

**A PRESENTATION TO THE  
HOUSE FINANCE SPECIAL  
STUDY COMMITTEE  
STUDYING SALES AND USE  
TAX EXEMPTIONS**

**ANALYSIS OF  
SALES AND USE  
TAX EXEMPTIONS  
IN VIRGINIA**

**VIRGINIA DEPARTMENT  
OF TAXATION**

**February 27, 2002**

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House Finance Special Study Committee  
Studying Sales and Use Tax Exemptions  
February 27, 2002

Background

**Original Exemptions**

- There were 22 exemptions when the sales and use tax first took effect in 1966. (Code of Virginia, 1966)

**Exemptions as of July 1, 2001**

- As of July 1, 2001, there are 453 exemptions listed in the Code of Virginia (Sections 58.1-609.1 through 58.1-609.10). They are broken out by category in Table 1.

**TABLE 1**  
**Number of Exemptions Listed in Code of Virginia**  
**§§ 58.1-609.1 through 58.1-609.10 as of July 1, 2001**

| <u>Category</u>                        | <u>Number of Exemptions</u> |
|--|-----------------------------|
| 1. Government & Commodities            | 16                          |
| 2. Agricultural                        | 6                           |
| 3. Commercial and Industrial           | 13                          |
| 4. Education                           | 40                          |
| 5. Services                            | 9                           |
| 6. Media-related                       | 7                           |
| 7. Medical-related                     | 45                          |
| 8. Nonprofit Civic & Community Service | 221                         |
| 9. Nonprofit Cultural                  | 65                          |
| 10. Miscellaneous                      | 31                          |
| <b>Total Exemptions</b>                | <b>453</b>                  |

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**Exemptions Added Since 1998**

- There have been 152 new exemptions added to the Code of Virginia since July of 1998.
- Table 2 indicates the number of new exemptions in each category by year.
- 80 new exemptions were added in 2000, 71 new exemptions were added in 2001, and 1 new exemption was added in 1999.

**TABLE 2**  
**New Exemptions For Years 1999 through 2001 by Category**

| Category                            | 1999     | 2000      | 2001      | TOTAL      |
|-------------------------------------|----------|-----------|-----------|------------|
| Government and Commodities          | 1        | 1         |           | 2          |
| Agricultural                        | --       | --        | --        | --         |
| Commercial and Industrial           | --       | --        | --        | --         |
| Education                           | --       | 3         | 6         | 9          |
| Services                            | --       | --        | --        | --         |
| Media Related                       | --       | --        | --        | --         |
| Medical                             |          | 5         | 8         | 13         |
| Nonprofit Civic & Community Service |          | 51        | 35        | 86         |
| Nonprofit Cultural                  |          | 18        | 15        | 33         |
| Miscellaneous                       |          | 2         | 7         | 9          |
| <b>Total Exemptions</b>             | <b>1</b> | <b>80</b> | <b>71</b> | <b>152</b> |

## Trends in Exemptions Enacted Since 1998

- Of the 152 new exemptions added to the Code of Virginia since July of 1998, 86 have been granted to nonprofit organizations in the civic and community service group found in § 58.1-609.8.
- 33 of the remaining new exemptions have been granted to nonprofit organizations in the cultural group found in § 58.1-609.9.
- These two categories make up 78% of the new exemptions enacted in the last 3 years.

## Administration of Exemptions by TAX

### Reporting Requirement – Existing Exemptions

- The 1999 General Assembly enacted legislation which established a new reporting requirement for nonprofit organizations that were currently exempt from sales and use taxes. Churches were excluded from the new requirement.
- During 2000, all nonprofit organizations qualifying for an **existing** sales and use tax exemption were required to submit to TAX information relating to the operation and administration of the organization.
- The General Assembly used this information for the first time during the 2001 session when considering whether to extend the expiration, or sunset date, of all nonprofit exemptions in the exemption categories below.
- Tax Bulletin 99-9 was issued by the Department of Taxation to explain the new reporting requirement.
- The legislation created an ongoing filing requirement based on a 5-year cycle set up by exemption categories.
- After the initial filing in 2000, nonprofit organizations in five exemption categories were required to file an updated questionnaire based on a staggered schedule beginning July 1, 2001.

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- The due dates in the schedule require a nonprofit organization to submit a questionnaire in the year before a particular group of exemptions are scheduled to expire. This allows the next General Assembly session to consider extending the exemptions prior to their expiration.
- For example, the educational exemption group is scheduled to expire July 1, 2002. The filing schedule required this group to submit questionnaires by July 1, 2001.
- By law, nonprofit organizations in each exemption group must file a questionnaire by July 1 of the year shown in the schedule. The schedule was set up as follows:

| <u>Exemption Group</u>                                 | <u>Filing Due*</u> |
|--|--------------------|
| Educational (58.1-609.4)                               | 2001               |
| Medical-Related (58.1-609.7)                           | 2002               |
| Civic and community service (first half) (58.1-609.8)  | 2003               |
| Civic and community service (second half) (58.1-609.8) | 2004               |
| Cultural and Miscellaneous (58.1-609.9, 58.1-609.10)   | 2005               |

- \* The next filing would be due five years from the year shown on the schedule.
- Failure to make a complete and timely submission of the required information constitutes grounds for revocation of an organization's exemption by the Department of Taxation.
- TAX must receive the required information and insure that an organization meets certain criteria before issuing an exemption certificate to the organization.
- The new filing requirement expanded existing requirements established by legislation enacted in 1994.

