

**TASK FORCE #2
CARRYOVER LEGISLATION**

Monday, August 19, 2002

BILL NUMBER: House Bill 31
PATRON: Purkey
SUMMARY: *Reduced sales and use tax for certain clothing, footwear, and computers.* Establishes a state sales and use tax exemption during the period from August 17 through August 23, 2002, and every August 17 through August 23 thereafter, for “clothing and footwear” costing less than \$200 per article; “computer systems” costing less than \$1,250; and “computers,” “computer hardware,” and “computer software” costing less than \$500. The bill also requires the Department of Taxation to promulgate regulations that implement the temporary exemption program by August 1, 2002.

BILL NUMBER: House Bill 371
PATRON: Cole
SUMMARY: *Local E-911 tax; allowable exemption.* Allows the local governing body to exempt subscribers 65 years of age and older from the local E-911 tax.

BILL NUMBER: House Bill 451
PATRON: Dillard
SUMMARY: *Sales and use tax; optional local tax for education.* Authorizes counties and cities to levy an additional local sales and use tax at a rate of one-half of one percent with the revenues generated from such tax reserved solely for public education purposes. The tax shall be adopted by local ordinance only after prior approval by the voters at a local referendum. The ordinance shall become effective on the first day of a month at least 60 days after its adoption, but in no event, prior to April 1, 2003.

BILL NUMBER: House Bill 484
PATRON: Suit
SUMMARY: *Tax exemptions for certain rehabilitated, renovated or replacement structures.* Changes the exemption amount for such structures from an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or replacement of a commercial or industrial structure to 50 percent of the total assessed value of the rehabilitated, renovated or replaced structure.

BILL NUMBER: House Bill 926
PATRON: Joannou
SUMMARY: *BPOL tax; rates and fees.* Requires localities that elect to impose a fee on licensable businesses to impose it on all businesses that are subject to the same licensing provisions.

BILL NUMBER: House Bill 1266
PATRON: Byron
SUMMARY: *Sale price of motor vehicles subject to the motor vehicle sales and use tax; reductions.* Reduces the taxable price of a motor vehicle for purposes of determining motor vehicle sales and use tax liability by the value of any motor vehicle taken in trade and by the amount of all rebates. The amount of credit for a vehicle taken in trade is the lesser of the allowance given by the seller or the wholesale value of the vehicle as specified in a recognized pricing guide.

BILL NUMBER: House Bill 1311
PATRON: Lingamfelter
SUMMARY: *Sales and use tax revenue; distribution.* Provides that tax revenue generated by a one-half percent sales and use tax on sales in the cities and counties in the Eighth Planning District shall be distributed to each such city and county based upon the city or county in which the sale was made. The revenue must be used solely for transportation projects in the 2020 Plan of the Transportation Coordinating Council of Northern Virginia that are scheduled to be completed by 2010.

BILL NUMBER: Senate Bill 16
PATRON: Miller, K.G.
SUMMARY: *Sales and use tax; refunds.* Provides that all nonprofit organizations exempt under §§ 501 (c) (3) or (c) (4) of the Internal Revenue Code may apply for a refund of retail sales and use tax on purchases made on and after January 1, 2003. Certain educational, medical-related, nonprofit civic and community service, nonprofit cultural, and miscellaneous organizations that were exempt from sales and use tax as of July 1, 2002, will also be required to apply for a refund for any purchases made on and after January 1, 2003. The amount of the refund shall equal 100 percent of the amount of tax paid. Applications for refunds may be filed quarterly with the Department of Taxation beginning with calendar year 2003. If the amount to be refunded is at least \$5,000, the organization may apply for the refund at any time during the calendar year. Most nonprofit organizations will no longer be subject to review by the General Assembly for sales and use tax purposes. The amount of the refund attributable to the local sales and use tax shall be deducted from the monthly distributions of sales tax revenues to localities. Interest shall accrue and be paid on any refund not paid within 59 days after an application for a refund is filed with the Department. Interest shall begin to accrue on the sixtieth day and shall end on the date that the refund is issued. There is no sunset date for the refund provisions of the bill.

