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HOUSE BILL NO. 1090

Offered January 14, 2004

Prefiled January 14, 2004

A BILL to amend and reenact §§ 58.1-605, 58.1-606, 58.1-608.3, 58.1-611.1, 58.1-614, and 58.1-628 of the Code of Virginia, relating to an optional local sales and use tax in any locality that is embraced within the Washington Metropolitan Area Transit Authority, with the revenues therefrom to be used for mass transit purposes.

Patrons—Scott, J.M. and Plum; Senators: Howell and Ticer

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-605, 58.1-606, 58.1-608.3, 58.1-611.1, 58.1-614, and 58.1-628 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-605. To what extent and under what conditions cities and counties may levy local sales taxes; collection thereof by Commonwealth and return of revenue to each city or county entitled thereto.

A. No county, city or town shall impose any local general sales or use tax or any local general retail sales or use tax except as authorized by this section.

B. The council of any city and the governing body of any county may levy a general retail sales tax at the rate of one percent to provide revenue for the general fund of such city or county. Such tax shall be added to the rate of the state sales tax imposed by §§ 58.1-603 and 58.1-604 and shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. The applicable brackets of prices shall be as prescribed in § 58.1-628 for the combined state and local tax. No discount under § 58.1-622 shall be allowed on a local sales tax.

C. The council of any city and the governing body of any county desiring to impose a local sales tax under this section may do so by the adoption of an ordinance stating its purpose and referring to this section, and providing that such ordinance shall be effective on the first day of a month at least ~~sixty~~60 days after its adoption. A certified copy of such ordinance shall be forwarded to the Tax Commissioner so that it will be received within five days after its adoption.

D. Any local sales tax levied under this section shall be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as provided for the state sales tax, with the adjustments required by § 58.1-628.

E. All local sales tax moneys collected by the Tax Commissioner under this section shall be paid into the state treasury to the credit of a special fund which is hereby created on the Comptroller's books under the name "Collections of Local Sales Taxes." Such local sales tax moneys shall be credited to the account of each particular city or county levying a local sales tax under this section. The basis of such credit shall be the city or county in which the sales were made as shown by the records of the Department and certified by it monthly to the Comptroller, namely, the city or county of location of each place of business of every dealer paying the tax to the Commonwealth without regard to the city or county of possible use by the purchasers. If a dealer has any place of business located in more than one political subdivision by reason of the boundary line or lines passing through such place of business, the amount of sales tax paid by such a dealer with respect to such place of business shall be treated for the purposes of this section as follows: one-half shall be assignable to each political subdivision where two are involved, one-third where three are involved, and one-fourth where four are involved.

F. As soon as practicable after the local sales tax moneys have been paid into the state treasury in any month for the preceding month, the Comptroller shall draw his warrant on the Treasurer of Virginia in the proper amount in favor of each city or county entitled to the monthly return of its local sales tax moneys, and such payments shall be charged to the account of each such city or county under the special fund created by this section. If errors are made in any such payment, or adjustments are otherwise necessary, whether attributable to refunds to taxpayers, or to some other fact, the errors shall be corrected and adjustments made in the payments for the next six months as follows: one-sixth of the total adjustment shall be included in the payments for the next six months. In addition, the payment shall include a refund of amounts erroneously not paid to the city or county and not previously refunded during the three years preceding the discovery of the error. A correction and adjustment in payments described in this subsection due to the misallocation of funds by the dealer shall be made within three years of the date of the payment error.

G. Such payments to counties are subject to the qualification that in any county wherein is situated any incorporated town constituting a special school district and operated as a separate school district

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59 under a town school board of three members appointed by the town council, the county treasurer shall
60 pay into the town treasury for general governmental purposes the proper proportionate amount received
61 by him in the ratio that the school age population of such town bears to the school age population of
62 the entire county. If the school age population of any town constituting a separate school district is
63 increased by the annexation of territory since the last preceding school age population census, such
64 increase shall, for the purposes of this section, be added to the school age population of such town as
65 shown by the last such census and a proper reduction made in the school age population of the county
66 or counties from which the annexed territory was acquired.