Exemption Certificates – Existing Exemptions

- 1999 legislation required TAX to issue numbered exemption certificates to organizations that had met the filing requirement and whose exemption was extended by the General Assembly.

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- TAX began issuing the exemption certificates in 2001 to be provided to vendors as documentation of the organization's exemption.
- The certificate contains an expiration date that is tied to the filing schedule and expiration date of the organization's exemption.
- For example, certificates issued to exempt organizations in the cultural and miscellaneous exemption groups currently contain an expiration date of July 1, 2006. Updated questionnaires from organizations in these groups are next due by July 1, 2005.
- The exemption certificate is renewed upon receipt of an updated questionnaire and when the sunset date of the exemption is extended by the General Assembly.

#### Reporting Requirement –New Exemptions

- Nonprofit organizations seeking a *new* exemption are required to submit information concerning the operation and administration of the organization to TAX by November 1 prior to the session in which exemption legislation would be sought for the organization.

#### Questionnaires

- To administer the 1994 and 1999 reporting requirements, TAX uses questionnaires to gather the information required by statute.
- Separate questionnaires are used for new exemption requests and for existing exemptions.
- Both new and existing nonprofit organizations are required to provide the same information and meet the same criteria to qualify for exemption.

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- Information about nonprofit organizations' operations and administration must be provided in the questionnaires, including:
  - Estimates of annual sales and use tax savings from the exemption,
  - Beneficiaries of the exemption,
  - Charitable purposes of the organization,
  - Salary and other financial information, and
  - Names and addresses of a volunteer board of directors, etc.
- To qualify for exemption, nonprofit organizations must meet the following criteria:
  - Be exempt from federal income taxation under 501(c)(3) or 501(c)(4) of the Internal Revenue Code;
  - Spend no more than 40% of the organization's gross annual revenue on general administration, including salaries and fundraising;
  - Be in compliance with the charitable solicitation requirements of Title 57, Chapter 5; and
  - Be used only for purchases of tangible personal property by the organization.

### Notification

- TAX notifies by letter those nonprofit organizations that are required to submit updated information in accordance with the filing schedule established in 1999.
  - This allows those organizations time to prepare and file the questionnaire that is provided with the letter prior to the organization's filing deadline.
- The department reviews the information for completeness and sends a follow-up letter to organizations that have not provided all the information required on the questionnaire.

### Certification for New Exemptions

- General Assembly members intending to patron a bill establishing or expanding an exemption in one of the 5 exemption categories must submit the information questionnaire to TAX by the November 1 preceding the next regular session.
- By January 5 of each year, TAX certifies to the Division of Legislative Services those nonprofit organizations that will have sales tax exemption legislation introduced in the next General Assembly session and have met the information filing requirements.
- The organization and the patron of the exemption are notified by letter that the department has received and reviewed the questionnaire. The organization is also notified of any missing or incomplete information on the questionnaire.

### **Revenue Impact**

#### Process for Calculating Revenue Impact

- TAX maintains a database of nonprofit organizations that benefit from sales and use tax exemptions, and which have supplied information on sales and purchases that are exempt from taxation.
- The database was used to estimate the revenue impact of repealing the exemptions for these organizations.
- Information provided by each organization includes up to three years of survey data indicating the level of purchases or sales for each organization.
- Applying the state and local sales tax rates to the average total purchases and sales yields the average sales tax for each organization.
- Since the data is centered around FY 1999, the average sales tax is inflated by the official state forecast of the Consumer Price Index to obtain FY 2003 and FY 2004 estimates.

**Revenue Impact of Nonprofit Exemptions**

- Table 3 shows the estimated revenue impact of the exemption for nonprofits in each group of sales and use tax exemptions.
- For all groups, the exemptions would reduce total state and local revenue by an estimated \$64.2 million for FY 2003 and \$72.2 million for FY 2004, based on information supplied by organizations in the database.

