-income housing tax credit is allowed instead of the first five taxable years that the federal credit is allowed. Partners and S-corporation shareholders may allocate the credits either in proportion to their ownership interests or as they mutually agree. Any unused credit may be carried over for 5 taxable years or until the full credit is used, whichever occurs first.

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

Code Section Amended: §§ 36-55.63 and 58.1-435

Code Section Repealed: § 58.1-336

Individuals

Neighborhood Assistance Act Tax Credit - Amended

House Bill 2202 (Chapter 300) and Senate Bill 1214 (Chapter 292) modify provisions under the Neighborhood Assistance Act regarding contributions made by individuals that may qualify for a tax credit. Individuals may receive a tax credit under the Act equal to 45% of a monetary donation made to a neighborhood organization if the donation exceeds \$900. The maximum tax credit allowed to individual or married taxpayers is limited to \$750 annually. Of the \$8 million of credits authorized by the Act, individuals may account for no more than \$1 million. The sunset provision of the Act is extended through fiscal year 2004.

Effective Date: July 1, 2001, except for the provisions that change the treatment of contributions from individuals which would be effective for taxable years beginning on or after January 1, 2002.

Code Sections Amended: §§ 63.1-323 and 63.1-325.2

Code Sections Repealed: §§ 58.1-323 and 58.1-325.2

Public School Foundation Check-off - New

House Bill 2583 (Chapter 559) creates an individual income tax check-off for voluntary contributions to specified local public school foundations. If an individual is not eligible to receive an income tax refund or the amount of their refund is less than the contribution, the individual may voluntarily make a contribution by making payment to the Virginia Department of Taxation.

Effective Date: Taxable years beginning on and after January 1, 2002, but before January 1, 2007.

Code Section Added: § 58.1-346.17

Organ and Tissue Donation Check-off - New

House Bill 2651 (Chapter 560) allows any individual to designate a portion of his or her tax refund to the Virginia Transplant Council for the promotion and coordination of educational and informational activities related to organ, tissue and eye donation.

Effective Date: Taxable years beginning on and after January 1, 2002, but before January 1, 2007.

Code Section Added: § 58.1-346.18

4-H Educational Center Check-off - New

House Bill 1596 (Chapter 535) allows any individual to designate a portion of his or her refund to the 4-H Educational Centers for their educational, leadership and camping programs.

Effective Date: Taxable years on or after January 1, 2002, but before January 1, 2007

Code Section Added: § 58.1-346.16

Employer Withholding***Filing Annual Return with Employee Withholding Electronically - New***

House Bill 1774 (Chapter 297) and Senate Bill 852 (Chapter 307) require employers with 250 or more annual employee wage statements (“W-2 forms”) to file their annual withholding report via magnetic media.

Effective Date: January 1, 2002

Code Section Amended: § 58.1-478

RETAIL SALES AND USE TAX

Registration of Dealers - Amended

House Bill 1746 (Chapter 362) and Senate Bill 857 (Chapter 343) eliminate the signature requirement on the application for a retail sales and use tax certificate of registration to conduct business as “dealers” in Virginia.

As a result of this legislation, dealers may now register via the Internet using the department’s “iReg” registration tool available at the department’s website:
<http://www.tax.state.va.us>.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-613

Exemption for Items Related to Spaceport Activities – Extended

House Bill 2414 (Chapter 468) and Senate Bill 976 (Chapter 429) extends, from June 30, 2001 to June 30, 2011, the sunset date of the sales and use tax exemption for the sale, lease, use, storage, consumption or distribution of tangible personal property used to conduct spaceport activities.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-609.3(13)

Specific Oil and Gas Exemptions – Extended

House Bill 2830 (Chapter 769) extends the sunset date from June 30, 2001 to June 30, 2006, for the following two retail sales and use tax exemptions:

1) Certified pollution control equipment and facilities which have been certified by the Department of Mines, Minerals and Energy for coal, oil and gas production, including gas, natural gas, and coalbed methane gas, and

2) Raw materials, fuel, power, energy, supplies, machinery or tools or repair parts therefor or replacements thereof, used directly in the drilling, extraction, refining, or processing of natural gas or oil and the reclamation of the well area.

