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HOUSE BILL NO. 106**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Appropriations
on February 17, 2004)

(Patron Prior to Substitute—Delegate Sherwood)

A BILL to amend and reenact §§ 58.1-2402 and 58.1-2425 of the Code of Virginia, relating to authorizing the Virginia Public Building Authority to finance the undertaking, development, acquisition and construction of the State Agency Radio System (STARS), Phase I and to impose a vehicle rental fee to fund the related debt service.

Be it enacted by the General Assembly of Virginia:

- 1. That §§ 58.1-2402 and 58.1-2425 of the Code of Virginia are amended and reenacted as follows:**
§ 58.1-2402. Levy.

A. There is hereby levied, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the sale or use of motor vehicles in Virginia, other than (i) vehicles with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more, or (ii) a sale to or use by a person for rental as an established business or part of an established business or incidental or germane to such business.

There shall also be levied a tax upon the rental of a motor vehicle in Virginia, without regard to whether such vehicle is required to be licensed by the Commonwealth. However, such tax shall not be levied upon a rental to a person for re-rental as an established business or part of an established business, or incidental or germane to such business.

The amount of the tax to be collected shall be determined by the Commissioner by the application of the following rates against the gross sales price or gross proceeds:

1. Three percent of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is a manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each such manufactured home sold in this Commonwealth; if such vehicle is a mobile office as defined in § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in this Commonwealth.

2. Three percent of the sale price of each motor vehicle, or three percent of the sale price of each manufactured home as defined in § 36-85.3, or two percent of the sale price of each mobile office as defined in § 58.1-2401, not sold in Virginia but used or stored for use in this Commonwealth. When any such motor vehicle or manufactured home is first used or stored for use in Virginia six months or more after its acquisition, the tax shall be based on its current market value.

3. Four percent of the gross proceeds from the rental in Virginia of any motor vehicle, except those with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more.

4. In addition to the tax levied pursuant to subdivision A 3, a tax of four percent of the gross proceeds shall be levied on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth.

5. In addition to all other applicable taxes and fees, a fee of two percent of the gross proceeds shall be imposed on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth.

56. The minimum tax levied on the sale of any motor vehicle in the Commonwealth shall be thirty-five dollars, except as provided by those exemptions defined in § 58.1-2403.

B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall the same transaction be taxed more than once under either subdivision. A motor vehicle subject to the tax imposed under subdivision A 3 shall be subject to the tax under either subdivision A 1 or A 2 when it ceases to be used for rental as an established business or part of an established business, or incidental or germane to such business.

C. Any motor vehicle, trailer or semitrailer exempt from this tax under subdivision 1 or 2 of § 58.1-2403 shall be subject to the tax, based on the current market value when such vehicle is no longer owned, rented or used by the United States government or any governmental agency, or the Commonwealth of Virginia or any political subdivision thereof. Further, any motor vehicle, trailer or semitrailer exempt from the tax imposed by this chapter under subdivision 11 of § 58.1-2403 or §§ 46.2-663 through 46.2-674 shall be subject to the tax, based on the current market value, when such vehicle is subsequently licensed to operate on the highways of this Commonwealth.

D. Any person who with intent to evade or to aid another person to evade the tax provided for herein, falsely states the selling price of a vehicle on a bill of sale, assignment of title, application for title, or any other document or paper submitted to the Commissioner pursuant to any provisions of this title or Title 46.2, shall be guilty of a Class 3 misdemeanor.

60 E. Effective January 1, 1997, any amount designated as a "processing fee" and any amount charged
 61 by a dealer for processing a transaction, which is required to be included on a buyer's order pursuant to
 62 subdivision 10 of § 46.2-1530, shall be subject to the tax.

63 § 58.1-2425. Disposition of revenues.