**TABLE 3**

**Estimated Revenue Impact of Repealing Nonprofit  
 Sales and Use Tax Exemptions**

| <u>Code Section</u> | <u>Category</u>                     | <u>Number of<br/>Organizations</u> | <u>Millions</u> |               |
|---------------------|-------------------------------------|------------------------------------|-----------------|---------------|
|                     |                                     |                                    | <u>FY 2003</u>  | <u>FY2004</u> |
| 58.1-609.4          | Educational                         | 190                                | \$6.76          | \$7.60        |
| 58.1-609.7          | Medical-related                     | 234                                | 49.18           | 55.31         |
| 58.1-609.8          | Nonprofit Civic<br>and Community    | 975                                | 7.09            | 7.97          |
| 58.1-609.9          | Nonprofit Cultural<br>Organizations | 85                                 | 0.85            | 0.96          |
| 58.1-609.10         | Miscellaneous                       | <u>104</u>                         | <u>0.31</u>     | <u>0.35</u>   |
| <b>TOTALS</b>       |                                     | 1,588                              | \$64.19         | \$72.20       |

Revenue Impact of All Exemptions

- Appendix 1 contains data from a 1998 report to the House Finance Subcommittee Studying Sales and Use Tax Exemptions.
- The Appendix provides estimates of the FY 1999 revenue impact of repealing certain sales tax exemptions.
- For most exemptions, the estimates were based on data from the sales and use tax expenditure studies completed in the early 1990's adjusted for inflation and population growth.
- Legislative fiscal impact statements were used to produce estimates for those exemptions enacted since the expenditure study process ended in 1995.
- For all categories, the revenue gain totaled \$3.6 billion for FY 1999.

# **APPENDIX 1**

## **Revenue Impact of Repealing Certain Sales Tax Exemptions**

# APPENDIX 1

## Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 1 Government and Commodities Exemptions</b> |   |
| Motor Vehicle Fuels                                  | \$202.376                               |
| Motor Vehicles                                       | \$562.082                               |
| Gas, Electricity and Water                           | \$246.646                               |
| Federal, State and Local Governments                 | \$85.433                                |
| Aircraft   | \$3.329                                 |
| Motor Fuels for Use in Boats and Ships               | \$0.042                                 |
| Sales of Official Flags                              | minimal                                 |
| State Board of Elections                             | minimal                                 |
| Watercraft   | \$7.767                                 |
| Virginia Port Authority                              | \$0.555                                 |
| Sales of Artwork by Prisoners                        | minimal                                 |
| Department of Visually Handicapped                   | minimal                                 |
| Virginia Veterans Care Center                        | \$0.001                                 |
| Community Diversion Programs                         | unknown                                 |
| <b>Total</b>   | <b>\$1,108.230</b>                      |

Although a total impact of these sales tax exemptions is reported above, the user should be cautious with this interpretation. An effort has been made to mitigate the effect of overlapping exemptions, but there is still a substantial variance associated with multiple counting of overlapping exemptions. The actual revenue gained by repealing all of these exemptions together is likely to be lower than the estimate reported above, and possibly substantially lower.

APPENDIX 1  
Revenue Impact of Repealing Certain Sales Tax Exemptions

Revenue Impact  
FY 1999  
(Millions)

**Group 2 Agricultural Exemptions**

|  |                  |
|--|------------------|
| Property Used in Agricultural Production | \$515.926        |
| Processing of Agricultural Commodities   | \$0.000          |
| Products Consumed by Farmers             | \$0.777          |
| Commercial Watermen                      | \$1.110          |
| Feed Making                              | \$0.000          |
| Harvesting of Forest Products            | \$2.552          |
| <b>Total</b>                             | <b>\$520.364</b> |

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## Revenue Impact of Repealing Certain Sales Tax Exemptions

|   | Revenue Impact<br>FY 1999<br>(Millions) |
|---|---|
| <b>Group 3 Commercial and Industrial Exemptions</b> |   |
| Contractor's Temporary Storage                      | \$0.078                                 |
| Manufacturing                                       | \$315.067                               |
| Public Service Corporations                         | \$153.467                               |
| Ships and Vessels                                   | \$8.776                                 |
| Research and Development                            | \$12.093                                |
| Airlines  | \$39.169                                |
| Meals Furnished to Employees                        | \$6.742                                 |
| Laundry and Linen Processors                        | \$1.712                                 |
| Pollution Control Equipment                         | \$5.244                                 |
| Taxicab Parts                                       | \$0.533                                 |
| Electrostatic Duplicators                           | \$0.265                                 |
| Gas and Oil Production                              | \$0.000                                 |
| Virginia Commercial Space Flight Authority          | \$0.359                                 |
| Expand to Transport Vessels                         | \$0.026                                 |
| <b>Total</b>  | <b>\$543.531</b>                        |

