

SENATE BILL NO. \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

1 A BILL to amend and reenact §§ 58.1-401, 58.1-439.258.1-504, 58.1-440, 58.1-2600, 58.1-  
 2 2601, 58.1-2602, 58.1-2603, 58.1-2604, 58.1-2606, 58.1-2609, 58.1-2610, 58.1-2611,  
 3 58.1-2626, 58.1-2626.1, 58.1-2627, 58.1-2628, 58.1-2633, 58.1-2660, 58.1-2682,  
 4 58.1-2690, 58.1-3731 and 58.1-3814 of the Code of Virginia are amended and  
 5 reenacted, and that the Code of Virginia is amended by adding sections numbered  
 6 58.1-400.2, 58.1-420.1, 58.1-440.1, and 58.1-433.1, and a chapter numbered 29  
 7 consisting of sections numbered 58.1-2900 through 58.1-2903, relating to electric utility  
 8 taxation.

9 **Be it enacted by the General Assembly of Virginia:**

10 **1. That §§ 58.1-401, 58.1-439.258.1-504, 58.1-440, 58.1-2600, 58.1-2601, 58.1-2602, 58.1-**  
 11 **2603, 58.1-2604, 58.1-2606, 58.1-2609, 58.1-2610, 58.1-2611, 58.1-2626, 58.1-2626.1, 58.1-**  
 12 **2627, 58.1-2628, 58.1-2633, 58.1-2660, 58.1-2682, 58.1-2690, 58.1-3731 and 58.1-3814 of**  
 13 **the Code of Virginia are amended and reenacted, and that the Code of Virginia is**  
 14 **amended by adding sections numbered 58.1-400.2, 58.1-420.1, 58.1-440.1, and 58.1-**  
 15 **433.1, and a chapter numbered 29 consisting of sections numbered 58.1-2900 through**  
 16 **58.1-2903, as follows:**

17 §58.1-400.2. Taxation of wholesale electric suppliers.

18 A. Any electric supplier that is subject to income tax pursuant to the Internal Revenue  
 19 Code of 1986, as amended, shall be subject to the tax levied pursuant to 58.1-400.

20 B. Any electric supplier that operates as a cooperative and is exempt from income tax  
 21 pursuant to section 501 (c)(12) shall be subject to tax at the tax rate set forth in section 58.1-  
 22 400 on all modified net income derived from nonmember sales and unrelated business  
 23 activities.

1 C. The following words and terms, when used in this section, shall have the following  
2 meanings:

3 “Electricity” is deemed tangible personal property for purposes of the corporate income  
4 tax pursuant to § 58.1-400 et seq.

5 “Electric supplier” means any corporation, cooperative, partnership or other business  
6 entity providing wholesale electric service.

7 “Members” means those customers who receive allocations of patronage capital from a  
8 cooperative.

9 “Modified net income” means all revenue from all sources with the following  
10 adjustments:

11 1. There shall be subtracted revenue attributable to sales of electric power to its  
12 members.

13 2. There shall be subtracted the nonmember share of all ordinary and necessary  
14 expenses paid or incurred during the taxable year in carrying on the sale of electric power.

15 For purposes of this section, the nonmember share of all ordinary and necessary expenses  
16 determined by allocating the amount of all ordinary and necessary expenses paid or incurred  
17 during the taxable year in carrying on the sale of electric power between sales of electricity to  
18 members and sales of electricity to nonmembers.

19 “Nonmember sales” means all sales other than sales to the generation and  
20 transmission cooperative’s member distribution cooperatives to be used for resale to their  
21 ultimate retail consumers.

22 “Ordinary and necessary expenses paid or incurred” means ordinary and necessary  
23 expenses determined according to generally accepted accounting principles.

24 D. The Department of Taxation shall promulgate all regulations necessary to  
25 implement the intent of this section.

26 § 58.1-401. Exemptions and exclusions.

27 No tax levied pursuant to §§ 58.1-400 or ~~§ 58.1-400.1~~ or §58.1-400.2 is imposed on:

- 1           1. A public service corporation to the extent such corporation is subject to the license  
2 tax on gross receipts contained in Chapter 26 (§ 58.1-2600 et seq.) of this title;
- 3           2. Insurance companies to the extent such company is subject to the license tax on  
4 gross premiums under Chapter 25 (§ 58.1-2500 et seq.) of this title and reciprocal or  
5 interinsurance exchanges which pay a premium tax to the Commonwealth as provided by law;
- 6           3. State and national banks, banking associations and trust companies to the extent  
7 such companies are subject to the bank franchise tax on net capital;
- 8           3a. Credit unions organized and conducted as such under the laws of the  
9 Commonwealth or under the laws of the United States;
- 10          4. Electing small business corporations (S corporations);
- 11          5. Religious, educational, benevolent and other corporations not organized or  
12 conducted for pecuniary profit which by reason of their purposes or activities are exempt from  
13 income tax under the laws of the United States, except those organizations which have  
14 unrelated business income or other taxable income under such laws;
- 15          6. Telephone companies chartered in the Commonwealth which are exclusively a local  
16 mutual association and are not designated to accumulate profits for the benefit of, or to pay  
17 dividends to, the stockholders or members thereof;
- 18          7. A corporation that has contracted with a commercial printer for printing and that is  
19 not otherwise taxable shall not become taxable by reason of: (i) the ownership or leasing by  
20 that corporation of tangible personal property located at the Virginia premises of the  
21 commercial printer and used solely in connection with the printing contract with such person;  
22 (ii) the sale by that corporation at another location of property of any kind printed at and  
23 shipped or distributed from the Virginia premises of the commercial printer; (iii) the activities in  
24 connection with the printing contract with such person of any kind performed by or on behalf of  
25 that corporation at the Virginia premises of the commercial printer; and (iv) the activities in  
26 connection with the printing contract with such person performed by the commercial printer for  
27 or on behalf of that corporation; and

1 8. Foreign sales corporations (FSC) and any income attributable to an FSC under the  
2 rules relating to the taxation of an FSC in Part III, Subpart C of the Internal Revenue Code (§  
3 921 et seq.) and the regulations thereunder.

4 § 58.1-433.1 Virginia Coal Employment and Production Incentive Tax Credit.

5 For tax years beginning on and after January 1, 2001, every electric supplier in the  
6 Commonwealth shall be allowed a three dollar per ton credit against the tax imposed by  
7 §58.1-400.2A. Notwithstanding any other provision of law, no electric supplier shall be  
8 allowed more than a three dollar per ton coal tax credit.

