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HOUSE BILL NO. 1134**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on February 15, 2000)

(Patron Prior to Substitute—Delegate Kilgore)

*A BILL to amend and reenact §§ 58.1-2900 and 58.1-2901 of the Code of Virginia, relating to the electric utility consumption tax.***Be it enacted by the General Assembly of Virginia:****1. That §§ 58.1-2900 and 58.1-2901 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-2900. (Effective January 1, 2001) Imposition of tax.

A. Effective January 1, 2001, there is hereby imposed, in addition to the local consumer utility tax of Article 4 (§ 58.1-3812 et seq.) of Chapter 38 and subject to the adjustments authorized by subdivision A 5 and by § 58.1-2902, a tax on the consumers of electricity in the Commonwealth based on kilowatt hours delivered by the incumbent distribution utility and used per month as follows:

1. Each consumer of electricity in the Commonwealth shall pay electric utility consumption tax on all electricity consumed per month not in excess of 2,500 kWh at the rate of \$0.00155 per kWh, as follows:

State	Special	Local
consumption	regulatory	consumption
tax rate	tax rate	tax rate
\$0.00102/kWh	\$0.00015/kWh	\$0.00038/kWh

2. Each consumer of electricity in the Commonwealth shall pay electric utility consumption tax on all electricity consumed per month in excess of 2,500 kWh but not in excess of 50,000 kWh at the rate of \$0.00099 per kWh, as follows:

State	Special	Local
consumption	regulatory	consumption
tax rate	tax rate	tax rate
\$0.00065/kWh	\$0.00010/kWh	\$0.00024/kWh

3. Each consumer of electricity in the Commonwealth shall pay electric utility consumption tax on all electricity consumed per month in excess of 50,000 kWh at the rate of \$0.00075 per kWh, as follows:

State	Special	Local
consumption	regulatory	consumption
tax rate	tax rate	tax rate
\$0.00050/kWh	\$0.00007/kWh	\$0.00018/kWh

4. The tax rates set forth in subdivisions 1, 2, and 3 in are in lieu of and replace the state gross receipts tax (§ 58.1-2626), the special regulatory revenue tax (§ 58.1-2660), and the local license tax (§ 58.1-3731) levied on corporations furnishing heat, light or power by means of electricity.

5. The tax on consumers under this section shall not be imposed on consumers served by an electric utility owned or operated by a municipality if such municipal electric utility elects to have an amount equivalent to the tax added on the bill such utility (or an association or agency of which it is a member) pays for bundled or unbundled transmission service as a separate item. Such amount, equivalent to the tax, shall be calculated under the tax rate schedule as if the municipal electric utility were selling and collecting the tax from its consumers, adjusted to exclude the amount which represents the local consumption tax if the locality in which a consumer is located does not impose a license fee rate pursuant to § 58.1-3731, and shall be remitted to the Commission pursuant to § 58.1-2901. Municipal electric utilities may bundle the tax in the rates charged to their retail customers. Notwithstanding anything contained herein to the contrary, the election permitted under this subdivision shall not be exercised by any municipal electric utility if the entity to whom the municipal electric utility (or an association or agency of which it is a member) pays for transmission service is not subject to the taxing jurisdiction of the Commonwealth, unless such entity agrees to remit to the Commonwealth all amounts equivalent to the tax pursuant to § 58.1-2901.

6. The tax on consumers set forth in subdivisions 1, 2, and 3 shall only be imposed in accordance with this subdivision on consumers of electricity purchased from a utility consumer services cooperative to the extent that such cooperative purchases, for the purpose of resale within the Commonwealth,

59 *electricity from a federal entity that made payments in accordance with federal law (i) in lieu of taxes*
60 *during such taxable period to the Commonwealth and (ii) on the basis of such federal entity's gross*
61 *proceeds resulting from the sale of such electricity. Such tax shall instead be calculated by deducting*
62 *from each of the respective tax amounts calculated in accordance with subdivisions 1, 2, and 3 an*
63 *amount equal to the calculated tax amount multiplied by the ratio of the total cost of power supplied by*
64 *the federal entity, including facilities rental, during the taxable period to the utility consumer services*
65 *cooperative's total operating revenue within the Commonwealth during the taxable period. The State*
66 *Corporation Commission may audit the records and books of any utility consumer services cooperative*
67 *that determines the tax on consumers in accordance with this subdivision to verify that the tax imposed*
68 *has been correctly determined and properly remitted.*

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

71 § 58.1-2901. (Effective January 1, 2001) Collection and remittance of tax.