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## APPENDIX 1

### Revenue Impact of Repealing Certain Sales Tax Exemptions

**Revenue Impact  
FY 1999  
(Millions)**

#### Group 4 Educational Exemptions

|   |          |
|---|----------|
| School Lunches and Textbooks  | \$9.632  |
| Institutions of Learning  | \$31.036 |
| Education for Persons With Mental retardation   | \$0.050  |
| Face-to-face Educational Programs   | \$0.268  |
| Reading is Fundamental Programs   | unknown  |
| Boarding/Day School for the Handicapped   | \$0.000  |
| Law Enforcement Educational Programs  | minimal  |
| School Fund Raising Activities  | \$10.916 |
| Specific Day care Centers   | \$0.032  |
| County Public Libraries and Recreational Centers  | minimal  |
| Public Library Associations   | \$0.007  |
| Free Enterprise Educational Programs  | minimal  |
| Art Education Organizations   | \$0.004  |
| City Public Library "Friends" Organizations   | minimal  |
| Organizations Combating Illiteracy  | \$0.001  |
| Fund Raising Organizations Assisting Public Libraries   | minimal  |
| Services for At-Risk Youth  | \$0.002  |
| Advocacy Organizations for the Hearing Impaired   | minimal  |
| Organizations Promoting Highway Safety  | \$0.032  |
| <br>  |          |
| Organization operating a school for Christian Studies   | \$0.001  |
| Organization in Tidewater region providing preschool education to children of parents pursuing self-sufficiency | \$0.000  |
| Organization to develop pool of data processing professionals, training, and college scholarships               | \$0.001  |
| <br>  |          |
| An organization that conducts & publishes research for public school improvement                                | unknown  |
| Telecommunications networks & classrooms in Va schools  | \$0.010  |
| Organizations with reading education programs   | \$0.001  |
| Organizations in the Tenth Planning District with Annual Science Fair and Scientific Investigation              | minimal  |
| Organizations that Provide Residential & Educational Services for Abused Children, and Head Start               | \$0.005  |
| Organizations that Educate About Animal Agriculture   | \$0.001  |
| Organizations Promoting Vocational-Technical Education in the Public Schools                                    | \$0.004  |

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## Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 4 Educational Exemptions (Continued)</b>      |   |
| Include all Illiteracy Programs                        |   |
| Expand to include food purchased for free distribution | \$0.023                                 |
|  | \$0.483                                 |
| Consortium of black colleges                           |   |
|  | \$0.002                                 |
| <b>Total</b>   | <b>\$52.510</b>                         |

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# REVENUE DUCK

## Revenue Impact of Repealing Certain Sales Tax Exemptions

**Revenue Impact  
FY 1999  
(Millions)**

### Group 5 Selected Service Exemptions

|  |                 |
|--|-----------------|
| Accountants                              | \$23.600        |
| Engineers                                | \$108.400       |
| Health Professionals                     | \$253.500       |
| Land Surveying                           | \$7.900         |
| Legal                                    | \$71.300        |
| Bank Service Charges                     | \$18.300        |
| Nonbank Service Charges                  | \$0.400         |
| Safe Deposit Box Rentals                 | \$0.500         |
| Insurance Premiums                       | \$244.200       |
| Barber/Beauty Shops                      | \$19.800        |
| Carpet and Upholstery Cleaning           | \$1.400         |
| Funeral Services                         | \$9.100         |
| Laundry and Dry Cleaning                 |                 |
| Coin Operated                            |                 |
| Non-Coin Operated                        | \$2.600         |
| Horse Boarding                           | \$13.200        |
| Pet Grooming and Training                | \$0.400         |
| Tax return Preparation (for individuals) | \$0.900         |
| Armored Car/Detective Services           | \$1.800         |
| Collection Services                      | \$12.400        |
| Credit reporting                         | \$2.300         |
| Janitorial and Building Maintenance      | \$2.300         |
| Landscaping and Lawn Care                | \$26.200        |
| Parking                                  | \$20.300        |
| Pest Control/Disinfecting                | \$6.900         |
| Security System Services                 | \$5.200         |
| Telephone Answering Services             | \$4.400         |
| Appliance Repair                         | \$1.800         |
| Automotive Repair                        | \$0.000         |
| Auto Washing                             | \$0.000         |
| Shoe Repair                              | \$0.000         |
| Watch, Clock and Jewelry Repair          | \$0.000         |
| 900 Number Service                       | \$0.000         |
| Cable and Other Pay TV                   | \$0.800         |
|  | <b>\$25.100</b> |

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## Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 5 Selected Service Exemptions (Continued)</b> |   |
| Cellular Telephone                                     | \$7.300                                 |
| Interstate Calls                                       | \$64.900                                |
| Intrastate Calls                                       | \$71.700                                |
| Household Goods Storage                                | \$0.400                                 |
| Travel Arrangements/Services                           | \$3.100                                 |
| Cold Storage   | \$1.600                                 |
| Amusement Parks  | \$4.900                                 |
| Auto Racing Events                                     | \$0.500                                 |
| Movie Theaters   | \$5.100                                 |
| Bowling Alleys   | \$2.600                                 |
| Labor Charges  | minimal                                 |
| Transportation Charges                                 | \$0.647                                 |
| Alteration Charges                                     | \$0.013                                 |
| Gift Wrapping  | minimal                                 |
| Computer Software Modifications and Custom Programs    | \$68.889                                |
| Transient Accommodations                               | minimal                                 |
| Repair & Replacement Parts in Maintenance Contracts    |   |
| <b>Total</b>   | <b>\$1,116.649</b>                      |