Effective Date: July 1, 2001

Code Section Amended: §§ 58.1-609.3(9) and 58.1-609.3(12)

Various Nonprofit and Miscellaneous Exemptions - New

Exemptions from the retail sales and use tax were created for various nonprofit organizations by Senate Bill 1409 (Chapter 860). 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. These exemptions are designated by type and category. The known affected organizations and the code section amended are noted in parentheses.

This bill also extended the sunset date of certain existing exemptions due to expire on June 30, 2001.

Educational Exemptions (effective July 1, 2001, through June 30, 2002)

- An organization operating exclusively to support the mission and purposes of a community college in the Commonwealth by raising funds for student scholarships and college programs. (*Germanna Community College Educational Foundation*; § 58.1-609.4)
- An organization operating exclusively to provide an alternative traditional, experiential educational program as well as GED preparation and testing for juvenile offenders who meet either the criteria for commitment in the Department of Juvenile Justices System or Child in Need of Service/Supervision petitions and probation. (*Norfolk Marine Institute*; § 58.1-609.4)
- An organization operating exclusively to provide evaluation, education, training, and employment of handicapped persons. (*Shen-Paco Industries Inc.*; § 58.1-609.4)
- An organization operating exclusively to foster, promote and engage in aerospace education, coordinate an annual fly-in exposition, and an exchange of aviation educational information. (*Virginia Council of EAA Chapters Inc.*; § 58.1-609.4)
- An organization operating for the purpose of serving as the administrative, financial, and fiscal agent for an institution of higher education in the Commonwealth of Virginia in research and sponsored program administration. (*Old Dominion University Research Foundation.*; § 58.1-609.4)
- An organization operating to provide a stable educational system beginning in infancy and continuing through the eighth grade emphasizing traditional values and traditional education. (*Congressional Schools of Virginia.*; § 58.1-609.4)

Medical Related Exemptions (effective July 1, 2001, through June 30, 2003)

- Organizations formed to assist in meeting the needs of terminally ill patients. (*All Hospices*; § 58.1-609.7)
- An organization operating to improve health care in Grenada by offering continuing medical and nursing education, while providing medical supplies and equipment. (*Grenadians United in Virginia, Inc.*; § 58.1-609.7)
- An organization operating to make quality hospice care available to persons with life threatening illnesses, their families and those affected by death and dying, and advocate effectively for patient comfort, dignity and choice. (*Blue Ridge Hospice, Inc.*; § 58.1-609.7)
- An organization operating to improve the recovery and quality of life for survivors of brain injury and their families by providing outreach to more than 10,000 families annually in the form of information and referral assistance. (*Brain Injury Association of Virginia, Inc.*; § 58.1-609.7)
- An organization operating to provide physical, psychological, social and spiritual care for terminally ill persons and their families. (*Hospice of Piedmont, Inc.*; § 58.1-609.7)
- An organization operating to provide comprehensive reproductive and complementary health care services that preserve and protect the essential privacy and rights of each individual, advocate public policies that guarantee these rights and ensure access to such services. (*Planned Parenthood of Blue Ridge, Planned Parenthood of Southern Va., Va. League of Planned Parenthood*; § 58.1-609.7)
- An organization operating to support the charitable, scientific, and educational activities of a hospital by providing a comprehensive range of high quality health care services. (*Culpeper Memorial Hospital Support Services*; § 58.1-609.7)
- An organization operating to identify and support innovative and creative health and quality of life improvements throughout the community in which it is located and in surrounding communities. (*The John Randolph Foundation, Inc.*; § 58.1-609.7)
- An organization operating to improve access to primary health care for all Virginians by providing technical assistance to communities in developing not-for-profit primary care medical practices. (*Virginia Primary Care Association, Inc.*; § 58.1-609.7)

Civic and Community Service (effective July 1, 2001, through June 30, 2005)