9 § 58.1-439.2. Coalfield employment enhancement tax credit.

10 A. For tax years beginning on and after January 1, 1996, but before January 1, 2002,  
11 any person who has an economic interest in coal mined in the Commonwealth shall be  
12 allowed a credit against the tax imposed by § 58.1-400 and any other tax imposed by the  
13 Commonwealth in accordance with the following:

14 1. For coal mined by underground methods, the credit amount shall be based on the  
15 seam thickness as follows:

16

Seam Thickness	Credit per Ton
36" and under	\$2.00
Above 36"	\$1.00

20

21 The seam thickness shall be based on the weighted average isopach mapping of actual  
22 coal thickness by mine as certified by a professional engineer. Copies of such certification  
23 shall be maintained by the person qualifying for the credit under this section for a period of  
24 three years after the credit is applied for and received and shall be available for inspection by  
25 the Department of Taxation. The Department of Mines, Minerals and Energy is hereby  
26 authorized to audit all information upon which the isopach mapping is based.

1           2. For coal mined by surface mining methods, a credit in the amount of forty cents per  
2 ton for coal sold in 1996, and each year thereafter.

3           B. In addition to the credit allowed in subsection A, for tax years beginning on and after  
4 January 1, 1996, any person who is a producer of coalbed methane shall be allowed a credit  
5 in the amount of one cent per million BTUs of coalbed methane produced in the  
6 Commonwealth against the tax imposed by § 58.1-400 and any other tax imposed by the  
7 Commonwealth on such person.

8           C. For purposes of this section, economic interest is the same as the economic  
9 ownership interest required by § 611 of the Internal Revenue Code which was in effect on  
10 December 31, 1977. A party who only receives an arm's length royalty shall not be considered  
11 as having an economic interest in coal mined in the Commonwealth.

12           D. If the credit exceeds the person's state tax liability for the tax year, the excess shall  
13 be redeemable by the Tax Commissioner on behalf of the Commonwealth for ninety percent of  
14 the face value within ninety days after filing the return. The remaining ten percent of the value  
15 of the credit being redeemed shall be deposited by the Commissioner in a regional economic  
16 development fund administered by the Coalfields Economic Development Authority to be used  
17 for regional economic diversification in accordance with guidelines developed by the  
18 Coalfields Economic Development Authority and the Virginia Economic Development  
19 Partnership.

20           E. No person may utilize more than one of the credits on a given ton of coal described  
21 in subsection A. No person may claim a credit pursuant to this section for any ton of coal for  
22 which a credit has been claimed under § 58.1-433, 58.1-433.1 or § 58.1-2626.1. Persons who  
23 qualify for the credit may not apply such credit to their tax returns prior to January 1, 1999,  
24 and only one year of credits shall be allowed annually beginning in 1999.

25           F. The amount of credit allowed pursuant to subsection A shall be the amount of credit  
26 earned multiplied by the person's employment factor. The person's employment factor shall be  
27 the percentage obtained by dividing the total number of coal mining jobs of the person filing

1 the return, including the jobs of the contract operators of such person, as reflected in the  
2 annual tonnage reports filed with the Department of Mines, Minerals and Energy for the year  
3 in which the credit was earned by the total number of coal mining jobs of such persons or  
4 operators as reflected in the annual tonnage reports for the year immediately prior to the year  
5 in which the credit was earned. In no case shall the credit claimed exceed that amount set  
6 forth in subsection A.

7 G. The tax credit allowed under this section shall be claimed according to the following  
8 schedule:

9 1. 50% of the credit allowed in tax year 1996 shall be claimed in tax year 1999 and the  
10 remainder in tax year 2005.

11 2. 50% of the credit allowed in tax year 1997 shall be claimed in tax year 2000 and the  
12 remainder in tax year 2006.

13 3. 75% of the credit allowed in tax year 1998 shall be claimed in tax year 2001 and the  
14 remainder in tax year 2007.

15 4. 75% of the credit allowed in tax year 1999 shall be claimed in tax year 2002 and the  
16 remainder in tax year 2008.

17 5. 100% of the credit allowed in tax year 2000 shall be claimed in tax year 2003.

18 6. 100% of the credit allowed in tax year 2001 shall be claimed in tax year 2004.

19

20 § 58.1-440.1. Accounting-Deferred Taxes.

21 In the case of an electric supplier that was subject to the tax imposed under § 58.1-  
22 2626 with respect to its gross receipts received during the year commencing January 1, 2000,  
23 and on and after January 1, 2001 subject to the corporate income tax pursuant to § 58.1-400  
24 et seq., net income shall be computed by taking into account the following adjustments:

25 In addition to the deductions for depreciation, amortization, or other cost recovery  
26 currently allowed by the Virginia Code, there shall be allowed deductions for the amortization  
27 of the "Virginia Tax Basis" of assets that are recoverable for financial accounting and/or

1 income tax purposes placed in service prior to January 1, 2001. For purposes of this section,  
2 the "Virginia Tax Basis" means the aggregate adjusted book basis less the aggregate  
3 adjusted tax basis of such assets as recorded on the company's books of accounts as of  
4 December 31, 2000. The amortization of the Virginia Tax Basis shall be computed using the  
5 straight-line method over a period of thirty years, beginning January 1, 2001. Gain or loss on  
6 the disposition or retirement of any such asset shall be computed using its adjusted federal  
7 tax basis, and the amortization of the Virginia Tax Basis shall continue thereafter without  
8 adjustment. The Department of Taxation shall promulgate regulations describing a  
9 reasonable method of allocating the Virginia Tax Basis in the event that a portion of the  
10 electric power supplier's operations are separated, spun-off, transferred to a separate  
11 company or otherwise disaggregated

12 § 58.1-504. Failure to pay estimated income tax.

13 A. In case of any underpayment of estimated tax by a corporation, except as provided  
14 in subsection D, there shall be added to the tax for the taxable year an amount determined at  
15 the rate established for interest under § 58.1-15, upon the amount of the underpayment  
16 (determined under subsection B) for the period of the underpayment (determined under  
17 subsection C).

18 B. For purposes of subsection A, the amount of the underpayment shall be the excess  
19 of:

20 1. The amount of the installment which would be required to be paid if the estimated tax  
21 were equal to ninety percent of the tax shown on the return for the taxable year or, if no return  
22 was filed, ninety percent of the tax for such year, over

23 2. The amount, if any, of the installment paid on or before the last date prescribed for  
24 payment.

25 C. The period of the underpayment shall run from the date the installment was required  
26 to be paid to whichever of the following dates is the earlier:

27 1. The fifteenth day of the fourth month following the close of the taxable year.