64 A. All funds collected hereunder by the Commissioner shall be forthwith paid into the state treasury.
 65 Except as otherwise provided in this section, these funds shall constitute special funds within the
 66 Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the year shall
 67 be available for use in subsequent years for the purposes set forth in this chapter, and any interest
 68 income on such funds shall accrue to these funds. The revenue so derived, after refunds have been
 69 deducted, is hereby allocated for the construction, reconstruction and maintenance of highways and the
 70 regulation of traffic thereon and for no other purpose. However, (i) all funds collected pursuant to the
 71 provisions of this chapter from manufactured homes, as defined in § 46.2-100, shall be distributed to the
 72 city, town, or county wherein such manufactured home is to be situated as a dwelling; (ii) all funds
 73 collected from the additional tax imposed by subdivision A 4 of § 58.1-2402 on the rental of daily rental
 74 vehicles shall be distributed quarterly to the city, town, or county wherein such vehicle was delivered to
 75 the rentee; (iii) effective January 1, 1987, an amount equivalent to the net additional revenues generated
 76 by enactments of the 1986 Special Session of the Virginia General Assembly which amended
 77 §§ 46.2-694, 46.2-697, 58.1-2401, 58.1-2402 and this section shall be distributed to and paid into the
 78 Transportation Trust Fund, a special fund within the Commonwealth Transportation Fund, and are
 79 hereby appropriated to the Commonwealth Transportation Board for transportation needs; and (iv) except
 80 as otherwise provided in clause (iii) of this sentence, all moneys collected from the tax on the gross
 81 proceeds from the rental in Virginia of any motor vehicle pursuant to subdivision A 3 of § 58.1-2402 at
 82 the tax rate in effect on December 31, 1986, shall be paid by the Commissioner into the state treasury
 83 and shall be set aside in a special fund within the Commonwealth Transportation Fund to be used to
 84 meet the expenses of the Department of Motor Vehicles; and (v) *all additional revenues resulting from*
 85 *the fee imposed under subdivision A 5 of § 58.1-2402 as enacted by the 2004 Session of the General*
 86 *Assembly shall be used to pay the debt service on the bonds issued by the Virginia Public Building*
 87 *Authority for the State Agency Radio System for the Department of State Police pursuant to the*
 88 *authority granted by the 2004 Session of the General Assembly.*

89 B. As provided in subsection A of § 58.1-638, of the funds becoming part of the Transportation
 90 Trust Fund pursuant to clause (iii) of subsection A of this section, an aggregate of 4.2 percent shall be
 91 set aside as the Commonwealth Port Fund; an aggregate of 2.4 percent shall be set aside as the
 92 Commonwealth Airport Fund; and an aggregate of 14.5 percent in fiscal year 1998-1999 and 14.7
 93 percent in fiscal year 1999-2000 and thereafter shall be set aside as the Commonwealth Mass Transit
 94 Fund.

95 2. § 1. *That pursuant to § 2.2-2264 of the Code of Virginia, the General Assembly hereby authorizes the*
 96 *Virginia Public Building Authority to undertake the development, acquisition, construction, improvement,*
 97 *and furnishing of the following project including, without limitation, constructing, improving, furnishing,*
 98 *maintaining, acquiring, and renovating buildings, facilities, improvements and land therefore; and to*
 99 *exercise any and all powers granted to it by law in connection therewith, including the power to finance*
 100 *all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount not to*
 101 *exceed \$159,300,000 plus amounts needed to fund issuance costs, reserve funds, original issue discount,*
 102 *interest prior to and during acquisition, construction or renovation and for up to one year after*
 103 *completion thereof, and other financing expenses.*

104 Agency	Project	Amount
106 Department of State		
108 Police System (STARS)	State Agency Radio	\$159,300,000

112 *The State Agency Radio System (STARS) project may consist of, but is not limited to, land, mobile*
 113 *telecommunications equipment and towers, software, radio frequency rights and licenses,*
 114 *communications control buildings and facilities, related infrastructure, and other project costs necessary,*
 115 *incidental or convenient to undertake, develop, acquire and construct the integrated statewide shared*
 116 *land-mobile radio communications system for the Commonwealth and its localities and governmental*
 117 *units. The authorization provided in this act shall constitute the first phase of the STARS project.*

118 § 2. *The Virginia Public Building Authority is also authorized to exercise any and all powers granted*
 119 *to it by law in connection therewith, including the power to finance the cost thereof by the issuance of*
 120 *revenue bonds not to exceed the principal amount set forth above plus amounts needed to fund issuance*

- 121** *costs, reserve funds, original issue discount, interest prior to or during improvement and for up to one*
122 *year after completion, and other financing expenses.*