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 Revenue Impact of Repealing Certain Sales Tax Exemptions

|   | Revenue Impact<br>FY 1999<br>(Millions) |
|---|---|
| <b>Group 6 Media Related Exemptions</b>                                     |   |
| Motion Picture Film Leasing   | \$2.201                                 |
| Broadcast Equipment   | \$3.108                                 |
| Publications  | \$10.618                                |
| Catalogs  | \$3.237                                 |
| Advertising   | minimal                                 |
| <br>  |   |
| Book publishing facility that distributes books free of charge to educators | \$0.107                                 |
| <br>  |   |
| Delete video dialtone systems, add open video, wireless cable               | unknown                                 |
| <br>  |   |
| Tapes/Production Svcs/AudioVisual   | \$0.323                                 |
| <br>  |   |
| Common Carrier Broadcasting Equipment                                       | unknown                                 |
| Advertising Definition  | unknown                                 |
| Back Copy Sales   | minimal                                 |
| <br>  |   |
| out-of-state business purchases of printed materials                        | unknown                                 |
| <br>  |   |
| <b>Total</b>  | <b>\$19.595</b>                         |

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## Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 7 Medical Related Exemptions</b>  |   |
| Prescription and Controlled Drugs  | \$77.312                                |
| Nonprescription Drugs*   | \$17.500                                |
| Medical Equipment  | \$5.089                                 |
| Dialysis Equipment and Supplies  | \$0.973                                 |
| Motor Vehicle Equipment for the Disabled   | \$0.007                                 |
| Typewriters/Computers for the Disabled   | unknown                                 |
| Hospitals and Nursing Homes  | \$58.316                                |
| Community Health Centers   | \$0.067                                 |
| HMOs   | \$0.091                                 |
| Free Health Clinics  | \$0.012                                 |
| Hospital Cooperatives  | \$0.117                                 |
| Ronald McDonald Houses   | \$0.006                                 |
| Easter Seal Society  | \$0.024                                 |
| Blood Pressure Centers   | minimal                                 |
| Tissue Banks   | \$0.300                                 |
| Organization that provides cancer education, screenings  | \$0.013                                 |
| Organization to assist primary and secondary victims of<br>Alzheimer's disease                                   | \$0.000                                 |
| Organization to provide breast cancer support and<br>outreach for medically underserved                          | \$0.000                                 |
| Organization for citizen's research, prevention<br>detection, diagnosis & treatment of kidney disease            | \$0.004                                 |
| Organizations Facilitating Health Services to Children in<br>Poverty   | \$0.003                                 |
| Organizations Researching Treatment & Prevention of<br>Birth Defects   | \$0.005                                 |
| Organizations Promoting Health Care & Health Care<br>Education in Roanoke Valley                                 | \$0.001                                 |
| Organization to Provide Dental Services with the Eighth<br>Planning District                                     | \$0.001                                 |
| Increased health care established at the initiative of the<br>General Assembly & Joint Commission on Health Care | \$0.001                                 |

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### Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 7 Medical Related Exemptions (Continued)</b>  |   |
| Include Samples of non-prescription drugs & medicines distributed free of charge by the manufacturer | unknown                                 |
| Faculty Services at Medical Colleges   | \$0.093                                 |
| Prescription drug samples  | unknown                                 |
| Medical Airlift  | \$0.010                                 |
| Free Medical Clinic  | \$0.020                                 |
| Organization for Services to Child Abuse Victims   | unknown                                 |
| Organization for Medical & Psycho-Social treatment in the Fifteenth Planning District                | \$0.007                                 |
| Medicaid Recipient Supplies  | \$0.152                                 |
| Practitioner/Assistant Prescriptions   | \$0.000                                 |
| Volunteer medical services orgs.   | \$0.011                                 |
| Leukemia   | unknown                                 |
| Tissue Bank  | unknown                                 |
| Controlled drugs used in corporation physician practice  | unknown                                 |
| <b>Total</b>   | <b>\$160.137</b>                        |