67 H. One-half of such payments to counties are subject to the further qualification, other than as set
68 out in subsection G above, that in any county wherein is situated any incorporated town not constituting
69 a separate special school district which has complied with its charter provisions providing for the
70 election of its council and mayor for a period of at least four years immediately prior to the adoption of
71 the sales tax ordinance, the county treasurer shall pay into the town treasury of each such town for
72 general governmental purposes the proper proportionate amount received by him in the ratio that the
73 school age population of each such town bears to the school age population of the entire county, based
74 on the latest statewide school census. The preceding requirement pertaining to the time interval between
75 compliance with election provisions and adoption of the sales tax ordinance shall not apply to a tier-city.
76 If the school age population of any such town not constituting a separate special school district is
77 increased by the annexation of territory or otherwise since the last preceding school age population
78 census, such increase shall, for the purposes of this section, be added to the school age population of
79 such town as shown by the last such census and a proper reduction made in the school age population
80 of the county or counties from which the annexed territory was acquired.

81 I. Notwithstanding the provisions of subsection H, the board of supervisors of a county may, in its
82 discretion, appropriate funds to any incorporated town not constituting a separate school district within
83 such county which has not complied with the provisions of its charter relating to the elections of its
84 council and mayor, an amount not to exceed the amount it would have received from the tax imposed
85 by this chapter if such election had been held.

86 J. It is further provided that if any incorporated town which would otherwise be eligible to receive
87 funds from the county treasurer under subsection G or H of this section be located in a county which
88 does not levy a general retail sales tax under the provisions of this law, such town may levy a general
89 retail sales tax at the rate of one percent to provide revenue for the general fund of the town, subject to
90 all the provisions of this section generally applicable to cities and counties. Any tax levied under the
91 authority of this subsection shall in no case continue to be levied on or after the effective date of a
92 county ordinance imposing a general retail sales tax in the county within which such town is located.

93 *K. 1. In addition to the one percent general retail sales tax authorized by this section, any county or*
94 *city embraced within the Washington Metropolitan Area Transit Authority may levy an additional*
95 *one-half of one percent general retail sales tax. The council of any such city and the governing body of*
96 *any such county desiring to impose the additional local sales tax authorized under this subsection may*
97 *do so by the adoption of an ordinance stating its purpose and referring to this subsection, and*
98 *providing that such ordinance shall be effective the later of the first day of a month at least 60 days*
99 *after its adoption or the first day of the month after which at least one other such city or county shall*
100 *have adopted such an ordinance and the total population within the counties or cities having adopted*
101 *such an ordinance comprises at least 50 percent of the total population of the counties and cities*
102 *embraced within the Washington Metropolitan Area Transit Authority. Such ordinance shall also provide*
103 *that for each year such tax is imposed, the county's or city's real estate tax rate shall be decreased in*
104 *the following year so that total annual real estate revenues will be reduced by an amount equivalent to*
105 *40 percent of the total revenues in the prior year from the additional sales tax.*

106 *2. All tax moneys collected by the Tax Commissioner and attributable to the additional local sales*
107 *tax authorized under this subsection shall be paid into the state treasury to the credit of a special fund*
108 *that is hereby created on the Comptroller's books under the name "Collections of Local Sales Taxes for*
109 *Mass Transit." Such moneys shall be credited to the account of each particular city or county levying*
110 *such additional local sales tax. The basis of such credit shall be the city or county in which the sales*
111 *were made as shown by the records of the Department and certified by it monthly to the Comptroller,*
112 *namely, the city or county of location of each place of business of every dealer paying the tax to the*
113 *Commonwealth without regard to the city or county of possible use by the purchasers.*

114 *3. All moneys distributed to a county or city from the "Collections of Local Sales Taxes for Mass*
115 *Transit" special fund shall be used solely to pay for or promote mass transit systems.*

116 *4. The provisions of subsections A, B, C, D, E, and F shall be applicable to the tax authorized under*
117 *this subsection for purposes of the administration of, and distribution of moneys collected under, such*
118 *tax.*

119 § 58.1-606. To what extent and under what conditions cities and counties may levy local use tax;
120 collection thereof by Commonwealth and return of revenues to the cities and counties.

A. The council of any city and the governing body of any county which has levied or may hereafter levy a city or county sales tax under § 58.1-605 may levy a city or county use tax at the rate of one percent to provide revenue for the general fund of such city or county. Such tax shall be added to the rate of the state use tax imposed by this chapter and shall be subject to all the provisions of this chapter, and all amendments thereof, and the rules and regulations published with respect thereto, except that the applicable brackets of prices shall be as prescribed in § 58.1-628 for the combined state and local tax, and except that no discount under § 58.1-622 shall be allowed on a local use tax.