1           2. With respect to any portion of the underpayment, the date on which such portion is  
2 paid. For purposes of this paragraph, a payment of estimated tax on any installment date shall  
3 be considered a payment of any previous underpayment only to the extent such payment  
4 exceeds the amount of the installment determined under subsection B 1 for such installment  
5 date.

6           D. Notwithstanding the provisions of subsections A, B and C, the addition to the tax  
7 with respect to any underpayment of any installment shall not be imposed if the total amount  
8 of all payments of estimated tax made on or before the last date prescribed for the payment of  
9 such installment equals or exceeds the amount which would have been required to be paid on  
10 or before such date if the estimated tax were whichever of the following is the lesser:

11           1. The tax shown on the return of the corporation for the preceding taxable year, if a  
12 return showing a liability for tax was filed by the corporation for the preceding taxable year  
13 and such preceding year was a taxable year of twelve months.

14           2. An amount equal to the tax computed at the rate applicable to the taxable year but  
15 otherwise on the basis of the facts shown on the return of the corporation for, and the law  
16 applicable to, the preceding taxable year.

17           3. An amount equal to ninety percent of the tax for the taxable year computed by  
18 placing on an annualized basis the taxable income:

19           a. For the first three months of the taxable year, in the case of the installment required  
20 to be paid in the fourth month,

21           b. For the first three months or for the first five months of the taxable year, in the case  
22 of the installment required to be paid in the sixth month,

23           c. For the first six months or for the first eight months of the taxable year, in the case of  
24 the installment required to be paid in the ninth month, and

25           d. For the first nine months or for the first eleven months of the taxable year, in the  
26 case of the installment required to be paid in the twelfth month of the taxable year. For  
27 purposes of this subdivision, the taxable income shall be placed on an annualized basis by (i)

1 multiplying by twelve the taxable income referred to in subdivision D 3, and (ii) dividing the  
2 resulting amount by the number of months in the taxable year (three, five, six, eight, nine, or  
3 eleven, as the case may be) referred to in subsection A.

4 E. For purposes of subsections B, D 2 and D 3, the term "tax" means the excess of the  
5 tax imposed by this chapter over the sum of any credits allowable against the tax.

6 F. The application of this to taxable years of less than twelve months shall be in  
7 accordance with regulations prescribed by the Commissioner.

8 G. Electric suppliers as defined in subdivision C 2 of § 58.1-400.2 that become subject  
9 to taxation under this chapter and prior thereto paid the annual license tax based on gross  
10 receipts shall make estimated tax payments during the first year they are so subject, and  
11 notwithstanding subsection D, and excesses described in subsection B shall constitute an  
12 underpayment for such year.

13 § 58.1-2600. Definitions.

14 A. As used in this chapter:

15 "Certificated motor vehicle carrier" means a common carrier by motor vehicle, as  
16 defined in § 46.2-2000, operating over regular routes under a certificate of public convenience  
17 and necessity issued by the Commission or issued on or after July 1, 1995, by the Department  
18 of Motor Vehicles. A transit company or bus company that is owned or operated directly or  
19 indirectly by a political subdivision of this Commonwealth shall not be deemed a "certificated  
20 motor vehicle carrier" for the purposes of this chapter and shall not be subject to the  
21 imposition of the tax imposed in § 58.1-2652, nor shall such transit company or bus company  
22 thereby be subject to the imposition of local property levies. A common carrier of property by  
23 motor vehicle shall not be deemed a "certificated motor vehicle carrier" for the purposes of  
24 this chapter and shall not be subject to the imposition of the tax imposed in § 58.1-2652, but  
25 shall be subject to the imposition of local property taxes.

26 (Effective until December 31, 2001) "Cogenerator" means a qualifying cogenerator or  
27 qualifying small power producer within the meaning of regulations adopted by the Federal

1 Energy Regulatory Commission in implementation of the Public Utility Regulatory Policies Act  
2 of 1978 (P.L. 95-617).

3 "Commission" means the State Corporation Commission which is hereby designated  
4 pursuant to Article X, Section 2 of the Constitution of Virginia as the central state agency  
5 responsible for the assessment of the real and personal property of all public service  
6 corporations, except those public service corporations for which the Department of Taxation is  
7 so designated, upon which the Commonwealth levies a license tax measured by the gross  
8 receipts of such corporations. The State Corporation Commission shall also assess the  
9 property of each telephone or telegraph company, every corporation in the Commonwealth in  
10 the business of furnishing heat, light and power by means of electricity, and each electric  
11 supplier, as provided by this chapter.

12 "Department" means the Department of Taxation which is hereby designated pursuant  
13 to Article X, Section 2 of the Constitution of Virginia as the central state agency to assess the  
14 real and personal property of railroads and pipeline transmission companies as defined  
15 herein.

16 "Electric supplier" means any person owning or operating facilities for the generation of  
17 electricity for sales other than to the ultimate retail consumer; except any person owning or  
18 operating hydroelectric facilities with a designed generation capacity of less than 25  
19 megawatts.

20 "Estimated tax" means the amount of tax which a taxpayer estimates as being imposed  
21 by Article 2 (§ 58.1-2620 et seq.) of this chapter for the tax year as measured by the gross  
22 receipts received in the taxable year.

23 "Freight car company" includes every car trust, mercantile or other company or person  
24 not domiciled in this Commonwealth owning stock cars, furniture cars, fruit cars, tank cars or  
25 other similar cars. Such term shall not include a company operating a line as a railroad.

26 "Gross receipts" means the total of all revenue derived in the Commonwealth,  
27 including but not limited to, income from the provision or performance of a service or the

1 performance of incidental operations not necessarily associated with the particular service  
2 performed, without deductions for expenses or other adjustments. Such term shall not,  
3 however, include interest, dividends, investment income or receipts from the sale of real  
4 property or other assets except inventory of goods held for sale or resale.

5 "Pipeline distribution company" means a corporation, other than a pipeline  
6 transmission company, which transmits, by means of a pipeline, natural gas, manufactured  
7 gas or crude petroleum and the products or by-products thereof to a purchaser for purposes of  
8 furnishing heat or light.

9 "Pipeline transmission company" means a corporation authorized to transmit natural  
10 gas, manufactured gas or crude petroleum and the products or by-products thereof in the  
11 public service by means of a pipeline or pipelines from one point to another when such gas or  
12 petroleum is not for sale to an ultimate consumer for purposes of furnishing heat or light.

