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**HOUSE BILL NO. 2548**

Offered January 10, 2001

Prefiled January 10, 2001

*A BILL to amend and reenact § 58.1-609.4 of the Code of Virginia, relating to educational sales and use tax exemptions; for-profit schools.*

Patrons—Katzen and Albo

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-609.4 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-609.4. Educational exemptions.

The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to the following:

1. School lunches sold and served to pupils and employees of schools and subsidized by government; school textbooks sold by a local board or authorized agency thereof; and school textbooks sold for use by students attending a nonprofit college or other institution of learning, when sold (i) by such institution of learning or (ii) by any other dealer, when such textbooks have been certified by a department or instructor of such institution of learning as required textbooks for students attending courses at such institution. *Effective July 1, 2001, the exemption in this subdivision also shall apply to for-profit colleges or other institutions of learning.*

2. (i) Tangible personal property for use or consumption by a college or other institution of learning, including food purchased for free distribution at the facilities of the college or other institution of learning, and (ii) tangible personal property for use or consumption by, sold by, or donated to a noncommercial educational telecommunications entity, said exemption to apply to each transaction in the chain of commerce from manufacture to final disposition, provided that such college, institution of learning, or telecommunications entity is nonprofit.

3. Through June 30, 2001, tangible personal property purchased by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively for the purpose of providing education, training and services to retarded citizens of the Commonwealth, provided that such property is used exclusively for the purpose set forth herein and that such organization receives more than fifty percent of its total funding from federal, state, or local governments.

4. Through June 30, 2001, tangible personal property and services purchased by an educational institution doing business in the Commonwealth which (i) admits regularly enrolled high school and college students and (ii) provides a face-to-face educational experience in American government, a program which leads towards the successful completion of United States history, civics, and problems in democracy courses in high school, or which is acceptable for full credit towards an undergraduate or graduate level college degree, provided such institution is nonprofit.

5. Through June 30, 2001, books and other reading materials for use by nonprofit organizations organized solely to distribute such books and reading materials to school-age children.

6. Through June 30, 2001, tangible personal property purchased for use by a nonprofit, nonstock corporation which receives no financial aid from the Commonwealth or the federal government and is organized exclusively for the purpose of operating, at no charge to the pupils, a combination boarding and day school for the severely physically handicapped children and young adults of the Commonwealth.

7. Through June 30, 2001, tangible personal property sold or leased to a foundation which exclusively provides either training and education of any type or duration for employees of governmental law-enforcement and corrections agencies or education of the public in citizen cooperation with public authorities in crime prevention and solution, provided such foundation is nonprofit.

8. Through June 30, 2001, tangible personal property purchased for use, consumption, or sale at retail by a nonprofit elementary or secondary school, or Parent Teacher Association or other group associated with a nonprofit elementary or secondary school for use in fund-raising activities, the net proceeds (gross receipts less direct expenses) of which are contributed directly to the school or used to purchase certified school equipment, and certified school equipment purchased by such groups for contribution directly to the school. For the purposes of this subdivision, "certified school equipment" means equipment for which the Parent Teacher Association or other group has received certification from the school that it will accept as a donation of equipment. The certification provided by the school shall be in accordance with regulations promulgated by the Tax Commissioner. Notwithstanding the

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59 other provisions of this subdivision, the tax shall not apply to the sale of class rings, school  
60 photographs, and other fund-raising programs from which a nonprofit elementary or secondary school  
61 receives a commission or the net proceeds after the payment of vendors and other direct expenses.

62 9. a. From July 1, 1989, through June 30, 2001, tangible personal property purchased for use or  
63 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code  
64 and organized primarily for the purpose of operating a state-licensed day-care center or a preschool that  
65 hires only certified public school teachers and which has a regularly prescribed curriculum.

66 b. From July 1, 1990, through June 30, 2001, tangible personal property purchased for use or  
67 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code  
68 and organized primarily for the purpose of operating a state-licensed day-care center or a preschool that  
69 hires only certified public school teachers or teachers who are college graduates holding a degree from  
70 an accredited four-year institution of higher education and certified by an organization recognized by the  
71 U.S. Department of Education or by some other nationally recognized organization, and which has a  
72 regularly prescribed curriculum.

73 10. From July 1, 1989, through June 30, 2001, personal property purchased for use or consumption  
74 by a private, nonprofit corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue  
75 Code, which operates a county public library, and such library is also used as a recreational center for  
76 county residents.

77 11. From July 1, 1989, through June 30, 2001, tangible personal property purchased for use or  
78 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code  
79 and organized primarily for the purpose of operating a public library.

80 12. From July 1, 1990, through June 30, 2001, tangible personal property and services purchased for  
81 use by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code, which is  
82 organized and operated primarily for the purpose of encouraging participation in the free enterprise  
83 system through information programs directed to secondary schools and college students, college  
84 scholarship programs, and recognition of achievement in the American free enterprise system.

85 13. From July 1, 1990, through June 30, 2001, tangible personal property purchased for use or  
86 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
87 Revenue Code and organized primarily for the purpose of operating an arts center which offers and  
88 sponsors a year-round schedule of art education classes for adults and children, a continuous series of  
89 exhibits focusing on twentieth century art, and a wide range of seminars for the public at no or a  
90 nominal charge.