B. The council of any city and the governing body of any county desiring to impose a local use tax under this section may do so in the manner following:

1. If the city or county has previously imposed the local sales tax authorized by § 58.1-605, the local use tax may be imposed by the council or governing body by the adoption of a resolution by a majority of all the members thereof, by a recorded yea and nay vote, stating its purpose and referring to this section, and providing that the local use tax shall become effective on the first day of a month at least sixty days after the adoption of the resolution. A certified copy of such resolution shall be forwarded to the Tax Commissioner so that it will be received within five days after its adoption. The resolution authorized by this paragraph may be adopted in the manner stated notwithstanding any other provision of law, including any charter provision.

2. If the city or county has not imposed the local sales tax authorized by § 58.1-605, the local use tax may be imposed by ordinance together with the local sales tax in the manner set out in subsections B and C of § 58.1-605.

C. Any local use tax levied under this section shall be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as provided for the state use tax, with the adjustments required by § 58.1-628.

D. The local use tax authorized by this section shall not apply to transactions to which the sales tax applies, the situs of which for state and local sales tax purposes is the city or county of location of each place of business of every dealer paying the tax to the Commonwealth without regard to the city or county of possible use by the purchasers. However, the local use tax authorized by this section shall apply to tangible personal property purchased without this Commonwealth for use or consumption within the city or county imposing the local use tax, or stored within the city or county for use or consumption, where the property would have been subject to the sales tax if it had been purchased within this Commonwealth. The local use tax shall also apply to leases or rentals of tangible personal property where the place of business of the lessor is without this Commonwealth and such leases or rentals are subject to the state tax. Moreover, the local use tax shall apply in all cases in which the state use tax applies.

E. Out-of-state dealers who hold certificates of registration to collect the use tax from their customers for remittance to this Commonwealth shall, to the extent reasonably practicable, in filing their monthly use tax returns with the Tax Commissioner, break down their shipments into this Commonwealth by cities and counties so as to show the city or county of destination. If, however, the out-of-state dealer is unable accurately to assign any shipment to a particular city or county, the local use tax on the tangible personal property involved shall be remitted to the Commonwealth by such dealer without attempting to assign the shipment to any city or county.

F. Local use tax revenue shall be distributed among the cities and counties for which it is collected, respectively, as shown by the records of the Department, and the procedure shall be the same as that prescribed for distribution of local sales tax revenue under § 58.1-605. The local use tax revenue that is not accurately assignable to a particular city or county shall be distributed monthly by the appropriate state authorities among the cities and counties in this Commonwealth imposing the local use tax upon the basis of taxable retail sales in the respective cities and counties in which the local sales and use tax was in effect in the taxable month involved, as shown by the records of the Department, and computed with respect to taxable retail sales as reflected by the amounts of the local sales tax revenue distributed among such cities and counties, respectively, in the month of distribution. Notwithstanding any other provision of this section, the Tax Commissioner shall develop a uniform method to distribute local use tax. Any significant changes to the method of local use tax distribution shall be phased in over a five-year period. Distribution information shall be shared with the affected localities prior to implementation of the changes.

G. All local use tax revenue shall be used, applied or disbursed by the cities and counties as provided in § 58.1-605 with respect to local sales tax revenue.

H. 1. In addition to the one percent use tax authorized by this section, any county or city that may levy the sales tax pursuant to subsection K of § 58.1-605 may levy an additional one-half of one percent local use tax as provided in this subsection.

2. If the city or county imposes the additional local sales tax authorized by subsection K of § 58.1-605, the additional local use tax authorized under this subsection must be imposed by the council

182 of the city or governing body of the county. Such tax must be imposed by the same ordinance imposing
183 the tax pursuant to subdivision K 1 of § 58.1-605 and pursuant to the same conditions.

184 3. All tax moneys collected by the Tax Commissioner and attributable to the additional local use tax
185 authorized under this subsection shall be paid into the state treasury to the credit of the "Collections of
186 Local Sales Taxes for Mass Transit" special fund established under subdivision K 2 of § 58.1-605. Such
187 moneys shall be credited to the cities or counties levying the additional local use tax in the same
188 manner that the one percent use tax is credited to the cities or counties levying that tax.

189 4. All moneys distributed to a county or city from the "Collections of Local Sales Taxes for Mass
190 Transit" special fund shall be used in the manner and for the purposes described in subdivision K 3 of
191 § 58.1-605.