BILL NUMBER: Senate Bill 173
PATRON: Colgan
SUMMARY: *Sales and use tax increase; exemption of certain motor vehicles and boats from tangible personal property taxation.* Provides for a one and

one-half percent increase in the retail sales and use tax and exempts certain motor vehicles and boats from local tangible personal property taxation, provided that a constitutional amendment exempting such motor vehicles and boats is ratified by a majority of voters voting on such measure in November 2004. The tax exemptions and the additional one and one-half percent sales and use tax are effective January 1, 2005. The revenue from the increase in the sales and use tax shall be used to make payments to localities in lieu of the current funding processes to reimburse localities under the Personal Property Tax Relief Act of 1998. The new funding mechanism will begin in calendar year 2005. In general, the amount funded to (i) a county shall be the amount funded to the county in the preceding calendar year plus 15 percent of any increase in the state sales and use tax revenue over the preceding fiscal year; (ii) a city shall be the amount funded to the city in the preceding calendar year plus 11 percent of any increase in the state sales and use tax revenue over the preceding fiscal year; and (iii) a town shall be the amount funded to the town in the preceding calendar year plus five percent of any increase in the state sales and use tax revenue over the preceding fiscal year. Each locality will have a base year funding amount. The base year funding amount shall equal (a) for a county, 15 percent of its total local tax revenues collected in fiscal year 1997; (b) for a city, 11 percent of its total local tax revenues collected in fiscal year 1997; and (c) for a town, five percent of its total local tax revenues collected in fiscal year 1997. The base year amount is used for purposes of determining initial funding amounts to counties, cities, and towns in calendar year 2005.

BILL NUMBER: Senate Bill 253
PATRON: Miller, K.G.
SUMMARY: *Real estate tax; assessments.* Provides that assessments of personal residences shall not increase if the residence is used exclusively and continuously as the primary personal residence of the owner or the owner's spouse, provided that the assessed value of the real estate shall be increased by the fair market value of any improvement, renovation, or reconstruction made by the owner or the owner's spouse. The bill also provides several different measures and procedures for determining the assessed value of real estate for tax purposes, each of which would provide a different result from fair market value. The bill's provisions are effective January 1, 2005, only if the voters of Virginia have ratified a constitutional amendment providing that the General Assembly may prescribe a measure or process other than fair market value to be used for the assessment of personal residences.

BILL NUMBER: Senate Bill 441
PATRON: Williams
SUMMARY: *Local taxes; administrative fees to collect delinquent taxes or other delinquent charges.* Increases the fees that may be charged by local governments for administrative costs incurred in collecting delinquent

taxes or other delinquent charges. The fees are increased from \$20 to \$30 for delinquent taxes and other charges collected before judgment is taken, and from \$25 to \$35 for such taxes and charges collected subsequent to a judgment.

BILL NUMBER: Senate Bill 479
PATRON: Watkins
SUMMARY: *Service charge in lieu of real property taxation.* Increases the rate of taxation that the Commonwealth must pay to local governments for fire, police and refuse collection services in lieu of paying real estate taxes by five cents beginning January 1, 2003, and by an additional 10 cents beginning January 1, 2005.

BILL NUMBER: Senate Bill 667
PATRON: Williams
SUMMARY: *Sales and use tax; additional tax in Northern Virginia and Hampton Roads regions to fund transportation projects.* Increases the state sales and use tax by one percent in all cities and counties within the Northern Virginia Transportation District and the Hampton Roads Transportation District. The revenues from such increase shall be used to fund transportation projects in such regions. The bill repeals the right of certain localities to impose a local income tax. The bill has a delayed effective date of July 1, 2003, and those portions of the bill related to Northern Virginia are contingent upon approval by a majority of persons of all the cities and counties in the Northern Virginia Transportation District voting in a joint referendum on November 5, 2002; and those portions of the bill related to Hampton Roads are contingent upon approval by a majority of persons voting in such a referendum in the Hampton Roads Transportation District.

BILL NUMBER: Senate Joint Resolution 70
PATRON: Miller, K.G.
SUMMARY: *Constitutional amendment (first resolution); taxation; assessments.* Provides that the General Assembly may prescribe a measure other than fair market value to be used in determining assessments of personal residences.

BILL NUMBER: Senate Joint Resolution 92
PATRON: Whipple
SUMMARY: *Constitutional amendment (first resolution); property segregated for local taxation.* Provides that any law proposing to reimburse or otherwise substitute state funds for a local tax so segregated shall provide for the full reimbursement of the local revenues, including administrative and other ancillary governmental costs.