- An organization operating to combat child abuse by coordinating and providing for crisis intervention and counseling services to children and their families through a neutral, child-focused facility. (*Children’s Advocacy Center of Bristol/Washington Company, Virginia, Inc.*; § 58.1-609.8)
- An organization operating to foster the serious consideration in the university environment of a Biblical worldview by encouraging and facilitating discussion in light of the challenges of the contemporary culture. (*Center for Christian Study*; § 58.1-609.8)
- An organization operating to provide social service programs to the international community within Northern Virginia. (*Center for Multicultural Human Services*; § 58.1-609.8)
- An organization operating to provide services for young children and their families, including early intervention, early head start, pediatric rehabilitation and community childcare as well as training for the professionals who serve them. (*The Children’s Center*; § 58.1-609.8)
- An organization operating to uphold the sanctity of human life by ministering to women in crisis pregnancy and encouraging alternatives to abortion. (*Crisis Pregnancy Center of Roanoke Valley*; § 58.1-609.8)
- An organization operating to help people in rural areas plan and carry out activities that increase conservation of natural resources, support economic development and enhance the environment and standard of living in local communities. (*Eastern Shore of Virginia Resource Conservation & Development Council, Inc.*; § 58.1-609.8)
- An organization that provides counseling services for individuals that help them integrate the resources of their spiritual lives with the circumstances of their emotional lives. (*Emmanuel Ministries, Inc.*; § 58.1-609.8)
- An organization operating to support youth by expanding after-school programs, tutoring suspended students, increasing mentor relationships, and informing the community of available youth services. (*Fairfax Partnership for Youth, Inc.*; § 58.1-609.8)
- An organization operating to help children and their families reach their potential and improve the quality of their lives by providing high quality childcare, education and training, and family support programs. (*Friends Association for Children*; § 58.1-609.8)

- An organization operating to provide emotionally and behaviorally disturbed children an alternative form of therapy based on unconditional and non-threatening acceptance within a nurturing environment utilizing the unique qualities of the horse. (*Gallastar Equine Center, Inc.*; § 58.1-609.8)
- An organization operating to provide emotional support to the bereaved, the seriously ill, the dying, and their families and friends. (*Haven of Northern Virginia*; § 58.1-609.8)
- An organization operating to preserve an historic landmark as a center for the enhancement of the quality of life of all the citizens through educational, recreational and cultural programs. (*The Highland Center*; § 58.1-609.8)
- An organization operating to advise individuals with cancer, their families, and representatives on matters arising from or associated with their cancer; provide pro-bono legal services or legal referral services; and educate individuals and the public on rights of cancer patients. (*Legal Information Network for Cancer*; § 58.1-609.8)
- An organization operating to prevent animal suffering through aggressive spay/neuter programs and humane education. (*Petfix Coalition*; § 58.1-609.8)
- An organization operating to conduct fund-raising activities on behalf of community members who have great financial needs due to illness or death. (*Taylor's Valley Community Club*; § 58.1-609.8)
- An organization operating to support the benevolent ministry of a certain religious home and retirement communities through fund-raising activities. (*Virginia Baptist Homes Foundation*; § 58.1-609.8)
- An organization operating to provide assistance to women over eighteen years of age in need of temporary assistance who become involved in counseling in a group home setting, and support services at minimal or no cost. (*Menchville House Ministries, Inc.*; § 58.1-609.8)
- An organization operating to raise funds, promote, develop, plan, distribute, budget funds and generally assume the responsibility for the improvement and beautification of both public and private facilities. (*Gateway Streetscape Foundation, Inc.*; § 58.1-609.8)
- An organization operating as a booster club to provide equipment and facilities to promote organized youth activities. (*Glenvar Youth Boosters*; § 58.1-609.8)
- An organization operating to serve the community by providing financial support through fund-raising events for individuals and families in need as well as nonprofit organizations. (*Women in the Giving Spirit*; § 58.1-609.8)