192 5. The provisions of subsections A, C, D, E, and F shall be applicable to the tax authorized under
193 this subsection for purposes of the administration of, and distribution of moneys collected under, such
194 tax.

195 § 58.1-608.3. Entitlement to certain sales tax revenues.

196 A. As used in this section, the following words and terms have the following meanings, unless some
197 other meaning is plainly intended:

198 "Bonds" means any obligations of a municipality for the payment of money.

199 "Cost," as applied to any public facility or to extensions or additions to any public facility, includes:

200 (i) the purchase price of any public facility acquired by the municipality or the cost of acquiring all of
201 the capital stock of the corporation owning the public facility and the amount to be paid to discharge
202 any obligations in order to vest title to the public facility or any part of it in the municipality; (ii)
203 expenses incident to determining the feasibility or practicability of the public facility; (iii) the cost of
204 plans and specifications, surveys and estimates of costs and of revenues; (iv) the cost of all land,
205 property, rights, easements and franchises acquired; (v) the cost of improvements, property or
206 equipment; (vi) the cost of engineering, legal and other professional services; (vii) the cost of
207 construction or reconstruction; (viii) the cost of all labor, materials, machinery and equipment; (ix)
208 financing charges; (x) interest before and during construction and for up to one year after completion of
209 construction; (xi) start-up costs and operating capital; (xii) payments by a municipality of its share of the
210 cost of any multi-jurisdictional public facility; (xiii) administrative expense; (xiv) any amounts to be
211 deposited to reserve or replacement funds; and (xv) other expenses as may be necessary or incident to
212 the financing of the public facility. Any obligation or expense incurred by the public facility in
213 connection with any of the foregoing items of cost may be regarded as a part of the cost.

214 "Municipality" means any county, city, town, authority, commission, or other public entity.

215 "Public facility" means (i) any auditorium, coliseum, convention center, or conference center, which
216 is owned by a Virginia county, city, town, authority, or other public entity and where exhibits, meetings,
217 conferences, conventions, seminars, or similar public events may be conducted; (ii) any hotel which is
218 owned by a foundation whose sole purpose is to benefit a state-supported university and which is
219 attached to and is an integral part of such facility, together with any lands reasonably necessary for the
220 conduct of the operation of such events; or (iii) any hotel which is attached to and is an integral part of
221 such facility. However, such public facility must be located in a city with a population of at least 24,200
222 but no more than 24,500 as determined by the 1990 United States Census, at least 50,000 but no more
223 than 52,500, at least 95,000 but no more than 105,000, or at least 130,000 but no more than 135,000.
224 Any property, real, personal, or mixed, which is necessary or desirable in connection with any such
225 auditorium, coliseum, convention center, or conference center, including, without limitation, facilities for
226 food preparation and serving, parking facilities, and administration offices, is encompassed within this
227 definition. However, structures commonly referred to as "shopping centers" or "malls" shall not
228 constitute a public facility hereunder. In addition, only a new public facility, or a public facility which
229 will undergo a substantial and significant renovation or expansion, shall be eligible under subsection B
230 of this section. A new public facility is one whose construction began after December 31, 1991. A
231 substantial and significant renovation entails a project whose cost is at least fifty percent of the
232 original cost of the facility being renovated and shall have begun after December 31, 1991. A substantial
233 and significant expansion entails an increase in floor space of at least fifty percent over that existing
234 in the preexisting facility and shall have begun after December 31, 1991.

235 "Sales tax revenues" means such tax collections realized under the Virginia Retail Sales and Use Tax
236 Act (§ 58.1-600 et seq.) of Title 58.1, as limited herein. "Sales tax revenues" does not include (i) the
237 revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special
238 Session of the General Assembly which shall be paid to the Transportation Trust Fund as defined in
239 § 33.1-23.03:1, nor shall it include (ii) the one percent of the state sales and use tax revenue distributed
240 among the counties and cities of the Commonwealth pursuant to § 58.1-638 D on the basis of school
241 age population, (iii) the revenue generated by the additional one-half percent local sales tax authorized
242 under subsection K of § 58.1-605, or (iv) the revenue generated by the additional one-half percent local
243 use tax authorized under subsection H of § 58.1-606.

B. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1, 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, or (v) on or after July 1, 2001, but before July 1, 2004, to pay the cost, or portion thereof, of any public facility shall be entitled to all sales tax revenues generated by transactions taking place in such public facility. Such entitlement shall continue for the lifetime of such bonds, which entitlement shall not exceed ~~thirty~~30 years, and all such sales tax revenues shall be applied to repayment of the bonds. The State Comptroller shall remit such sales tax revenues to the municipality on a quarterly basis, subject to such reasonable processing delays as may be required by the Department of Taxation to calculate the actual net sales tax revenues derived from the public facility. The State Comptroller shall make such remittances to eligible municipalities, as provided herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). No such remittances shall be made until construction is completed and, in the case of a renovation or expansion, until the governing body of the municipality has certified that the renovation or expansion is completed.

C. Nothing in this section shall be construed as authorizing the pledging of the faith and credit of the Commonwealth of Virginia, or any of its revenues, for the payment of any bonds. Any appropriation made pursuant to this section shall be made only from sales tax revenues derived from the public facility for which bonds may have been issued to pay the cost, in whole or in part, of such public facility.

§ 58.1-611.1. Rate of tax on sales of food purchased for human consumption; Food Tax Reduction Program.

A. Subject to the conditions of subsections D and E, the tax imposed by §§ 58.1-603 and 58.1-604 on food purchased for human consumption shall be levied and distributed as follows:

1. From January 1, 2000, through March 31, 2001, the tax rate on such food shall be three percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one and one-half percent shall be used for general fund purposes.

2. From April 1, 2001, through March 31, 2002, the tax rate on such food shall be two and one-half percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one percent shall be used for general fund purposes.

3. From April 1, 2002, through March 31, 2003, the tax rate on such food shall be two percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one-half percent shall be used for general fund purposes.

4. On and after April 1, 2003, the tax rate on such food shall be one and one-half percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638 and (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638.

B. The provisions of this section shall not affect the imposition of tax on food purchased for human consumption pursuant to §§ 58.1-605 and 58.1-606.

C. As used in this section, "food purchased for human consumption" has the same meaning as "food" defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that Act, except it shall not include seeds and plants which produce food for human consumption. For the purpose of this section, "food purchased for human consumption" shall not include food sold by any retail establishment where the gross receipts derived from the sale of food prepared by such retail establishment for immediate consumption on or off the premises of the retail establishment constitutes more than 80 percent of the total gross receipts of that retail establishment, including but not limited to motor fuel purchases, regardless of whether such prepared food is consumed on the premises of that retail establishment. For purposes of this section, "retail establishment" means each place of business for which any "dealer," as defined in § 58.1-612, is required to apply for and receive a certificate of registration pursuant to § 58.1-613.

D. Notwithstanding the tax rates set forth in subsection A, the rate of tax on sales of food purchased for human consumption for any 12-month period beginning on or after April 1, 2001, shall not be

reduced below the rate then in effect for the Commonwealth's current fiscal year if:

1. Actual general fund revenues for the fiscal year preceding a fiscal year in which a rate reduction is contemplated in subsection A do not exceed the official general fund revenue estimates for such preceding fiscal year, as estimated in the most recently enacted and approved general appropriation act, by at least one percent; or

2. Any of the events listed in subsection C of § 58.1-3524 or subsection B of § 58.1-3536 have occurred during the then current fiscal year.

E. If the tax rate on food purchased for human consumption remains the same for the period January 1, 2000, through March 31, 2001, and the subsequent 12-month period beginning on April 1, 2001, or with respect to any consecutive 12-month periods beginning on and after April 1, 2001, the tax rate on such food shall remain the same unless none of the conditions described in subsection D have occurred, in which event the tax rate on food purchased for human consumption for the immediately following 12-month period shall be equal to the next lowest tax rate listed in subsection A.

F. The tax imposed by subsection K of § 58.1-605 and by subsection H of § 58.1-606 shall not apply to food purchased for human consumption.

§ 58.1-614. Vending machine sales.

A. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, whenever a dealer makes sales of tangible personal property through vending machines, or in any other manner making collection of the tax impractical, as determined by the Tax Commissioner, such dealer shall be required to report his wholesale purchases for sale at retail from vending machines and shall be required to remit an amount based on four and one-half percent of such wholesale purchases, *except that such wholesale purchases shall be taxed at five percent in any city or county that levies the additional local sales tax authorized under subsection K of § 58.1-605.*

B. Notwithstanding the provisions of §§ 58.1-605 and 58.1-606, dealers making sales of tangible personal property through vending machines shall report and remit the one percent local sales and use tax *and, if applicable, the one-half of one percent additional local sales and use tax provided under this chapter*, computed as provided in subsection A of this section.