13 "Tax Commissioner" means the chief executive officer of the Department of Taxation or  
14 his designee.

15 "Tax year" means the twelve-month period beginning on January 1 and ending on  
16 December 31 of the same calendar year, such year also being the tax assessment year or the  
17 year in which the tax levied under this chapter shall be paid.

18 "Taxable year" means the calendar year preceding the tax year, upon which the gross  
19 receipts are computed as a basis for the payment of the tax levied pursuant to this chapter.

20 "Telegraph company" means a corporation or person operating the apparatus  
21 necessary to communicate by telegraph.

22 "Telephone company" means a person holding a certificate of convenience and  
23 necessity granted by the State Corporation Commission authorizing telephone service; or a  
24 person authorized by the Federal Communications Commission to provide commercial mobile  
25 service as defined in § 332(d) (1) of the Communications Act of 1934, as amended, where  
26 such service includes cellular mobile radio communications services or broadband personal  
27 communications services; or a person holding a certificate issued pursuant to § 214 of the

1 Communications Act of 1934, as amended, authorizing domestic telephone service and  
2 belonging to an affiliated group including a person holding a certificate of convenience and  
3 necessity granted by the State Corporation Commission authorizing telephone service. The  
4 term "affiliated group" shall have the meaning given in § 58.1-3700.1.

5 B. For purposes of this chapter the terms "license tax" and "franchise tax" shall be  
6 synonymous.

7 § 58.1-2601. Boundaries of certain political units to be furnished company, Commission  
8 and Department.

9 A. The commissioner of the revenue in each county and city in which a public service  
10 corporation or other person with property assessed pursuant to this chapter does business or  
11 owns property shall furnish, on or before January 1 in each year, to each such corporation or  
12 person, the boundaries of each city and the magisterial district of the county and of each town  
13 therein in which any part of the property of such corporation or person is situated. A copy of  
14 such boundaries shall also be forwarded to the clerk of the Commission and the Tax  
15 Commissioner.

16 B. Whenever any commissioner of the revenue shall fail to furnish to such corporation  
17 or other person, the clerk of the Commission and the Tax Commissioner, such boundaries  
18 required in subsection A, the clerk of the Commission and the Tax Commissioner shall notify  
19 the judge of the circuit court of the county and city of such commissioner of the revenue and  
20 the judge shall instruct the grand jury at the next term of the circuit court to ascertain whether  
21 such boundaries have been furnished as required in this section. Should the grand jury  
22 ascertain that such boundaries have not been furnished, they shall find an indictment against  
23 the commissioner of the revenue. Upon conviction thereof, such commissioner of the revenue  
24 shall be guilty of a Class 4 misdemeanor, each magisterial district and town boundary so  
25 omitted being a separate offense.

26 C. Notwithstanding the provisions of subsection A, whenever the boundaries have once  
27 been furnished to any public service ~~company~~ corporation or other person with property

1 assessed pursuant to this chapter, the Commission and the Tax Commissioner, the  
2 commissioner of the revenue shall thereafter not be required to furnish the boundaries except  
3 as shall be necessary to show subsequent changes in such boundaries.

4 § 58.1-2602. Local authorities to examine assessments and inform Department or  
5 Commission whether correct.

6 The governing body of each county, city and town, receiving a copy of any assessment  
7 made by the Commission or the Department against property of a public service corporation  
8 or other person with property assessed pursuant to this chapter located in such county, city or  
9 town, shall forthwith review such assessments and determine whether they are accurate and  
10 notify the clerk of the Commission or the Department of any corrections thereto. Such  
11 governing bodies at their own expense may, when there is reason to doubt the correctness of  
12 the assessed length of any line, retain any surveyor in order to verify the assessment of the  
13 Commission or the Department.

14 § 58.1-2603. Local levies to be extended by commissioners of revenue; copies; forms.

15 All county, district and city levies on the property of public service corporations or other  
16 persons with property assessed pursuant to this chapter shall be extended by the  
17 commissioner of the revenue for the county or city and a copy of such extensions shall be  
18 certified and transmitted by the commissioner of the revenue to the treasurer of his county or  
19 city for collection. In each city which has a collector of city taxes, such copy shall be certified  
20 and transmitted to such collector of city taxes. Forms for use by the commissioners of the  
21 revenue under this section shall be prescribed and furnished by the Department.

22 § 58.1-2604. ~~Increase in assessed~~ Assessed valuation.

23 A. Except as otherwise provided in § ~~58.1-2608~~, ~~any increase in~~ 58.1-2707 the  
24 equalized assessed valuation of the property of any public service corporation ~~property or~~  
25 other person with property assessed pursuant to this chapter in any taxing district shall be  
26 made by application of the local assessment ratio prevailing in such taxing district for other  
27 real estate as most recently determined and published by the Department of Taxation. ~~On~~

1 ~~January 1, 1967, one twentieth, and on each subsequent January 1 for nineteen years an~~  
 2 ~~additional one twentieth, of the assessed valuation on January 1, 1966, (reduced by forty~~  
 3 ~~percent of the value of the amount, if any, by which total retirements since January 1, 1966,~~  
 4 ~~exceed total additions since that date), shall be assessed by application of the local~~  
 5 ~~assessment ratio as provided above, and the remainder shall continue to be assessed by~~  
 6 ~~application of the forty percent assessment ratio as heretofore administered. Thereafter the~~  
 7 ~~whole shall be assessed by application of the local assessment ratio as provided above.~~

8 ~~B. All public service corporation property in the process of equalization over a twenty-~~  
 9 ~~year period as provided in subsection A is hereby defined as a separate item of taxation and~~  
 10 ~~shall be identified as a separate category of property for local taxation. Such property in the~~  
 11 ~~process of equalization shall, for such period as provided for in subsection A, continue to be~~  
 12 ~~assessed at forty percent of the fair market value.~~

13 ~~CB.~~ On request of any local taxing district in connection with any reassessment of  
 14 property, representatives of the State Corporation Commission and the Department shall  
 15 consult with representatives of the district with regard to ascertainment and equalization of  
 16 values to help assure uniformity of appraisals and assessments in accordance with the  
 17 provisions of this section.

18 ~~DC.~~ The Department of Taxation shall furnish to each county, city or town in which athe  
 19 property of public service corporation's property corporations or other persons with property  
 20 assessed pursuant to this chapter represents twenty-five percent or more of the total  
 21 assessed value of real estate in such county, city or town, the local assessment ratio to be  
 22 applied within that county, city or town no later than April 1 of the year for which it is  
 23 applicable.