- An organization operating to develop and implement programs to assist women who are experiencing a crisis due to an unplanned or unwanted pregnancy in meeting their physical, financial, and spiritual needs. Also to develop and conduct educational programs to inform the public as to what abortion is and the alternatives to abortion. (*Crisis Pregnancy Center of Tidewater, Inc.*; § 58.1-609.8)
- An organization operating to ensure that young people will be given the opportunity to reach their full potential and become productive members of society. (*Manterfly Youth Development, Inc.*; § 58.1-609.8)
- An organization operating to promote and provide for the education of deaf persons through establishing schools to teach sign language. (*International Christian Centers for the Deaf, Inc.*; § 58.1-609.8)
- An organization operating to educate its members, medical professionals, and the general public about Smith-Magenis Syndrome (SMS); to encourage, support and fund SMS-related research; to support individuals and families affected by SMS and related disorders; and to promote other activities related to SMS. (*Parents & Researchers Interested in Smith Magenis Syndrome (PRIMS), Inc.*; § 58.1-609.8)
- An organization operating to combat child abuse by coordinating and providing for crisis intervention and counseling services to children and their families through a neutral, child-focused facility. (*The Children's Advocacy Center of Bristol/Washington Company, Virginia, Inc.*; § 58.1-609.8)
- An organization operating to assist local Vietnamese communities by providing services to aid in naturalization, immigration status adjustment, family reunification, translation, and other specialized human services. (*Boat People, S.O.S., Inc.*; § 58.1-609.8)
- An organization providing care to destitute, delinquent, abandoned, neglected, dependent and/or emotionally disturbed children and the establishment of an independent community-based treatment program for emotionally disturbed children, adolescents, and their families. (*KidsPeace National Centers for Kids in Crisis of North America*; § 58.1-609.8)
- An organization operating as a private foundation to receive and hold funds or property to make contributions to educational, environmental, artistic, historical, scientific, health, community or religious organizations with the goal of improving knowledge, services or practices in these fields. (*Robert and Dee Leggett Foundation*; § 58.1-609.8)

- An organization within the boundaries of the Ninth Planning District (Rappahannock-Rapidan) operating to provide temporary emergency relief to families residing, who are experiencing crises by providing services to the homeless and those persons who are victims of physical and/or mental abuse.
(*Madison Emergency Services Assoc. (MESA) Inc.*; § 58.1-609.8)
- An organization that provides direct services to those persons suffering from the Acquired Immunodeficiency Syndrome (AIDS) or infected with the Human Immunodeficiency Virus (HIV) and educates the public regarding AIDS and its prevention. (*AIDS Response Effort, Inc.*; § 58.1-609.8)
- An organization located within the boundaries of the Twenty-third Planning District (Hampton Roads) operating for the purpose of providing services to economically or socially disadvantaged persons by repairing or replacing substandard housing.
(*Housing Partnership, Inc.*; § 58.1-609.8)
- An organization operating for the purposes of preventing homelessness and offering long-term intervention into homelessness problems by developing new resources, and providing a central information base designed to aid the homeless.
(*HomeBase of the Virginia Peninsula, Inc.*; § 58.1-609.8)
- An organization operating for the purpose of teaching and fostering the growth of religious beliefs through the organization and creation of summer youth mission projects that aid economically or socially disadvantaged persons by repairing homes of elderly or disabled homeowners who do not have the resources to make repairs.
(*Richmond Metro Workcamp, Inc.*; § 58.1-609.8)
- An organization operating to promote voter registration and voter participation in the political process; while monitoring local government activity to ensure their actions are appropriate and fair. (*The United Civic League of Cavalier Manor*, § 58.1-609.8)
- An organization operating to fund, administer, and provide services and programs to disadvantaged citizens of Richmond County, Virginia, or citizens otherwise in need of social services, including jointly administered programs with other communities.
(*Family Focus of Richmond County, Inc.*; § 58.1-609.8)

Cultural Exemptions (effective July 1, 2001, through June 30, 2006)

- An organization that provides a performing experience at the semi-professional level for advanced ballet students and contributes to the cultural progress and entertainment of the community. (*Bristol Concert Ballet Company*; § 58.1-609.9)