91 14. From July 1, 1991, through June 30, 2001, tangible personal property purchased for use or  
92 consumption by a nonprofit volunteer organization which is exempt from taxation under § 501 (c) (3) of  
93 the Internal Revenue Code and which is organized and operated exclusively for the purpose of  
94 enhancing education by assisting a city public library with its physical and service needs.

95 15. From July 1, 1991, through June 30, 2001, tangible personal property purchased for use or  
96 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
97 Revenue Code and organized exclusively to combat illiteracy by tutoring and training adults and by  
98 increasing community awareness of the illiteracy problem.

99 16. From July 1, 1995, through June 30, 2001, tangible personal property purchased for use or  
100 consumption by a nonprofit volunteer organization which is exempt from taxation under § 501 (c) (3) of  
101 the Internal Revenue Code and which is organized exclusively for the purpose of raising funds for grant  
102 aid to any state, county or municipal library open to the public within the boundaries of the Eighth  
103 Planning District established pursuant to § 15.2-4203.

104 17. From July 1, 1995, through June 30, 2001, tangible personal property purchased for use or  
105 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
106 Revenue Code and organized to provide educational and recreational services for at-risk youth and  
107 which maintains a partnership with a magnet school within the boundaries of the Twenty-third Planning  
108 District established pursuant to § 15.2-4203.

109 18. From July 1, 1995, through June 30, 2001, tangible personal property purchased for use or  
110 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
111 Revenue Code and organized to provide specialized information and referral services, education  
112 programs and advocacy on behalf of deaf and hard-of-hearing persons within the boundaries of the  
113 Eighth Planning District established pursuant to § 15.2-4203.

114 19. From July 1, 1995, through June 30, 2001, tangible personal property purchased for use or  
115 consumption by a nonprofit research, educational, and communications organization exempt from  
116 taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively to promote  
117 highway safety.

118 20. From July 1, 1996, through June 30, 2001, tangible personal property purchased for use or  
119 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
120 Revenue Code and organized as a consortium of not less than forty private, historically black colleges

and universities for the purposes of raising funds, providing program services, and offering technical services to support its member colleges and universities and their students.

21. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized and operated (i) to conduct and publish educational research for public school improvement, reform, and teacher education and (ii) to disseminate such research in the community to encourage residents to take an interest in the teaching and learning activities of local schools.

22. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code which designs, equips and operates educational telecommunications networks and classrooms serving schools and colleges within the Commonwealth and whose activities include purchasing audio-visual equipment, contracting for transmission services and training teachers.

23. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code which is organized for the exclusive purpose of supporting reading education programs for all Virginia citizens, accomplished through local councils, special interest councils, teacher-training programs and annual conventions where ideas, techniques and methods are shared by educator members who will use the acquired knowledge in direct reading education.

24. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit scientific, educational, and charitable organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively for the purpose of emphasizing scientific investigation and holding an annual science fair for students within the boundaries of the Tenth Planning District established pursuant to § 15.2-4203.

25. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized to provide residential treatment and educational services to abused children and their families and to operate a Head Start program.

26. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized to educate the public about animal agriculture and its importance to the quality of life of citizens, and to support research and education to continuously improve animal agriculture production practices.

27. From July 1, 1997, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively to promote and advance the interests of vocational-technical education in the public schools.

28. From July 1, 1998, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively to operate a school which provides an ecumenical Christian education for students in grades seven through twelve and to develop Christian study programs and to train teachers for excellence in education.

29. From July 1, 1998, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit corporation located in the Tidewater region, exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively to nurture pre-school children of parents pursuing self-sufficiency, by providing an affordable, quality education program.

30. From July 1, 1998, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized for the purposes of (i) developing a pool of data processing professionals who will share their knowledge and business expertise with members of the organization and other members of the community who are evaluating information technology for ongoing endeavors, (ii) sponsoring high school computer competitions, community computer training camps, and free data processing workshops and classes, and (iii) providing college scholarships to computer competition team members.

31. From July 1, 2000, through June 30, 2001, tangible personal property purchased for use or consumption by a nonprofit corporation located within the boundaries of the Eighth Planning District established pursuant to § 15.2-4203, exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized to design and deliver educational programs for (i) older persons by older persons, including disabled, low-income and minority individuals, for the purpose of keeping older persons up-to-date in technology, psychology and health maintenance and (ii) the purpose of exploring human values, the philosophical underpinnings of community service, and the ultimate meaning of life.

32. From July 1, 2000, through June 30, 2001, tangible personal property purchased for use or

182 consumption by a nonprofit corporation in Central Virginia, located within the boundaries of the  
183 Eleventh Planning District established pursuant to §15.2-4203, exempt from taxation under § 501 (c) (3)  
184 of the Internal Revenue Code and organized to coordinate professionals, expertise, curricular materials,  
185 funds and school personnel to (i) create educational programs that raise community awareness regarding  
186 watershed health, (ii) collect data about the watershed so as to help further soil, water and habitat  
187 conservation in the community, and (iii) design replicable project models that can be of use to rural  
188 Virginia's schools and communities, all through hands-on learning experiences.

189 33. From July 1, 2000, through June 30, 2001, tangible personal property purchased for use or  
190 consumption by a nonprofit organization located within the boundaries of the Fifteenth Planning District  
191 established pursuant to § 15.2-4203, exempt from taxation pursuant to § 501 (c) (3) of the Internal  
192 Revenue Code and organized for the purpose of providing opportunities for international educational  
193 exchange for foreign high school students to visit Virginia, and for Virginia high school students to visit  
194 foreign countries.