C. The provisions of subsections A and B of this section shall not be applicable to vending machine operators all of whose machines are under contract to nonprofit organizations. Such operators shall report only the gross receipts from machines selling items for more than ~~ten~~10 cents and shall be required to remit an amount based on a percentage of their remaining gross sales established by the Tax Commissioner to take into account the inclusion of sales tax.

D. Notwithstanding any other provisions in this section or § 58.1-628, when the Tax Commissioner determines that it is impractical to collect the tax in the manner provided by those sections, such dealer shall be required to remit an amount based on a percentage of gross receipts which takes into account the inclusion of the sales tax.

E. The provisions of this section shall not be applicable to any dealer who fails to maintain records satisfactory to the Tax Commissioner. A dealer making sales of tangible personal property through vending machines shall obtain a certificate of registration under § 58.1-613 in relevant form for each county or city in which he has machines.

§ 58.1-628. Bracket system for combined state and local tax.

The following brackets of prices shall be used for the collection of the combined state and local tax, *except for such tax imposed in any county or city that levies the additional local sales tax authorized under subsection K of § 58.1-605 and subsection H of § 58.1-606, respectively:*

\$0.00	to	\$0.11	no tax
.12	to	.33	1¢ tax
.34	to	.55	2¢ tax
.56	to	.77	3¢ tax
.78	to	.99	4¢ tax
1.00	to	1.22	5¢ tax
1.23	to	1.44	6¢ tax
1.45	to	1.66	7¢ tax
1.67	to	1.88	8¢ tax
1.89	to	2.11	9¢ tax
2.12	to	2.33	10¢ tax
2.34	to	2.55	11¢ tax
2.56	to	2.77	12¢ tax
2.78	to	2.99	13¢ tax
3.00	to	3.22	14¢ tax
3.23	to	3.44	15¢ tax

365	3.45	to	3.66	16¢ tax
366	3.67	to	3.88	17¢ tax
367	3.89	to	4.11	18¢ tax
368	4.12	to	4.33	19¢ tax
369	4.34	to	4.55	20¢ tax
370	4.56	to	4.77	21¢ tax
371	4.78	to	5.00	22¢ tax

372
 373 ~~On~~ Except in any county or city that levies the additional local sales tax authorized under subsection
 374 K of § 58.1-605, on transactions ~~over five dollars~~ greater than \$5, the tax shall be computed at four and
 375 one-half percent, ~~one half~~ one-half cent or more being treated as one cent. In any county or city that
 376 levies the additional local sales tax and the additional local use tax authorized under subsection K of
 377 § 58.1-605 and subsection H of § 58.1-606, respectively, on transactions greater than \$5, the combined
 378 state and local sales tax and the combined state and local use tax shall be computed at five percent,
 379 one-half cent or more being treated as one cent. The foregoing bracket system shall not relieve the
 380 dealer from the duty and liability to remit an amount equal to four and one-half percent, or such other
 381 higher percent as provided under this chapter, of his gross taxable sales as provided in this chapter. If
 382 the dealer, however, can show to the satisfaction of the Tax Commissioner that more than ~~eighty-five~~ 85
 383 percent of the total dollar volume of his gross taxable sales during the taxable month was from
 384 individual sales at prices of ~~ten~~ 10 cents or less each and that he was unable to adjust his prices in such
 385 manner as to prevent the economic incidence of the sales tax from falling on him, the Tax
 386 Commissioner shall determine the proper tax liability of the dealer based on that portion of the dealer's
 387 gross taxable sales which was from sales at prices of ~~eleven~~ 11 cents or more.

388 2. That the revenues generated pursuant to the taxes imposed under subsection K of § 58.1-605 of
 389 the Code of Virginia and subsection H of § 58.1-606 shall not diminish or replace allocations or
 390 appropriations for transportation purposes made by any locality, the Commonwealth, or any other
 391 source, but shall be supplemental to all such other allocations or appropriations. In addition, such
 392 revenues shall not be used to calculate or reduce the share of local, federal, or state revenues
 393 otherwise available to any locality.

394 3. That the Department of Taxation, in accordance with the additional local sales and use taxes
 395 authorized under this act, shall promulgate regulations, pursuant to the Administrative Process
 396 Act (§ 2.2-4000 et seq.), establishing brackets of prices and associated combined state and local
 397 sales and use taxes on transactions of \$5 or less.