- An organization operating to promote the cultural heritage of Chinese in America, enhance Chinese-Americans in civic and national life, foster democracy, and uphold the United States Constitution. (*Eastern Virginia Chapter of the Organization of Chinese-Americans, Inc.*; § 58.1-609.9)
- An organization operating to afford citizens in Northern Virginia greater opportunity to participate in the performance of live music, further the musical education of the community and contribute to the cultural life of the community through music. (*Fairfax Symphony Orchestra*; § 58.1-609.9)
- An organization operating to assist the National Park Service in maintaining, developing and protecting a presidential birthplace and interpreting the family's history through the operation of a bookstore and gift shop. (*George Washington's Birthplace National Memorial Association*; § 58.1-609.9)
- An organization operating to enrich cultural life by informing and exposing the public to rarely performed operatic music by sponsoring operatic seminars and educational events. (*The Guild for Washington Concert Opera, Inc.*; § 58.1-609.9)
- An organization operating to restore, preserve and protect a historic tavern as a historic, educational and cultural resource. (*Hanover Tavern Foundation*; § 58.1-609.9)
- An organization organized to promote the study, performance and public awareness of good choral music. (*Williamsburg Choral Guild*; § 58.1-609.9)
- An organization operating to foster an enjoyment, appreciation and understanding of visual and performing arts in the New River Valley through an annual education program, classes for adults and children, lectures, and performances. (*Fine Arts Center for the New River Valley, Inc.*; § 58.1-609.9)
- An organization operating to receive and administer gifts, grants, contributions, and donations for the benefit of continuing care retirement communities, including providing financial assistance to the elderly who reside in such communities. (*Goodwin House Foundation*; § 58.1-609.9)

Miscellaneous Exemptions (effective July 1, 2001, through June 30, 2006)

- An organization operating to support and conduct nonpartisan research and analysis of issues concerning domestic and foreign policy of the United States and to educate the general public with respect thereto. (*Council for National Policy*; § 58.1-609.10)

- An organization operating to educate the public concerning model railroading and promoting all facets of railroading as a hobby. (*Northern Virginia NTRAK, Inc., NTRAK Modular Railroading Society, Inc.*; § 58.1-609.10)
- An organization operating to provide educational and historical opportunities to citizens of the United States through exhibits and programs that permit individuals to visit the past and seek new discoveries. (*The Saltville Foundation*; § 58.1-609.10)
- An organization operating to protect the integrity of America's elections. (*The Voting Integrity Project, Inc.*; § 58.1-609.10)
- An organization operating to protect the game and fish by law enforcement, to use all available means to restock forests and streams with game and fish, to promote sound principles of conservation to the public, and to use all means of developing and conserving the woods, waters and wildlife. (*Winchester-Frederick County Conservation Club, Inc.*; § 58.1-609.10)
- An organization operating to advocate on behalf of senior Americans at the federal and state levels and to create and circulate information and educational materials that are vital to the interest of senior citizens. (*The Senior Coalition*; § 58.1-609.10)
- An organization operating to be educational and motivational by acquiring and spreading information on the condition of the naval and maritime forces and equipment of the United States. (*Navy League of United States*; § 58.1-609.10)
- An organization operating to promote the preservation and use of archival and historical research materials and the professional education of its members by conducting conferences, workshops and the distribution of published materials. (*The Mid-Atlantic Regional Archives Conference (MARAC) Inc.*; § 58.1-609.10)
- An organization operating to protect the natural, scenic, recreational and historical values of the Rappahannock River and its tributaries. (*Friends of the Rappahannock*; § 58.1-609.10)
- An organization operating to establish and maintain an association of persons and organizations interested in science and scientific research; to cooperate with educational institutions, industries, and state agencies in fostering an interest in scientific matters; and provide a forum for the presentation and discussion of papers on scientific subjects. (*Virginia Academy of Science*; § 58.1-609.10)
- An organization operating as a museum serving the Shenandoah Valley by, including but not limited to, collecting and interpreting historical and humanities materials, documents, and arts, disseminating historical information, and providing scholarly programs relating to the history of living in the Shenandoah Valley. (*Glass-Glen Burnie Museum, Inc.*; § 58.1-609.10)

