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SENATE BILL NO. 78

Offered January 9, 2002

Prefiled January 4, 2002

A BILL to amend and reenact § 58.1-3712 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 58.1-3713.6, relating to license taxes on businesses severing gases from the earth.

Patrons—Wampler and Puckett

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3712 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 58.1-3713.6 as follows:

§ 58.1-3712. Counties and cities authorized to levy severance tax on coal and gases.

The governing body of any county or city may levy a license tax on every person engaging in the business of severing coal or gases from the earth. Such tax shall be at a rate not to exceed one percent of the gross receipts from the sale of coal or gases severed within such county. Such gross receipts shall be the fair market value measured at the time such coal or gases are utilized or sold for utilization in such county or city or at the time they are placed in transit for shipment therefrom, provided that if the tax provided herein is levied, such county or city cannot enact the provisions of § 58.1-3286 relating to a tax on gross receipts. The fair market value at the time gases are placed in transit for shipment outside the county or city means the fair market value at the time such gases are severed from the earth at a wellhead. Every ordinance levying a license tax on persons engaging in the business of severing gases from the earth shall include a provision stating that, "The fair market value at the time gases are placed in transit for shipment outside the county or city, pursuant to § 58.1-3712 of the Code of Virginia, shall mean the fair market value at the time such gases are severed from the earth at a wellhead."

Any county or city enacting a license tax under this section may require producers of coal or gas and common carriers to maintain records and file reports showing the quantities of and receipts from coal or gases which they have produced or transported.

§ 58.1-3713.6. Additional one percent tax on gas.

Notwithstanding the rate limitations established in §§ 58.1-3712, 58.1-3713, and 58.1-3713.4, a county or city may levy an additional license tax on every person engaging in the business of severing gases from the earth. The license tax shall be at a rate not to exceed one percent of the gross receipts from the sale of gases severed within the county or city. The provisions of § 58.1-3712 as they relate to measurement of gross receipts, filing of reports and record keeping shall be applicable to the tax imposed under this section.

The moneys collected for each county or city from the tax imposed under this section shall be deposited in a special fund of such county or city to be called the Water Projects Development Fund of such county or city and shall be used exclusively to fund the construction of new and improved water systems and lines in areas with natural water supplies that are insufficient in quality or quantity. The provisions of § 58.1-3713.01 as they relate to the development and adoption, by resolution, of an annual plan for such water projects and an annual plan for the funding of such water projects in such areas shall also apply to this section. A county or city shall not expend revenues from the tax authorized by this section in a manner that is inconsistent with the priority for funding set forth in an approved plan. Any county or city levying an additional license tax imposed under this section shall certify to the State Auditor of Public Accounts by April 1 of each year the following information for the preceding calendar year (i) the moneys collected from such tax, (ii) the amount deposited in its Water Projects Development Fund, and (iii) the expenditures from its Water Projects Development Fund.

2. That the provisions of this act shall be effective for any license year beginning on or after January 1, 2002.

3. That any county or city may not assess any interest or penalty for late payment of severance taxes for license year 2002 due solely to the assessment of the additional tax authorized under this act.

INTRODUCED

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