24 ~~EC.~~ The Department of Taxation shall furnish to each county, city or town, by April 1 of  
 25 each year, a description of the manner in which the local assessment ratio applicable to the  
 26 county, city or town for the year was determined. The description furnished by the  
 27 Department shall include, but not be limited to, a description of the parcels used, the time

1 period from which sales transactions were drawn, the classification applied by the Department  
2 to any parcel or transaction, and any mathematical formulas used in calculating the local  
3 assessment ratio.

4 § 58.1-2606. Local taxation of real and tangible personal property of public service  
5 corporations and other persons with property assessed pursuant to this chapter.

6 A. Notwithstanding the provisions of this section and §§ 58.1-2607 and 58.1-2690, all  
7 local taxes on the real estate and tangible personal property of public service corporations  
8 and other persons with property assessed pursuant to this chapter referred to in such sections  
9 shall be at the real estate rate applicable in the respective locality. ~~Property, however, which  
10 has not been equalized as provided for in § 58.1-2604 shall continue to be assessed at forty  
11 percent of fair market value and taxed at the nominal rate applicable to public service  
12 corporation real property for the taxable year immediately preceding the year such locality  
13 assesses as provided in § 58.1-3201. If the resulting effective tax rate for such unequalized  
14 public service corporation property in any county, city or town is less than the effective tax rate  
15 applicable to other real property therein, the locality shall adjust such nominal rate to equalize  
16 the effective tax rate on such public service corporation property with the effective tax rate  
17 applicable to other real property.~~

18 B. ~~The assessed valuation of any class of property taxed as tangible personal property  
19 by any county, city or town before January 1, 1966, may continue to be taxed at rates no  
20 higher than those levied on other tangible personal property on January 1, 1966. On January  
21 1, 1967, one-twentieth, and on each subsequent January 1 for nineteen years an additional  
22 one-twentieth, of the assessed valuation of such tangible personal property on January 1,  
23 1966, shall be taxed at the real estate rate and the remainder may continue to be taxed at a  
24 rate no higher than the rate levied on tangible personal property on January 1, 1966. After  
25 December 31, 1985, the whole shall be taxed at the full local real estate tax rate.~~

1           GB. Notwithstanding any of the foregoing provisions, all automobiles and trucks of such  
2 corporations and other persons shall be taxed at the same rate or rates applicable to other  
3 automobiles and trucks in the respective locality.

4           C. Notwithstanding any of the foregoing provisions, generating equipment reported to  
5 the Commission and defined as a separate item of taxation for such purpose and identified as  
6 a separate class of property for local taxation and shall be taxed at a rate not to exceed the  
7 real estate rate applicable in the respective localities.

8           § 58.1-2609. Local taxation of land and nonutility and noncarrier improvements of  
9 public service corporations.

10           Whenever land and noncarrier and nonutility improvements of public service  
11 corporations and other persons with property assessed pursuant to this chapter are appraised  
12 for local taxation by comparison to the appraised values placed by local assessors on similar  
13 properties in the taxing district, they shall be assessed by application of the local stated ratio  
14 of assessments to appraisals, and taxed at the rate applicable to other real property in the  
15 taxing district. Such property is hereby defined as a separate item of taxation for such purpose  
16 and shall be identified as a separate class of property for local taxation.

17           § 58.1-2610. Penalty for failure to file timely report.

18           Any ~~taxpayer~~person failing to make a report required under the provisions of this  
19 chapter within the time prescribed shall be liable to a penalty of \$100 for each day such  
20 taxpayer is late in making such report. The State Corporation Commission or Tax  
21 Commissioner, as the case may be, may waive all or a part of such penalty for good cause.

22           § 58.1-2611. Penalty for failure to pay tax.

23           A. Any ~~company or individual~~person failing to pay the tax levied pursuant to this  
24 chapter into the state treasury within the time prescribed by law shall incur a penalty thereon  
25 of ten percent, which shall be added to the amount of the tax due.

26           B. Notwithstanding the provisions of subsection A, such penalty shall not accrue in any  
27 case unless the State Corporation Commission or the Department, as the case may be, mails

1 the ~~corporation~~person a certified copy of the assessment on or before May 15 preceding. In  
 2 the event such copy is not mailed on or before May 15 preceding, the penalty for nonpayment  
 3 in time shall not accrue until the close of the fifteenth day next following the mailing of such  
 4 certified copy of the assessment.

5 § 58.1-2626. Annual state license tax on companies furnishing water, heat, light or  
 6 power.

7 A. Every corporation doing in the Commonwealth the business of furnishing water,  
 8 heat, light or power, whether by means of ~~electricity~~, gas or steam, except (i) a pipeline  
 9 transmission company taxed pursuant to § 58.1-2627.1 (ii) a an electric supplier taxed  
 10 pursuant to § 58.1-400.2, shall, for the privilege of doing business within the Commonwealth,  
 11 pay to the Commonwealth for each tax year an annual license tax equal to ~~one and one-eighth~~  
 12 two percent of its gross receipts, actually received, from all sources ~~up to \$100,000 of such~~  
 13 ~~gross receipts and two and three-tenths percent of all such gross receipts in excess of~~  
 14 ~~\$100,000. For the tax year 1989 and thereafter the license tax shall be an amount equal to~~  
 15 ~~two percent.~~

16 B. The state license tax provided in subsection A shall be (i) in lieu of all other state  
 17 license or franchise taxes on such corporation, and (ii) in lieu of any tax upon the shares of  
 18 stock issued by it.

19 C. Nothing herein contained shall exempt such corporation from motor vehicle license  
 20 taxes, motor vehicle fuel taxes, fees required by § 13.1-775.1 or from assessments for street  
 21 and other local improvements, which shall be authorized by law, nor from the county, city,  
 22 town, district or road levies.

23 D. Nothing herein contained shall annul or interfere with any contract or agreement by  
 24 ordinance between such corporations and cities and towns as to compensation for the use of  
 25 the streets or alleys by such corporations.

26 § 58.1-2627. Exemptions.

1           A. ~~There shall be excluded from the gross receipts of any corporation engaged in the~~  
2 ~~business of furnishing heat, light and power by means of electricity, receipts from interstate~~  
3 ~~business.~~There shall be deducted from the gross receipts of any corporation engaged in the  
4 business of furnishing heat, light or power by means of gas revenues billed on behalf of  
5 another person to the extent such revenues are later paid over to or settled with that person.