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- An organization operating to support education about Poplar Forest through, including but not limited to, guided tours of the property, field schools in architectural restoration and archaeology, other educational and public programs, and maintaining a library open to students, researchers, and the public. (*The Corporation for Jefferson's Poplar Forest*; § 58.1-609.10)
 - An organization operating to preserve the White House of the Confederacy and other historical objects by, including but not limited to, restoring and maintaining the White House of the Confederacy, collecting and restoring historical objects, and sharing them with the citizens through exhibitions, publications, education programs, and other events. (*Museum and White House of the Confederacy*; § 58.1-609.10)

MISCELLANEOUS TAXES

Recordation Tax

Limitation of Tax on Recordation for Leases of Billboards - Amended

House Bill 1869 (Chapter 586) limits the recordation tax for leases of outdoor advertising signs, for which permit fees have been paid to the Virginia Department of Transportation, to twenty-five dollars.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-807

Basis for Recordation Tax - Amended

House Bill 2814 (Chapter 830) requires that the recordation tax on deeds and the grantor's tax, are based on the amount of consideration paid for the property. The consideration must be stated on the deed; however, deeds are valid and admitted to record even if no consideration is stated.

This bill also directs the department and the Virginia Court Clerks Association to jointly determine the impact this legislation will have on state and local recordation tax revenues. The department will report its findings by December 1, 2001 to the House and Senate Finance Committees.

Effective Date: Legislation must be reenacted by the 2002 General Assembly for it to become effective.

Code Section Amended: §§ 58.1-801 and 58.1-802

LOCAL TAX

LEGISLATION

GENERAL PROVISIONS

Taxing of Real and Personal Property Located in Special Zones - New

House Bill 2087 (Chapter 111) removes any real property that has qualified for an agricultural or forestal use-value assessment from local fire and rescue zones or districts in Augusta County. All real property and personal property located within these districts is exempt from special local real estate and personal property taxes levied in these zones or districts.

Effective Date: July 1, 2001

Code Section Amended: § 27-23.1

TANGIBLE PERSONAL PROPERTY TAX

Reduced Rate for Auxiliary Deputy Sheriffs Primary Private Vehicle - New

House Bill 1752 (Chapter 41) reclassifies motor vehicles owned or leased by persons who serve as auxiliary, reserve or special deputy sheriffs as a separate class of tangible personal property. Only the motor vehicle that is regularly used by each auxiliary deputy sheriff to respond to auxiliary deputy sheriff duties may be specially classified under this section.

Localities are authorized to impose a tangible personal property tax on motor vehicles owned or leased by auxiliary, reserve or special deputy sheriffs at a rate that does not exceed that for the general class of tangible personal property in the locality.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3506

Reclassification of Forest Harvesting Equipment - Amended

House Bill 1775 (Chapter 447) reclassifies equipment used in forest harvesting and silvicultural activity to be in a separate class of tangible personal property. As a result of this reclassification, localities may impose a tangible personal property tax on equipment used in forest harvesting and silvicultural activity 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.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3506

REAL ESTATE TAX

Delinquent Real Estate Taxes - Amended

House Bill 1715 (Chapter 37) provides that any unclaimed surplus from the proceeds of sales of real estate for delinquent real property taxes shall be paid to the county, city or town that received the proceeds from the sale of the real estate. In those instances in which both a county and a town receive proceeds from the same sale, the unclaimed surplus shall be divided between the two based on the amount of proceeds each received from the initial sale.

Effective Date: July 1, 2001
Code Section Amended: § 58.1-3967

Real Estate Reassessments: Hanover County – Extended

House Bill 1830 (Chapter 449) extends the deadline for completing the general reassessment of real estate in any county having a population of at least 63,200 but not more than 63,500, as determined by the 1990 United States Census, by three months, from December 31 to March 31.

