

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 58.1-609.3 of the Code of Virginia, relating to commercial and*
3 *industrial sales and use tax exemption; certified pollution control equipment and natural gas and oil*
4 *drilling equipment.*

5 [H 2830]

6 Approved

7 **Be it enacted by the General Assembly of Virginia:**8 **1. That § 58.1-609.3 of the Code of Virginia is amended and reenacted as follows:**

9 § 58.1-609.3. Commercial and industrial exemptions.

10 The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606
11 shall not apply to the following:12 1. Personal property purchased by a contractor which is used solely in another state or in a foreign
13 country, which could be purchased by such contractor for such use free from sales tax in such other
14 state or foreign country, and which is stored temporarily in Virginia pending shipment to such state or
15 country.16 2. (i) Industrial materials for future processing, manufacturing, refining, or conversion into articles of
17 tangible personal property for resale where such industrial materials either enter into the production of or
18 become a component part of the finished product; (ii) industrial materials that are coated upon or
19 impregnated into the product at any stage of its being processed, manufactured, refined, or converted for
20 resale; (iii) machinery or tools or repair parts therefor or replacements thereof, fuel, power, energy, or
21 supplies, used directly in processing, manufacturing, refining, mining or converting products for sale or
22 resale; (iv) materials, containers, labels, sacks, cans, boxes, drums or bags for future use for packaging
23 tangible personal property for shipment or sale; or (v) equipment, printing or supplies used directly to
24 produce a publication described in subdivision 3 of § 58.1-609.6 whether it is ultimately sold at retail or
25 for resale or distribution at no cost. Machinery, tools and equipment, or repair parts therefor or
26 replacements thereof, shall be exempt if the preponderance of their use is directly in processing,
27 manufacturing, refining, mining or converting products for sale or resale. The provisions of this
28 subsection do not apply to the drilling, extraction, refining, or processing of oil, gas, natural gas and
29 coalbed methane gas.30 3. Tangible personal property sold or leased to (i) a public service corporation subject to a state
31 franchise or license tax upon gross receipts, (ii) a telecommunications company as defined in
32 § 58.1-400.1, or (iii) a telephone company chartered in the Commonwealth which is exclusively a local
33 mutual association and is not designated to accumulate profits for the benefit of, or to pay dividends to,
34 the stockholders or members thereof, for use or consumption by such corporation, company, person or
35 mutual association directly in the rendition of its public service; and tangible personal property sold or
36 leased to a public service corporation engaged in business as a common carrier of property or
37 passengers by motor vehicle or railway, for use or consumption by such common carrier directly in the
38 rendition of its public service.39 4. Ships or vessels, or repairs and alterations thereof, used or to be used exclusively or principally in
40 interstate or foreign commerce; fuel and supplies for use or consumption aboard ships or vessels plying
41 the high seas, either in intercoastal trade between ports in the Commonwealth and ports in other states
42 of the United States or its territories or possessions, or in foreign commerce between ports in the
43 Commonwealth and ports in foreign countries, when delivered directly to such ships or vessels; or
44 tangible personal property used directly in the building, conversion or repair of the ships or vessels
45 covered by this subdivision. This exemption shall include dredges, their supporting equipment, attendant
46 vessels, and fuel and supplies for use or consumption aboard such vessels, provided the dredges are used
47 exclusively or principally in interstate or foreign commerce.48 5. Tangible personal property purchased for use or consumption directly and exclusively in basic
49 research or research and development in the experimental or laboratory sense.50 6. Tangible personal property sold or leased to an airline operating in intrastate, interstate or foreign
51 commerce as a common carrier providing scheduled air service on a continuing basis to one or more
52 Virginia airports at least one day per week, for use or consumption by such airline directly in the
53 rendition of its common carrier service.

54 7. Meals furnished by restaurants or food service operators to employees as a part of wages.

55 8. Tangible personal property including machinery and tools, repair parts or replacements thereof,
56 and supplies and materials used directly in maintaining and preparing textile products for rental or

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57 leasing by an industrial processor engaged in the commercial leasing or renting of laundered textile
58 products.

59 9. (i) Certified pollution control equipment and facilities as defined in § 58.1-3660 and (ii) effective
60 retroactive to July 1, 1994, and ~~through June 30, 2001~~ *ending July 1, 2006*, certified pollution control
61 equipment and facilities as defined in § 58.1-3660 and which, in accordance with such section, have
62 been certified by the Department of Mines, Minerals and Energy for coal, oil and gas production,
63 including gas, natural gas, and coalbed methane gas.

64 10. Parts, tires, meters and dispatch radios sold or leased to taxicab operators for use or consumption
65 directly in the rendition of their services.

66 11. High speed electrostatic duplicators or any other duplicators which have a printing capacity of
67 4,000 impressions or more per hour purchased or leased by persons engaged primarily in the printing or
68 photocopying of products for sale or resale.

69 12. From July 1, 1994, ~~through June 30, 2001~~ *and ending July 1, 2006*, raw materials, fuel, power,
70 energy, supplies, machinery or tools or repair parts therefor or replacements thereof, used directly in the
71 drilling, extraction, refining, or processing of natural gas or oil and the reclamation of the well area. For
72 the purposes of this section, the term "natural gas" shall mean "gas," "natural gas," and "coalbed
73 methane gas" as defined in § 45.1-361.1. For the purposes of this section, "drilling," "extraction,"
74 "refining," and "processing" shall include production, inspection, testing, dewatering, dehydration, or
75 distillation of raw natural gas into a usable condition consistent with commercial practices, and the
76 gathering and transportation of raw natural gas to a facility wherein the gas is converted into such a
77 usable condition. Machinery, tools and equipment, or repair parts therefor or replacements thereof, shall
78 be exempt if the preponderance of their use is directly in the drilling, extraction, refining, or processing
79 of natural gas or oil for sale or resale, or in well area reclamation activities required by state or federal
80 law.

81 13. From July 1, 1997, through June 30, 2001, (i) the sale, lease, use, storage, consumption, or
82 distribution of an orbital or suborbital space facility, space propulsion system, space vehicle, satellite, or
83 space station of any kind possessing space flight capability, including the components thereof,
84 irrespective of whether such facility, system, vehicle, satellite, or station is returned to this
85 Commonwealth for subsequent use, storage or consumption in any manner when used to conduct
86 spaceport activities; (ii) the sale, lease, use, storage, consumption or distribution of tangible personal
87 property placed on or used aboard any orbital or suborbital space facility, space propulsion system,
88 space vehicle, satellite or space station of any kind, irrespective of whether such tangible personal
89 property is returned to this Commonwealth for subsequent use, storage or consumption in any manner
90 when used to conduct spaceport activities; (iii) fuels of such quality not adapted for use in ordinary
91 vehicles, being produced for, sold and exclusively used for space flight when used to conduct spaceport
92 activities; (iv) the sale, lease, use, storage, consumption or distribution of machinery and equipment
93 purchased, sold, leased, rented or used exclusively for spaceport activities and the sale of goods and
94 services provided to operate and maintain launch facilities, launch equipment, payload processing
95 facilities and payload processing equipment used to conduct spaceport activities.

96 For purposes of this subdivision, "spaceport activities" means activities directed or sponsored at a
97 facility owned, leased, or operated by or on behalf of the Virginia Commercial Space Flight Authority.

98 The exemptions provided by this subdivision shall not be denied by reason of a failure,
99 postponement or cancellation of a launch of any orbital or suborbital space facility, space propulsion
100 system, space vehicle, satellite or space station of any kind or the destruction of any launch vehicle or
101 any components thereof.