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## Revenue Impact of Repealing Certain Sales Tax Exemptions

|   | Revenue Impact<br>FY 1999<br>(Millions) |
|---|---|
| <b>Group 8 Nonprofit Civic and Community Service Exemptions</b> |   |
| Churches  | \$6.790                                 |
| Volunteer Fire and Rescue Squads                                | \$1.103                                 |
| REACT Teams   | minimal                                 |
| Nutrition Programs  | \$0.240                                 |
| Food Banks  | \$0.032                                 |
| Humane Societies  | \$0.047                                 |
| Wildlife Federation   | minimal                                 |
| Donated Property  | \$0.013                                 |
| Homeless Shelters   | \$0.106                                 |
| Christmas Mothers   | \$0.004                                 |
| Group Homes for Children  | \$0.055                                 |
| Foster Care Associations  | \$0.068                                 |
| Head Start Programs   | \$0.013                                 |
| Community Action Agencies                                       | \$0.658                                 |
| Homes for Adults  | \$0.740                                 |
| Women's Centers   | \$0.008                                 |
| Physical Education Programs                                     | \$0.006                                 |
| Youth Programs  | minimal                                 |
| Traveler's Guide Society  | minimal                                 |
| Traveler's Aid  | \$0.008                                 |
| Homeless Aid  | \$0.018                                 |
| Assistance to the Mentally Retarded                             | \$0.002                                 |
| Girl and Boy Scout Organizations                                | \$0.429                                 |
| Heart Organizations   | \$0.054                                 |
| Lung Organizations  | \$0.010                                 |
| Diabetes Organizations  | \$0.031                                 |
| Cancer Organizations  | \$0.079                                 |
| Lions Club  | \$0.114                                 |
| <br>  |   |
| The Garden Club of Virginia                                     | \$0.006                                 |
| Community Centers   | minimal                                 |
| Kiwanis Clubs   | \$0.000                                 |
| Rehabilitation of Adolescent Substance Abusers                  | \$0.011                                 |
| Conservation of Marine Resources                                | \$0.000                                 |
| Robotics Education and Technology                               | \$0.000                                 |
| Therapeutic Horseback Riding                                    | \$0.000                                 |
| Prevention and Treatment of Addictive Diseases                  | \$0.001                                 |
| Community Service to Children                                   | \$0.000                                 |
| Education of Disabled   | minimal                                 |
| Housing for Low Income Families                                 | \$0.001                                 |
| Training in Christian Character                                 | \$0.000                                 |

APPENDIX 1

Revenue Impact of Repealing Certain Sales Tax Exemptions

Revenue Impact  
FY 1999  
(Millions)

Group 8 Nonprofit Civic and Community Service Exemptions (Continued)

|  |         |
|--|---------|
| Charitable Foundation                                    | \$0.020 |
| Support for Virginia Rehabilitation Center for the Blind | \$0.000 |
| Domestic Violence Task Forces                            | \$0.000 |
| Mental Retardation Organizations                         | \$0.001 |
| Desert Storm Veterans                                    | \$0.000 |
| Legal Assistance to Low Income Taxpayers                 | \$0.000 |
| Education on James River Watershed                       | minimal |
| Advocacy of Traffic Safety                               | \$0.001 |
| 4-H Educational Centers                                  | \$0.011 |
| Treatment of Substance Abuse                             | \$0.003 |
| Emergency Assistance to Children                         | \$0.003 |
| Promotion of Downtown Areas                              | minimal |
| Missionary Outreach to West Africa                       | \$0.000 |
| Protection of Chesapeake Bay                             | \$0.003 |
| English Speaking Union                                   | \$0.000 |
| Care of Low Income Children                              | \$0.001 |
| Improvement of Employment Opportunities for the Blind    | \$0.009 |
| Promotion of Central Business District                   | minimal |
| Baseball Boosters  | \$0.001 |
| Recreational Opportunities for Youth                     | \$0.003 |
| Chapel Foundation  | \$0.015 |
| Provision of Low Income Housing                          | \$0.000 |
| Crisis Intervention Hotline                              | \$0.001 |
| Environmental Education                                  | \$0.003 |
| Treatment of Substance Abuse                             | \$0.005 |
| Mutual Aid and Service Organizations                     | \$0.000 |
| Military-Related Toy Distribution Organizations          | \$0.006 |
| Youth Development Programs                               | \$0.003 |
| Half-Way Houses for Non-Violent Offenders                | \$0.003 |
| Shenandoah River Education and Preservation              | \$0.001 |
| Eighth District Home Rehabilitation Programs             | \$0.002 |
| Public Library Support                                   | \$0.003 |
| Community Residences                                     | \$0.015 |
| Emergency Financial Assistance Organizations             | minimal |
| Community Bible Study                                    | \$0.014 |
| State River and National Forest Road Maintenance         | \$0.001 |
| Residential Youth Substance Abuse Centers                | \$0.001 |
| Jewish Community and Service Organizations               | \$0.002 |
| Fund Raisers for Residential Special Needs Centers       | minimal |
| Swamp Wilderness Protection Organizations                | minimal |

# APPENDIX 1

## Revenue Impact of Repealing Certain Sales Tax Exemptions

Revenue Impact  
FY 1999  
(Millions)