Effective Date: July 1, 2001
Code Section Amended: § 58.1-3257

Exemption or Deferral of Property Taxes for Certain Elderly and Handicapped - Amended

House Bill 1987 (Chapter 547) and Senate Bill 939 (Chapter 428) authorize localities to increase from \$30,000 to \$50,000 the maximum income limitation for purposes of obtaining an exemption or deferral of real property taxes for qualified elderly or permanently disabled persons. It also authorizes localities in the Northern Virginia Planning District to increase from \$52,000 to \$62,000 the maximum income limitation for purposes of obtaining an exemption or deferral of real property taxes for qualified elderly or permanently disabled persons. Localities in the Northern Virginia Planning District are authorized to increase the maximum combined financial worth limitation from \$195,000 to \$240,000.

Effective Date: July 1, 2001
Code Section Amended: § 58.1-3211

Land Use Assessment; Extension of Deadline – Amended

House Bill 2022 (Chapter 50) authorizes localities to grant one additional extension of the filing deadline for applications for land use assessment. Upon payment by the property owner of an additional extension fee, the property owner would be able to timely file the application within thirty days after notices of assessment are mailed.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3234

Use Value Assessments - Waiver of Prior Use Requirement – Multi-Year Agricultural and Horticultural Crops - New

Senate Bill 901 (Chapter 705) authorizes localities to waive any minimum prior use requirement for eligibility for use value assessment for real estate devoted to the production of agricultural and horticultural crops that require more than two years from initial planting until commercially feasible harvesting.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3132

Application Fee Increase for Partial Exemptions & Tax Credits – Amended

Senate Bill 1242 (Chapter 489) increases the maximum fee that localities are authorized to impose for applications for real property tax partial exemptions and tax credits for certain rehabilitated, renovated, or replacement structures. The fee may not exceed \$125 for residential properties, or \$250 for commercial, industrial, and/or apartment properties of six units or more.

Effective Date: July 1, 2001

Code Section Amended: §§ 58.1-3220, 58.1-3220.1, and 58.1-3221

**BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSE
TAX*****Local License Taxes Not Imposed on Public Utilities - Clarification***

House Bill 2790 (Chapter 829) and Senate Bill 1421 (Chapter 861) clarify that gas and electricity suppliers are subject to the local license on gross receipts for calendar year 2000.

Effective Date: July 1, 2001

Code Section Amended: §§ 58.1-2901 and 58.1-3731

MISCELLANEOUS TAXES

SCC Tax

Natural Gas Consumption Tax Collection - Amended

Senate Bill 834 (Chapter 737) requires any excess portion of the local component of the Natural Gas Consumption Tax be remitted to the State Corporation Commission (SCC) to be deposited into the state treasury. This requirement is identical to the procedure in place for the same situation with respect to the Electric Utility Consumption Tax.

Effective Date: March 26, 2001

Code Section Amended: §§ 58.1-2905 and 58.1-3814

Consumer Utility Tax

Exemption from Tax for Specific Properties -New

House Bill 2287 (Chapter 302) gives local governing bodies the authority to grant exemptions from any or all consumer utility taxes (except the E-911 tax) for utilities consumed on property that has been designated as exempt from real property taxes as defined in the Constitution of Virginia.

Counties, cities or towns that grant such an exemption are required to provide the telephone account numbers of exempted organizations to all service providers required to collect consumer utility taxes.

Effective Date: July 1, 2001

Code Section Added: § 58.1-3816.2

Local Admissions Tax

Virginia Baseball Stadium Authority - Extended

House Bill 1603 (Chapter 442) and Senate Bill 794 (Chapter 425) extend the sunset date for enacting local admissions taxes on events held at major league baseball stadiums from January 1, 2002, to January 1, 2005. The authority to levy these local taxes will expire on January 1, 2005, unless, before that time, the Virginia Baseball Stadium Authority has executed a lease with a major league baseball team.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3818

Authority to Impose Tax; New Kent County - New

Senate Bill 1086 (Chapter 485) added New Kent County to the existing list of counties authorized to levy an admissions tax.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3818

Transient Occupancy Tax***Increased Transient Occupancy Tax; Bedford County - Amended***

House Bill 1761 (Chapter 585) allows Bedford County to increase its transient occupancy tax to a maximum rate of five percent. 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 draw travelers to Bedford.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3819

