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SENATE BILL NO. 187

Offered January 12, 2000

A BILL to amend the Code of Virginia by adding a section numbered 58.1-611.2, and to repeal § 58.1-611.1 of the Code of Virginia, relating to sales and use tax on food purchased for human consumption.

Patrons—Edwards, Byrne, Colgan, Couric, Houck, Howell, Lambert, Marsh, Maxwell, Miller, Y.B., Puckett, Puller, Reynolds and Ticer

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 58.1-611.2 as follows:

§ 58.1-611.2. Sales and use tax on certain food items on and after July 1, 2000.

A. Beginning July 1, 2000, the tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to food purchased for human consumption. As used in this section, "food purchased for human consumption" has the same meaning as "food" defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that Act, except it shall not include seeds and plants which produce food for human consumption. An amount equal to two and one-half percent of the sales and use tax on food purchased for human consumption collected in the fiscal year ending June 30, 2000, as certified by the Comptroller, and indexed by an amount equivalent to the percentage change in the Consumer Price Index for all items, all urban consumers (CPI-U) from October 1, 1998, through September 30, 1999, shall be distributed from the General Fund as follows:

1. An amount equivalent to one-fifth of such amount shall be paid to the Transportation Trust Fund in the manner set forth in § 58.1-638;

2. An amount equivalent to two-fifths of such amount shall be distributed among the counties and cities of this Commonwealth in the manner set forth in § 58.1-638; and

3. An amount equivalent to two-fifths of such amount shall be distributed pro-rata among the localities of the Commonwealth as measured by each locality's share of local sales tax moneys credited to the "Collections of Local Sales Taxes" special fund as described under § 58.1-605. Each locality's share of local sales tax moneys shall be determined based on the aggregate amount paid into such fund for the fiscal year beginning July 1, 1998, and ending June 30, 1999.

Such amounts shall be distributed to localities in the fiscal year ending June 30, 2001, in a manner intended to preserve the current timing of cash flows to localities.

B. For every fiscal year beginning after June 30, 2001, the two and one-half percent distributed under subsection A shall be indexed in accordance with the Consumer Price Index, as certified by the Comptroller, and shall be distributed from the General Fund in the same manner as provided in subsection A. Such amount shall be indexed as described in subsection A, using the federal fiscal year ending September 30, 1999, as the base year. Additionally, any amount to be distributed pro-rata as measured by each locality's share of local sales tax moneys credited to the "Collections of Local Sales Taxes" special fund shall be determined based on the aggregate amount paid into such fund during the entire most recently completed fiscal year.

Such amounts shall be distributed to localities in the respective fiscal year in a manner intended to preserve the current timing of cash flows to localities.

2. That § 58.1-611.1 of the Code of Virginia is repealed.

INTRODUCED

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