### Group 8 Nonprofit Civic and Community Service Exemptions (Continued)

|   |                |
|---|----------------|
| Support for Families of Autistic Children                     | minimal        |
| Sixteenth District Mental Retardation Support Organizations   | \$0.000        |
| Clothing Donation Organizations                               | \$0.000        |
| Amateur Hockey Promotion                                      | \$0.000        |
| Providers of Day Care to Low-Income Children                  | \$0.002        |
| Support for Individuals with Physical, Mental or Social Needs | minimal        |
| Providers of Cash Rewards for Crime Tips                      | minimal        |
| Free Camps for Disadvantaged Children                         | \$0.002        |
| United Jewish Appeal Support Organizations                    | \$0.001        |
| Environmental Promotion and Education Organizations           | \$0.001        |
| Housing and Support Services for the Low-Income Disabled      | \$0.001        |
| Organizations Granting Wishes to Ill Children                 | \$0.009        |
| Financial and Social Support Services for the Poor            | \$0.001        |
| Support Services for Low-Income Families                      | \$0.000        |
| Personal Development Programs for School Age Girls            | \$0.002        |
| Support Services for the Disabled                             | \$0.001        |
| Providers of Alcohol Education and Al-Anon Support            | \$0.009        |
| Fundraising for nonprofit member agencies                     | \$0.033        |
| Tenth District Child Care Scholarship Organizations           | minimal        |
| Twenty-third District Drug, Alcohol, and Crime Programs       | \$0.006        |
| Providers of Food in Exchange for Community Service           | \$0.074        |
| Volunteer Community Improvement Groups                        | \$0.000        |
| Family Service Organizations                                  | \$0.020        |
| Athletic Programs for the Mentally Retarded                   | \$0.045        |
| Fifteenth District Youth Athletic Organizations               | \$0.000        |
| Twenty-third District Technology Access for the Disabled      | \$0.000        |
| Advocates for Abused and Neglect Children in Court            | \$0.001        |
| Nineteenth District Assistance Programs for Needy             | \$0.001        |
| Organizations that Fund Nonprofit Member Organizations        | included above |
| HUD Approved and Financed Meal Programs                       | \$0.017        |
| Mentoring Programs for At-Risk Youth                          | \$0.007        |
| Assistance to Elementary and Secondary Schools                | \$0.005        |
| Wheelchair Athletic Programs                                  | minimal        |
| Independent Living Services for the Disabled                  | \$0.007        |
| Non-Denominational Religious Outreach Programs                | \$0.002        |
| Fifth District Youth Softball Leagues                         | \$0.001        |
| Eighteenth District Housing Assistance Programs               | \$0.002        |
| Eighteenth District Home Repair Assistance Programs           | included above |
| Programs Preparing Students for Agricultural Careers          | \$0.265        |

APPENDIX 1

Revenue Impact of Repealing Certain Sales Tax Exemptions

|   | Revenue Impact<br>FY 1999<br>(Millions) |
|---|---|
| <b>Group 8 Nonprofit Civic and Community Service Exemptions (Continued)</b> |   |
| Fundraising Receptions for Charities  | \$0.001                                 |
| Multiple Sclerosis Research and Patient Assistance                          | \$0.012                                 |
| Organizations Providing Free Meals in Lynchburg                             | minimal                                 |
| Third District Independent Living Programs                                  | \$0.001                                 |
| Eleventh District Summer Camps for Mentally Handicapped                     | \$0.005                                 |
| Environmental Restoration Programs  | unknown                                 |
| Eleventh District Family Counseling Services                                | \$0.001                                 |
| Eighth District Housing for Low-income, Elderly & Disabled                  | \$0.005                                 |
| Twenty-third District Employment and Training Programs                      | \$0.009                                 |
| Twenty-third District Child Care for Lower Income Families                  | \$0.014                                 |
| Eighth District Community Service Organizations                             | \$0.000                                 |
| Twenty-first District Counseling and Education Programs                     | \$0.007                                 |
| Eighth District Housing and Services for the Mentally Ill                   | \$0.004                                 |
| Organizations Providing Food, Clothing & Shelter                            | \$0.017                                 |
| Fifteenth District Family Services  | \$0.046                                 |
| Expand fire dept., rescue squad, auxiliary                                  | \$0.001                                 |
| All IRC Section 501(c)(4)   | \$0.000                                 |
| <b>Total</b>  | <b>\$11.414</b>                         |

Although a total impact of these sales tax exemptions is reported above, the user should be cautious with this interpretation. An effort has been made to mitigate the effect of overlapping exemptions, but there is still a substantial variance associated with multiple counting of overlapping exemptions. The actual revenue gained by repealing all of these exemptions together is likely to be lower than the estimate reported above, and possibly substantially lower.