6           B. ~~There shall be deducted from the gross receipts of any power supply cooperative,~~  
7 ~~defined in § 56-231.1, which purchases electricity for the sole purpose of resale to other~~  
8 ~~cooperatives, the amount paid in such taxable period by such cooperative to purchase~~  
9 ~~electricity from a vendor of electricity which is subject to the tax imposed by this chapter.~~

10           C. ~~There shall be deducted from the gross receipts of any electric cooperative, as~~  
11 ~~defined in § 56-209, which is engaged in sales to ultimate consumers, and every corporation~~  
12 ~~engaged in the business of furnishing heat, light and power by means of electricity the amount~~  
13 ~~so paid in such taxable period by such cooperative or corporation to purchase electricity from~~  
14 ~~a vendor subject to the tax imposed by this chapter.~~

15           D. ~~Whenever the total gross receipts of any corporation engaged in the business of~~  
16 ~~furnishing heat, light or power by means of electricity or gas includes receipts from another~~  
17 ~~corporation which is a member of an affiliated group of corporations and which is also subject~~  
18 ~~to the tax imposed by § 58.1-2626, such receipts from such other corporation shall be~~  
19 ~~deducted from such total gross receipts. The term "affiliated group" shall have the meaning~~  
20 ~~given in § 58.1-3703.~~

21           E. ~~Effective for purchases on and after July 1, 1994, there shall be deducted from the~~  
22 ~~gross receipts of any electric cooperative, as defined in § 56-209, which is engaged in sales~~  
23 ~~to ultimate consumers, the amount paid in such taxable period by such cooperative to~~  
24 ~~purchase, for the purpose of resale within the Commonwealth, electricity from a federal entity~~  
25 ~~which made payments during such taxable period to the Commonwealth in lieu of taxes in~~  
26 ~~accordance with a federal law requiring such payments to be calculated on the basis of such~~  
27 ~~federal entity's gross proceeds from the sale of electricity.~~

1 § 58.1-2628. Annual report.

2 A. Each telegraph company and telephone company shall report annually, on April 15,  
3 to the Commission all real and tangible personal property of every description in the  
4 Commonwealth, owned, operated or used by it as of January 1 preceding, showing  
5 particularly the county, city, town or magisterial district wherein such property is located.

6 The report shall also show the total gross receipts for the twelve months ending  
7 December 31 next preceding and the interstate revenue, if any, attributable to the  
8 Commonwealth. Such revenue shall include all interstate revenue from business originating  
9 and terminating within the Commonwealth and a proportion of interstate revenue from all  
10 interstate business passing through, into or out of the Commonwealth.

11 B. Every corporation doing in the Commonwealth the business of furnishing water,  
12 heat, light and power, whether by means of ~~electricity~~, gas or steam, except (i) pipeline  
13 transmission companies taxed pursuant to § 58.1-2627.1 or (ii) an electric supplier taxed  
14 pursuant to § 58.1-400.2, shall report annually, on April 15, to the Commission all real and  
15 tangible personal property of every description in the Commonwealth, belonging to it as of  
16 January 1 preceding, showing particularly, as to property owned by it, the county, city, town or  
17 magisterial district wherein such property is located. The report shall also show the total gross  
18 receipts for the twelve months ending December 31 next preceding.

19 C. Every corporation in the Commonwealth in the business of furnishing heat, light and  
20 power by means of electricity shall report annually, on April 15, to the Commission all real and  
21 tangible personal property of every description in the Commonwealth, belonging to such  
22 corporation as of the preceding January 1, showing particularly the county, city, town or  
23 magisterial district in which such property is located. The report shall also show the total  
24 gross receipts for the twelve months ending the preceding December 31.

25 D. Every electric supplier shall report annually, on April 15, to the Commission all real  
26 and tangible personal property owned in the Commonwealth and used directly for the

1 generation of electricity for sale other than to the ultimate retail consumer. The report shall  
2 also show the total gross receipts for the twelve months ending the preceding December 31.

3 ~~CE~~. Every pipeline transmission company shall report annually, on April 15, to the  
4 Department all of its real and tangible personal property of every description as of the  
5 beginning of January 1 preceding, showing particularly in what city, town or county and  
6 magisterial district therein the property is located.

7 ~~DE~~. The report required by subsections A ~~and B~~ through E shall be completed on forms  
8 prepared and furnished by the Commission. The Commission shall include on such forms  
9 such information as the Commission deems necessary for the proper administration of this  
10 chapter.

11 ~~EG~~. The report required by this section shall be certified by the oath of the president or  
12 other designated official of the corporation or person.

13 § 58.1-2633. Assessment by Commission.

14 A. The Commission shall assess the value of the reported property subject to local  
15 taxation of each telegraph, telephone, water, heat, light and power company and electric  
16 supplier, except a pipeline transmission company taxed pursuant to § 58.1-2627.1, and shall  
17 assess the license tax levied hereon if such company is subject to the license tax under this  
18 article.

19 B. Should any such ~~taxpayer~~ person fail to make the reports required by this article on  
20 or before April 15 of each year, the Commission shall assess the value of the property of such  
21 ~~taxpayer~~ person, and its gross receipts upon the best and most reliable information that can be  
22 obtained by the Commission.

23 C. In making such assessment, the Commission may require such ~~taxpayer~~ person or its  
24 officers and employees to appear with such documents and papers as the Commission deems  
25 necessary.

26 § 58.1-2660. Special revenue tax; levy.

1 In addition to any other taxes upon the subjects of taxation listed herein, there is hereby  
2 levied, subject to the provisions of § 58.1-2664, a special regulatory revenue tax equal to two-  
3 tenths of one percent of the gross receipts such person receives from business done within  
4 the Commonwealth upon:

5 1. Corporations furnishing water, heat, light or power, either by means of ~~electricity,~~ gas  
6 or steam;

7 2. Telegraph companies owning and operating a telegraph line apparatus necessary to  
8 communicate by telecommunications in the Commonwealth;

9 3. Telephone companies whose gross receipts from business done within the  
10 Commonwealth exceed \$50,000 or a company, the majority of stock or other property of which  
11 is owned or controlled by another telephone company, whose gross receipts exceed the  
12 amount set forth herein;

13 4. The Virginia Pilots' Association;

14 5. Railroads, except those exempt by virtue of federal law from the payment of state  
15 taxes, subject to the provisions of § 58.1-2661; and

16 6. Common carriers of passengers by motor vehicle, except urban and suburban bus  
17 lines, a majority of whose passengers use the buses for traveling a daily distance of not more  
18 than forty miles measured one way between their place of work, school or recreation and their  
19 place of abode.

