

2006 SESSION

INTRODUCED

067350336

HOUSE BILL NO. 1370

Offered January 11, 2006

Prefiled January 11, 2006

A *BILL to amend and reenact § 58.1-609.12 of the Code of Virginia, relating to sales and use tax exemption reports.*

Patron—Hull

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-609.12 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-609.12. Reports to General Assembly on tax exemptions studies.

A. The Tax Commissioner shall ~~investigate and analyze~~ *determine* the fiscal, economic and policy impact of each sales and use tax exemption set out in §§ 58.1-609.10 and 58.1-609.11. ~~The Commissioner shall and report the such findings to the chairmen of the House and Senate Finance Committees each year by no later than December 1, of each year. and shall present the~~ *The first such report on the exemptions in § 58.1-609.10 in shall be due December 1, 2006 2007. Due to the number of exemptions in § 58.1-609.11, they shall be analyzed and reports issued each December Subgroups of the exemptions shall be reviewed in periodic cycles and reports issued on a rotating basis in accordance with a schedule determined by the Tax Commissioner, beginning in December, 2007. When such reports have been presented completed for all each subgroup of the sales and use tax exemptions, the Tax Commissioner shall repeat the process beginning with the subgroup of exemptions for which a report was made in 20062007. No exemption shall be analyzed under the provisions of this section more frequently than once every five years.*

B. When the Tax Commissioner investigates and analyzes the tax exemptions in §§ 58.1-609.10 and ~~58.1-609.11~~, the following information shall be considered and included in the report:

1. Estimate of foregone state and local revenues as a direct result of the exemption;
2. Beneficiaries of the exemption;
3. Direct or indirect local, state, or federal government assistance received by the ~~person having persons or entities granted the exemption, to the extent such information is reasonably available;~~
4. The extent to which the *comparable* person, entity, property, service, or industry is exempt from the retail sales and use tax in other states, ~~especially particularly~~ *states neighboring contiguous* to the Commonwealth;
5. Any external statutory, constitutional, or judicial mandates ~~in favor of supporting~~ the exemption;
6. Other Virginia taxes to which the person, *entity*, property, service, or industry is subject;
7. Similar taxpayers who are not entitled to a retail sales and use tax exemption; and
8. Other criteria, facts or circumstances that may be relevant to the exemption.

~~In addition, the criteria provided in subsections C and D of § 58.1-609.11 shall be considered when the Tax Commissioner investigates and analyzes the tax exemptions in § 58.1-609.11.~~

C. *When the Tax Commissioner investigates and analyzes the tax exemptions in § 58.1-609.11, in addition to the information required by subsection H of § 58.1-609.11, he shall report on the extent to which the person, entity, property, service, or industry is exempt from the retail sales and use tax in other states, particularly states contiguous to the Commonwealth.*

~~ED.~~ For purposes of this section, the Department of Taxation and the Department of Agriculture and Consumer Services shall be allowed to share information when necessary to supplement the information required *to be reported* under this section.

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HB1370