Authority to Impose Tax; Mecklenburg County - Amended

Senate Bill 1110 (Chapter 571) allows Mecklenburg County to impose a transient occupancy tax at a rate not to exceed five percent. The revenues collected from that portion of the tax over the two percent rate must be designated and spent for tourism and tourism initiatives that draw travelers to Mecklenburg.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3819

Coal and Gas Severance Tax***Authority to Levy Coal and Gas Severance Tax – Amended***

House Bill 2528 (Chapter 303) and Senate Bill 1410 (Chapter 294) provide that all local ordinances adopted pursuant to the authority to levy a license tax based on the business of severing coal or gases prior to January 1, 2001, shall be deemed valid as long as they were in substantial compliance with the provisions of the Business, Professional and Occupational License tax at the time of their adoption.

Effective Date: July 1, 2001

Code Section Amended: §58.1-3713.3

TAX COLLECTION and ADMINISTRATION

Liens on Property for Unpaid Severance Taxes - New

House Bill 2220 (Chapter 462) creates a lien, for the payment of local coal severance license taxes, on all real and personal property owned by persons engaged in the business of severing coal. This lien applies only to property located in the county or city where such severing takes place. Additionally, localities are authorized to sell real estate encumbered by this lien in the same manner as real estate subject to delinquent real estate taxes.

Effective Date: July 1, 2001

Code Section Amended: §§ 58.1-3343, 58.1-3930, 58.1-3932, and 58.1-3959

Code Section Added: § 58.1-3713.5

Compact Between Localities - New

House Bill 2443 (Chapter 470) allows two or more localities to enter into compacts by which, following a notice and a hearing, the treasurer paying warrants may first deduct taxes and other charges owed to any participating locality that are due from the party in whose favor the warrant is drawn. The compact must conform substantially to the provisions of the department administered, Setoff Debt Collection Act. To qualify for payment, the claimant jurisdiction must certify that it is entitled to such funds before any funds are released.

Effective Date: July 1, 2001

Code Section Amended: § 58.1-3133

Warrants, Tax Bills and Security Interests - Amended

House Bill 1999 (Chapter 801) authorizes treasurers to deduct other charges in addition to taxes, that are due from a party in whose favor a warrant is drawn and to transmit any tax bill electronically, with the written consent of and by means chosen by the taxpayer. The bill also clarifies that taxes specifically assessed against goods and chattels distrained constitute a lien against the property so assessed and shall have priority over all security interests.

Effective Date: July 1, 2001

Code Section Amended: §§ 58.1-3133, 58.1-3912, and 58.1-3942

LEGISLATIVE

STUDIES

HJ 685 and SJ 387: Revision of the State Tax Code

Establishes a joint subcommittee to study the complete revision of the state tax code and ensure that Virginia's tax code is fair, uniform, understandable, and contemporary. Among other items, the joint subcommittee will examine the report and recommendations of the Commission on Virginia's State and Local Tax Structure for the 21st Century while seeking broad input from all levels of government, the private sector, and Virginia's citizens. By November 30, 2002, the subcommittee will report recommended changes to the tax appeal system, including standards and burdens of proof that will result in a more fair and balanced tax assessment system. The department will provide technical assistance to the subcommittee.

SJ 382: Non-Profit and Not-For-Profit Organizations Study

The Commonwealth Competition Council and representatives of a number of other groups, including the department, will prepare a plan, due by November 30, 2001, for the development of a system and review process to implement and maintain a statewide database of nonprofit and not-for-profit entities accessible by all Virginians via the Internet.

SJ 351: Continuing the Joint Subcommittee Studying Economic Incentives to Promote the Growth and Competitiveness of Virginia's Shipbuilding Industry

The joint subcommittee will continue to examine: 1) state regulation of tributyltin (TBT), 2) establishing a state commission to promote and provide marketing assistance to the industry, 3) the Commonwealth's tax structure and its impact on the shipyard industry, and 4) incentive grants for capital investments by shipyards. The joint subcommittee, scheduled to report their findings by November 30, 2001, is composed of 16 members, which includes among others, the Tax Commissioner or his designee to serve ex officio, with full voting privileges.

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