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HOUSE BILL NO. 863

Offered January 9, 2002

Prefiled January 9, 2002

A BILL to amend and reenact §§ 58.1-3712, 58.1-3712.1 and 58.1-3713.4 of the Code of Virginia, relating to gross receipts for local severance tax purposes.

Patron—Phillips

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3712, 58.1-3712.1 and 58.1-3713.4 of the Code of Virginia are amended and reenacted 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. *In calculating the fair market value, no deduction shall be allowed for depreciation, marketing fees, overhead, maintenance, transportation fees, and personal property taxes.*

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.

§ 58.1-3712.1. Counties and cities authorized to levy severance tax on oil.

The governing body of any county or city may levy a license tax on every person engaging in the business of severing oil from the earth. Such tax shall be at a rate equal to one-half of one percent of the gross receipts from the sale of oil severed in such county or city. Such gross receipts shall be the fair market value measured at the time such oil is utilized or sold for utilization in such county or city or at the time such oil is placed in transit for shipment therefrom. *In calculating the fair market value, no deduction shall be allowed for depreciation, marketing fees, overhead, maintenance, transportation fees, and personal property taxes.*

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

§ 58.1-3713.4. Additional one percent tax on gas.

Notwithstanding the rate limitations established in §§ 58.1-3712 and 58.1-3713, 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 shall be applicable to this section.* The revenue received from such additional tax shall be paid into the general fund of the county or city from where the gases are severed. However, in the Counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise and the City of Norton one-half of the revenues derived from such tax shall be paid to the Virginia Coalfield Economic Development Fund.

INTRODUCED

HB863