20 § 58.1-2682. District boundaries to be furnished company and Commission.

21 The commissioner of the revenue, or person performing the duties of such officer, of  
22 any county set forth in § 58.1-2680 in which a public service corporation or other person with  
23 property assessed pursuant to this chapter owns property, shall furnish, in like manner as is  
24 provided in this chapter to the Commission, the Department and to each public service  
25 corporation or other person with property assessed pursuant to this chapter owning property  
26 in such county subject to local taxation, the boundaries of each district in such county in which  
27 any local tax is or may be levied.

1 § 58.1-2690. No state or local tax on intangible personal property or money; local levies  
2 and license taxes.

3 A. Except as provided in this chapter, there shall be no state or local taxes assessed on  
4 the intangible personal property, gross receipts or other such money or income owned by  
5 telephone or telegraph companies, railroads, pipeline companies, or corporations furnishing  
6 water, heat, light and power by means of ~~electricity~~, gas or steam.

7 B. On the real estate and tangible personal property of every incorporated telegraph  
8 and telephone company owning or operating telegraph or telephone lines in Virginia and of  
9 railroads, pipeline companies, or corporations furnishing water, heat, light and power by  
10 means of electricity, gas or steam, there shall be local levies at the rates prescribed by § 58.1-  
11 2606.

12 C. Notwithstanding the provisions of subsection A, any county, city or town may impose  
13 a license tax under § 58.1-3703 upon a corporation owning or operating telegraph or  
14 telephone lines in Virginia for the privilege of doing business therein, which shall not exceed  
15 one-half of one percent of the gross receipts of such business accruing to such corporation  
16 from such business in such county, city or town; however, charges for long distance telephone  
17 calls shall not be considered receipts of business in such county, city or town.

18 D. Notwithstanding the provisions of subsection A, any county, city or town may impose  
19 an excise tax under § 58.1-3818.3 upon a corporation owning or operating telegraph or  
20 telephone lines in Virginia, at a rate that shall not exceed the rate lawfully imposed by § 58.1-  
21 3818.3, on such corporation's gross receipts from sales of video programming or access to  
22 video programming directly to end-user subscribers who are located within such county, city  
23 or town.

24

25

CHAPTER 29.

26

ELECTRIC UTILITY CONSUMPTION TAX.

1       § 58.1-2900. Imposition of tax.

2       A. Effective January 1, 2001, there is hereby imposed, in addition to the local  
3 consumer utility tax of § 58.1-3812 et seq., a tax on the consumers of electricity in the

4 Commonwealth based on kilowatt hours used per month as follows:

<u>kWh per month</u>	<u>Maximum</u>	<u>State</u>	<u>Special</u>	<u>Local</u>
	<u>tax rate</u>	<u>consumption</u>	<u>Regulatory</u>	<u>Consumption</u>
		<u>tax</u>	<u>Revenue Tax</u>	<u>Tax</u>
8 <u>0-2,500</u>	<u>\$0.00161/kWh</u>			
9 <u>2,501-50,000</u>	<u>0.00105/kWh</u>			
10 <u>50,001 +</u>	<u>0.00079/kWh</u>			

11       The tax rates herein are in lieu of and replace the state gross receipts tax (§ 58.1-  
12 2626), the local license tax (§ 58.1-3731) and the special regulatory revenue tax (§ 58.1-  
13 2660) levied on companies furnishing water, heat, light or power by means of electricity.

14       The tax on consumers under this section shall not be imposed on consumers served by  
15 an electric utility owned or operated by a municipality if such municipal electric utility elects to  
16 have an amount equivalent to the tax included as part of the rate such utility (or an association  
17 or agency to which it is a member) pays for transmission and/or wholesale electric service.  
18 Such tax shall be calculated under the tax rate schedule in this section applied to the kWh of  
19 transmission and/or wholesale electric service purchased by such electric utility (or  
20 association or agency) measured at the point of delivery to such electric utility (or association  
21 or agency).

22       B. The tax authorized by this chapter shall not apply to municipalities' own use and to  
23 counties, divisions or agencies of federal and state governments.

24       § 58.1-2901. Collection and remittance of tax.

25       A. The service provider shall collect the tax from the consumer by adding it as a  
26 separate charge to the consumer's monthly statement. Until the consumer pays the tax to  
27 such provider, the tax shall constitute a debt of the consumer to the Commonwealth. If any  
28 consumer refuses to pay the tax, the service provider shall notify the Commission and/or  
29 localities of the names and addresses of such consumers. After the consumer pays the tax to

1 the service provider, the taxes collected shall be deemed to be held in trust by such provider  
2 until remitted to the Commission and/or localities.

3 B. A service provider shall remit monthly to the Commission the amount of tax paid  
4 during the preceding month by the service provider's consumers, except for (i) amounts  
5 included in the rates to utilities owned and operated by municipalities which are charged by  
6 the company providing transmission directly to such utilities, or to an association or agency of  
7 which they are a member and (ii) the portion which replaces the local license tax revenues  
8 that would have been collected under § 58.1-3731. Such portion shall be remitted to the  
9 locality in which the electricity was sold and shall be based on such locality's license fee rate  
10 which it imposes in accordance with § 58.1-2900.

11 C. The electric utility consumption tax shall be remitted monthly, on or before the last  
12 day of the succeeding month of collection. Those portions of the electric utility consumption  
13 tax that relate to the state consumption tax and the special regulatory revenue tax shall be  
14 remitted to the Commission; that portion that relates to the local consumption tax shall be  
15 remitted to the localities.

16 D. In the year or enactment the portion of the electric utility consumption tax relating to  
17 the local consumption tax shall be paid in accordance with § 58.1-3731. Monthly payments in  
18 accordance with subsection C shall commence on February 28, 2001.

19 E. For purposes of this section, "service provider" means the person who delivers  
20 electricity to the consumer.

21 F. The portion of the electric utility consumption tax relating to the local consumption  
22 tax precludes localities from enacting a license tax in accordance with § 58.1-3731 on electric  
23 suppliers subsequent to December 31, 2000.

24 § 59.1-2902. Electric utility consumption tax; relating to the special regulatory revenue  
25 tax; when not assessed or assessed only in part.

26 A. The Commission shall, in the performance of its function and duty in levying the  
27 electric utility consumption tax relating to the special regulatory revenue tax, omit levy on any

1 portion of the tax fixed in § 58.1-2901 as is unnecessary within the Commission's sole  
2 discretion for the accomplishment of the objects for which the tax is imposed, including a  
3 reasonable margin in the nature of a reserve fund.