# APPENDIX 1

## Revenue Impact of Repealing Certain Sales Tax Exemptions

**Revenue Impact  
FY 1999  
(Millions)**

### Group 9 Nonprofit Cultural Organization Exemptions

|   |         |
|---|---------|
| Historical Society                                    | \$0.002 |
| Fine Arts/Science-Technology Museum                   | \$0.045 |
| Public Park and Museum                                | \$0.012 |
| American Indian Heritage Foundation                   | minimal |
| Chief Justice Memorial                                | minimal |
| Black History Museum                                  | minimal |
| Live Music Performance Group                          | minimal |
| Children's Museum                                     | minimal |
| Ecological Associations                               | \$0.063 |
| Botanical Garden                                      | \$0.022 |
| Roanoke Valley Art Organizations                      | \$0.005 |
| Community Concert Associations                        | minimal |
| Fredericksburg Area Museum                            | \$0.002 |
| Arts and Activities Centers                           | \$0.000 |
| City History Museum                                   | \$0.000 |
| International Arts Festival                           | \$0.006 |
| Hampton Roads Area Museum                             | \$0.001 |
| Museum Association                                    | \$0.003 |
| Virginia Holocaust Museum                             | minimal |
| Youth Symphony Orchestras                             | \$0.000 |
| Fine and Performing Arts Promotion Organizations      | \$0.020 |
| Performing Arts Organizations                         | \$0.008 |
| Historic Building Reconstruction and Preservation     | \$0.002 |
| Renovation and Operation of Civil War Site and Museum | \$0.003 |
| Israeli-U S Physician Exchange Program                | \$0.003 |

# APPENDIX 1

## Revenue Impact of Repealing Certain Sales Tax Exemptions

Revenue Impact  
FY 1999  
(Millions)

### Group 9 Nonprofit Cultural Organization Exemptions (Continued)

|   |                |
|---|----------------|
| Jewish Community Organizations                            | \$0.017        |
| Commemoration of Virginia's Statute for Religious Freedom | \$0.001        |
| Contemporary American and English Theater Production      | \$0.000        |
| Genealogical and Historical Research Organizations        | \$0.004        |
| Fourth District Summer Musical Production                 | \$0.001        |
| Organization to Operate and Preserve Mount Vernon         | \$0.029        |
| <b>Total</b>  | <b>\$0.248</b> |

Although a total impact of these sales tax exemptions is reported above, the user should be cautious with this interpretation. An effort has been made to mitigate the effect of overlapping exemptions, but there is still a substantial variance associated with multiple counting of overlapping exemptions. The actual revenue gained by repealing all of these exemptions together is likely to be lower than the estimate reported above, and possibly substantially lower.

# APPENDIX 1

## Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 10 Miscellaneous Exemptions</b>   |   |
| Heating Fuels  | \$17.198                                |
| Occasional Sales   | unknown                                 |
| Leasebacks   | \$3.748                                 |
| Interstate Commerce/Export Factor  | unknown                                 |
| Boy Scout Jamboree   | \$0.000                                 |
| Food Stamps/WIC Vouchers   | \$25.411                                |
| Organization operating a nonprofit swim team   | minimal                                 |
| Organization promoting long-distance running   | \$0.000                                 |
| Organization for boys' baseball  | \$0.000                                 |
| Organization promoting sportsmanship through soccer  | \$0.000                                 |
| Organization to promote region of Civil War activities   | minimal                                 |
| Organization receiving fund from specified government sources, fostering economic development  | \$0.003                                 |
| Expand exemption for little-league type baseball-softball and remove exemption for tangible personal property sold by such organizations | \$0.140                                 |
| Promote private sector development of Romania and carry out Support for East European Democracy Act 1989                                 | \$0.003                                 |
| Organization for Social Welfare and Defend Human Rights of Persons Born and Unborn   | \$0.016                                 |
| Livestock auction sales proceeds distributed to contestants  | \$0.002                                 |
| Little league type baseball & softball in the Second Planning District   | unknown                                 |
| Professional's Provision of original, revised, edited, Reformatted or Copied documents to clients or third parties                       | unknown                                 |
| Veterans Associations Providing Scholarships, Life Insurance, and Loans to Coast Guard members who have lost their jobs                  | \$0.000                                 |

APPENDIX 1

Revenue Impact of Repealing Certain Sales Tax Exemptions

|  | Revenue Impact<br>FY 1999<br>(Millions) |
|--|---|
| <b>Group 10 Miscellaneous Exemptions (Continued)</b> |   |
| Electronic Securities Information                    | \$0.020                                 |
| Construction Property                                | \$0.109                                 |
| Medical Records Copies                               | unknown                                 |
| Property for Disaster Victims                        | unknown                                 |
| <b>Total</b>   | <b>\$46.652</b>                         |
| <b>Total for all Categories</b>                      | <b>\$3,579.331</b>                      |

\* Nonprescription Drug exemption went into effect July 1, 1998.

Although a total impact of these sales tax exemptions is reported above, the user should be cautious with this interpretation. An effort has been made to mitigate the effect of overlapping exemptions, but there is still a substantial variance associated with multiple counting of overlapping exemptions. The actual revenue gained by repealing all of these exemptions together is likely to be lower than the estimate reported above, and possibly substantially lower.