

## Virginia Industry Investment Act

**Summary;** Industry Investment Act. Five-year phase-out of the Machinery & Tools Tax using state revenue to reimburse localities for annual reductions. Immediately cap M&T for all new investments. Place a rider in the bill that directs the Secretary of Commerce & Trade to develop a tax diversification plan for those localities that will be disproportionately impacted (e.g., West Point, Covington, Newport News, etc.) by expediting economic development assistance.

§ 58.1-3507. Certain machinery and tools segregated for local taxation only; notice prior to change in valuation, hearing.

A. Machinery and tools, except machinery and equipment used by farm wineries as defined in § 4.1-100, used in a manufacturing, mining, **recycling**, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry business shall be listed and are hereby segregated as a class of tangible personal property separate from all other classes of property and shall be subject to local taxation only. The rate of tax imposed by a county, city or town on such machinery and tools shall not exceed the rate imposed upon the general class of tangible personal property.

B. Machinery and tools segregated for local taxation pursuant to subsection A, other than energy conservation equipment of manufacturers, shall be valued by means of depreciated cost or a percentage or percentages of original total capitalized cost excluding capitalized interest.

**Machinery and tools used in a manufacturing, mining, processing or reprocessing and dairy shall not be taxed as tangible personal property after July 1, 2010. Effective July 1, 2006, new investments in machinery and tools used in these respective industries shall be exempt from state and local taxation and shall remain a separate class of exempt tangible personal property. Between July 1, 2006 and June 30, 2010 each local government shall reduce its existing assessments on this class of tangible personal property for manufacturing, mining, recycling, processing or reprocessing and dairy by 1/5 per year. The Commonwealth shall reimburse each local government from the General Fund an equivalent sum during this transition period to end on June 30, 2010.**

Whenever the commissioner of the revenue proposes to change the means of valuing machinery and tools, such proposed change shall be published in a newspaper having general circulation in the affected locality at least 30 days before the proposed change would take effect and the citizens of the locality shall be allowed to submit written comments, during the 30-day period, to the commissioner of the revenue regarding the proposed change.

C. All motor vehicles which are registered pursuant to § 46.2-600 with the Department of Motor Vehicles and owned by persons engaged in those businesses set forth in subsection

A shall be taxed as tangible personal property by the county, city or town in accordance with the provisions of this chapter. All other motor vehicles and delivery equipment owned by persons engaged in those businesses set forth in subsection A shall be included in and taxed as machinery and tools.

§ 58.1-3660. Certified pollution control equipment and facilities.

A. Certified pollution control equipment and facilities, as defined herein, are hereby declared to be a separate class of property and shall constitute a classification for local taxation separate from other such classification of real or personal property and such property. The governing body of any county, city or town may, by ordinance, exempt or partially exempt such property from local taxation.

**Effective July 1, 2006, new investments in certified pollution control equipment and facilities used for manufacturing, mining, processing or reprocessing and dairy shall be exempt from state and local taxation and shall remain a separate class of exempt property. Between July 1, 2006 and June 30, 2010 each local government shall reduce its existing assessments on this class of property for manufacturing, mining, processing or reprocessing and dairy by 1/5. The Commonwealth shall reimburse each local government from the General Fund an equivalent sum during this transition period to end on June 30, 2010.**

B. As used in this section:

"Certified pollution control equipment and facilities" shall mean any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth and which the state certifying authority having jurisdiction with respect to such property has certified to the Department of Taxation as having been constructed, reconstructed, erected, or acquired in conformity with the state program or requirements for abatement or control of water or atmospheric pollution or contamination. Such property shall include, but is not limited to, any equipment used to grind, chip, or mulch trees, tree stumps, underbrush, and other vegetative cover for reuse as mulch, compost, **landfill gas, natural gas recovery from waste** or fuel, whether or not such property has been certified to the Department of Taxation by a state certifying authority.

"State certifying authority" shall mean the State Water Control Board, for water pollution; the State Air Pollution Control Board, for air pollution; the Department of

Mines, Minerals and Energy, for coal, oil, and gas production, including gas, natural gas, **landfill gas** and coalbed methane gas; and the Virginia Waste Management Board, for waste disposal facilities, and shall include any interstate agency authorized to act in place of a certifying authority of the Commonwealth.

(Code 1950, § 58-16.3; 1972, c. 694; 1984, c. 675; 1995, c. 229; 2003, c. 859.)

§ 2.2-2238. Economic development services.

A. It shall be the duty of the Authority to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth. The Authority is charged with the following duties and responsibilities to:

1. See that there are prepared and carried out effective economic development marketing and promotional programs;
2. Make available, in conjunction and cooperation with localities, chambers of commerce, industrial authorities, and other public and private groups, to prospective new businesses basic information and pertinent factors of interest and concern to such businesses;
3. Formulate, promulgate, and advance programs throughout the Commonwealth for encouraging the location of new businesses in the Commonwealth and the retention and growth of existing businesses;
4. Encourage and solicit private sector involvement, support, and funding for economic development in the Commonwealth;
5. Encourage the coordination of the economic development efforts of public institutions, regions, communities, and private industry and collect and maintain data on the development and utilization of economic development capabilities;
6. Establish such offices within and without the Commonwealth that are necessary to the expansion and development of industries and trade;
7. Encourage the export of products and services from the Commonwealth to international markets;

8. Advise, upon request, the State Board for Community Colleges in designating technical training programs in Virginia's comprehensive community colleges for the Community College Incentive Scholarship Program pursuant to § 23-220.4; and

9. [Repealed.]

B. The Authority shall prepare a specific plan annually that shall serve as the basis for marketing high unemployment areas of Virginia. This plan shall be submitted to the Governor and General Assembly annually on or before November 1 of each year. The report shall contain the plan and activities conducted by the Authority to market these high unemployment areas. The annual report shall be part of the report required by § 2.2-2242.

**C. The Authority, in cooperation with the Virginia Secretary of Commerce & Trade, Virginia Department of Business Assistance, Virginia Department of Agriculture and Consumer Services and the Virginia Tobacco Commission, prepare and execute a specific five-year plan to serve the most affected local governments by the elimination of the machinery and tools tax revenue stream through targeted economic development assistance that will aid the affected localities replace the revenue with tax base diversification and other revenue sources.**