4 B. The Commission shall notify all service providers collecting the tax on consumers of  
5 electricity of any change in the electric utility consumption tax relating to the special regulatory  
6 revenue tax not later than the first day of the second month preceding the month in which the  
7 revised rate is to take effect.

8 § 58.1-2903. Use of electric utility consumption tax relating to special revenue  
9 regulatory tax.

10 The electric utility consumption tax relating to the special revenue regulatory tax paid  
11 into the treasury under this chapter shall be deposited into a special fund used only by the  
12 Commission for the purpose of making appraisals, assessments and collections against  
13 electric suppliers as defined in subsection C of § 58.1-400.2 and 58.1-2600 and public service  
14 corporations furnishing heat, light and power by means of electricity and for the further  
15 purposes of the Commission in investigating and inspecting the properties or the service or  
16 services of such electric suppliers and public service corporations, and for the supervision  
17 and administration of all laws relative to such electric suppliers and public service  
18 corporations, whenever the same shall be deemed necessary by the Commission.

19

20 § 58.1-3731. Certain public service corporations; rate limitation.

21 Every county, city or town is hereby authorized to impose a license tax, in addition to  
22 any tax levied under Chapter 26 of this title, on (i) telephone and telegraph companies, (ii)  
23 water companies and (iii) gas or steam heat, light and power companies at a rate not to  
24 exceed one-half of one percent of the gross receipts of such company accruing from sales to  
25 the ultimate consumer in such county, city or town. However, in the case of telephone  
26 companies, charges for long distance telephone calls shall not be included in gross receipts  
27 for purposes of license taxation. After December 31, 2000, the license tax authorized by this

1 section shall not be imposed on companies carrying on the business of furnishing water, heat  
2 light or power by means of electricity.

3 § 58.1-3814. Water or heat, light and power companies.

4 A. Any county, city or town may impose a tax on the consumers of the utility service or  
5 services provided by any water or heat, light and power company or other corporations  
6 coming within the provisions of Chapter 26 (§ 58.1-2600 et seq.), which tax shall not be  
7 imposed at a rate in excess of twenty percent of the monthly amount charged to consumers of  
8 the utility service and shall not be applicable to any amount so charged in excess of fifteen  
9 dollars per month for residential customers. Any city, town or county that on July 1, 1972,  
10 imposed a utility consumer tax in excess of limits specified herein may continue to impose  
11 such a tax in excess of such limits, but no more.

12 B. Any tax enacted pursuant to the provisions of this section, or any change in a tax or  
13 structure already in existence, shall not be effective until sixty days subsequent to written  
14 notice by certified mail from the county, city or town imposing such tax or change thereto, to  
15 the registered agent of the utility corporation that is required to collect the tax.

16 C. Any county, city or town may impose a tax on the consumers of services provided  
17 within its jurisdiction by any electric light and power, water or gas company owned by another  
18 municipality; provided, that no county shall be authorized under this section to impose a tax  
19 within a municipality on consumers of services provided by an electric light and power, water  
20 or gas company owned by that municipality. Any county tax imposed hereunder shall not  
21 apply within the limits of any incorporated town located within such county which town  
22 imposes a town tax on consumers of utility service or services provided by any corporation  
23 coming within the provisions of Chapter 26, provided that such town (i) provides police or fire  
24 protection, and water or sewer services, provided that any such town served by a sanitary  
25 district or service authority providing water or sewer services or served by the county in which  
26 the town is located when such service or services are provided pursuant to an agreement  
27 between the town and county shall be deemed to be providing such water and sewer services

1 itself, or (ii) constitutes a special school district and is operated as a special school district  
2 under a town school board of three members appointed by the town council.

3 Any county, city or town may provide for an exemption from the tax for any public safety  
4 agency as defined in § 58.1-3813.

5 Any city with a population of not less than 27,000 and not more than 28,500 may  
6 provide an exemption from the tax for any church or religious body entitled to an exemption  
7 pursuant to Article 4 (§ 58.1-3650 et seq.) of Chapter 36.

8 Any municipality required to collect a tax imposed under authority of this section for  
9 another city or county or town shall be entitled to a reasonable fee for such collection.

10 D. In a consolidated county wherein a tier-city exists, any county tax imposed  
11 hereunder shall apply within the limits of any tier-city located in such county, as may be  
12 provided in the agreement or plan of consolidation, and such tier-city may impose a tier-city  
13 tax on the same consumers of utility service or services, provided that the combined county  
14 and tier-city rates do not exceed the maximum permitted by state law.

15 E. The tax authorized by this section shall not apply to utility sales of products used as  
16 motor vehicle fuels.

17 F. For taxable years beginning on and after January 1, 2001, any county, city or town  
18 may impose a tax on consumers of electricity provided by electric suppliers as defined in §  
19 58.1-400.2 or any utility owned or operated by a municipality based on the kWh consumed.  
20 The service provider shall convert the rate structure imposed prior to January 1, 2001 on the  
21 dollar amount charged to a rate that will be imposed on the kWh used, based on the monthly  
22 tax that is being collected prior to the effective date of this section. The service provider shall  
23 bill the tax to all users to whom it delivers electricity, and shall remit such tax to the  
24 appropriate locality. The provisions of this section shall be applicable without the necessity of  
25 the locality amending or reenacting its existing ordinance imposing such tax. Subsection B  
26 shall apply to any tax on the consumers of electricity enacted or amended pursuant to this  
27 section, except that notice provided therein shall be given to the registered agent of the

1 service provider that is required to collect the tax. The service provider shall develop the  
2 conversion methodology provided in this subsection and provide each locality in the service  
3 area with the new rates that would be applied to each kWh by August 1, 1999.

4 G. Until the consumer pays the tax to such service provider, the tax shall constitute a  
5 debt to the locality. If any consumer refuses to pay the tax, the service provider shall notify  
6 the localities of the names and addresses of such consumers. After the consumer pays the  
7 tax to the service provider, the taxes shall be deemed to be held in trust by such service  
8 provider until remitted to the localities.

9 **2. That the provisions of this act amending Chapter 26 (§58.1-2600 et seq.) of Title 58.1**  
10 **of the Code of Virginia shall be effective for tax years, as defined in § 58.1-2600 of the**  
11 **Code of Virginia, beginning on and after January 1, 2002.**

12 **3. That the provisions of this act adding Chapter 29 (§ 58.1-2900 et seq.) shall be**  
13 **effective for tax years, as defined in § 58.1-2600 of the Code of Virginia, beginning on**  
14 **and after January 1, 2001.**

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