72 A. The service provider shall collect the tax from the consumer by adding it as a separate charge to
73 the consumer's monthly statement. Until the consumer pays the tax to such provider, the tax shall
74 constitute a debt of the consumer to the Commonwealth. If any consumer refuses to pay the tax, the
75 service provider shall notify the Commission and/or localities of the names and addresses of such
76 consumers. After the consumer pays the tax to the service provider, the taxes collected shall be deemed
77 to be held in trust by such provider until remitted to the Commission and/or localities.

78 *When determining the amount of tax to collect from consumers of an electric utility that is a*
79 *cooperative which purchases, for the purpose of resale within the Commonwealth, electricity from a*
80 *federal entity that made payments during such taxable period to the Commonwealth in lieu of taxes in*
81 *accordance with a federal law requiring such payments to be calculated on the basis of such federal*
82 *entity's gross proceeds from the sale of electricity, the service provider shall deduct from each of the*
83 *respective tax amounts calculated in accordance with § 58.1-2900 an amount equal to the calculated tax*
84 *amounts multiplied by the ratio that the total cost of the power, including facilities rental, supplied by*
85 *said federal entity to said cooperative for resale within the Commonwealth bears to said cooperative's*
86 *total operating revenue within the Commonwealth for the taxable period. The State Corporation*
87 *Commission may audit the records and books of said cooperative to verify that the tax imposed by this*
88 *chapter has been correctly determined and properly remitted.*

89 B. A service provider shall remit monthly to the Commission the amount of tax paid during the
90 preceding month by the service provider's consumers, except for (i) amounts added on the bills to
91 utilities owned and operated by municipalities which are collected by the entity providing transmission
92 directly to such utilities (or an association or agency of which the municipality is a member), which
93 they shall remit directly to the Commission and (ii) the portion which represents the local consumption
94 tax, which portion shall be remitted to the locality in which the electricity was consumed and shall be
95 based on such locality's license fee rate which it imposed. Amounts of the tax that are added on the bills
96 to utilities owned and operated by municipalities, which are collected by the entity providing
97 transmission directly to such utilities (or an association or agency of which the municipality is a
98 member), shall be remitted monthly by such entity to the Commission, except that the portion which
99 represents the local consumption tax shall be remitted to the locality in which the electricity was
100 consumed and shall be based on such locality's license fee rate which it imposed.

101 C. The electric utility consumption tax shall be remitted monthly, on or before the last day of the
102 succeeding month of collection. Those portions of the electric utility consumption tax that relate to the
103 state consumption tax and the special regulatory tax shall be remitted to the Commission; the portion
104 that relates to the local consumption tax shall be remitted to the localities. Failure to remit timely will
105 result in a ten percent penalty.

106 D. Taxes on electricity sales in the year ending December 31, 2000, relating to the local consumption
107 tax, shall be paid in accordance with § 58.1-3731. Monthly payments in accordance with subsection C
108 shall commence on February 28, 2001.

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

111 F. The portion of the electric utility consumption tax relating to the local consumption tax replaces
112 and precludes localities from imposing a license tax in accordance with § 58.1-3731 and the business,
113 professional, occupation and license tax in accordance with Chapter 37 (§ 58.1-3700 et seq.) on electric
114 suppliers subsequent to December 31, 2000, except as provided in subsection D. If the license fee rate
115 imposed by a locality is less than the equivalent of the local consumption tax rate component of the
116 consumption tax paid under subsection A of § 58.1-2900, the excess collected by the Commission shall
117 constitute additional state consumption tax revenue and shall be remitted by the Commission to the state
118 treasury.

119 G. The Department of Taxation may audit the books and records of any electric utility owned and
120 operated by a municipality (or an association or agency of which the municipality is a member) to

- 121** verify that the tax imposed by this chapter has been correctly determined and properly remitted to the
122 Commission.