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## SENATE BILL NO. 6006

Offered June 23, 2008

A BILL to amend and reenact §§ 33.1-23.03, 58.1-540, 58.1-811, 58.1-2403, as it shall become effective, 58.1-2425, and 58.1-3221.3 of the Code of Virginia, to amend and reenact the fifth and sixteenth enactments of Chapter 896 of the Acts of Assembly of 2007, to amend the Code of Virginia by adding in Title 33.1 a chapter numbered 10.3, consisting of sections numbered 33.1-391.16 through 33.1-391.19, to repeal §§ 46.2-755.1, 46.2-755.2, 46.2-1167.1, 58.1-625.1, 58.1-802.1, and 58.1-2402.1, to repeal Chapter 10.2 (§§ 33.1-391.6 through 33.1-391.15) of Title 33.1 and Article 4.1 (§§ 58.1-1724.2 through 58.1-1724.7) of Chapter 17 of Title 58.1, and to repeal the sixth, thirteenth, fourteenth, fifteenth, and nineteenth enactment clauses of Chapter 896 of the Acts of Assembly of 2007, relating to transportation funding and administration for Hampton Roads and certain cities thereof by repealing certain fees and taxes authorized pursuant to Chapter 896 of the Acts of Assembly of 2007 that are within the ambit of the Supreme Court of Virginia's decision on February 29, 2008, that they are unconstitutional and by dedicating other revenues for transportation in Hampton Roads.

Patron—Stolle

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That §§ 33.1-23.03, 58.1-540, 58.1-811, 58.1-2403, as it shall become effective, 58.1-2425, and 58.1-3221.3 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Title 33.1 a chapter numbered 10.3, consisting of sections numbered 33.1-391.16 through 33.1-391.19, as follows:

§ 33.1-23.03. Board to develop and update Statewide Transportation Plan.

The Commonwealth Transportation Board shall conduct a comprehensive review of statewide transportation needs in a Statewide Transportation Plan setting forth an inventory of all construction needs for all systems, and based upon this inventory, establishing goals, objectives, and priorities covering a twenty-year planning horizon, in accordance with federal transportation planning requirements. This plan shall embrace all modes of transportation and include technological initiatives. This Statewide Transportation Plan shall be updated as needed, but no less than once every five years. The plan shall promote economic development and all transportation modes, intermodal connectivity, environmental quality, accessibility for people and freight, and transportation safety. The plan shall include quantifiable measures and achievable goals relating to, but not limited to, congestion reduction and safety, transit and high-occupancy vehicle facility use, job-to-housing ratios, job and housing access to transit and pedestrian facilities, air quality, and per capita vehicle miles traveled. The Board shall consider such goals in evaluating and selecting transportation improvement projects. The plan shall incorporate the approved long-range plans' measures and goals developed by the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority Metropolitan Planning Organization. Each such plan shall be summarized in a public document and made available to the general public upon presentation to the Governor and General Assembly.

It is the intent of the General Assembly that this plan assess transportation needs and assign priorities to projects on a statewide basis, avoiding the production of a plan which is an aggregation of local, district, regional, or modal plans.

## CHAPTER 10.3.

## REVENUES FOR TRANSPORTATION IN HAMPTON ROADS.

§ 33.1-391.16. Use of Hampton Roads Transportation Revenue Fund moneys; certain transportation projects delineated.

A. Moneys deposited into the Hampton Roads Transportation Revenue Fund (the "Fund") established under § 33.1-391.18 shall be used as provided in subsections B and C.

B. From the moneys deposited into the Fund pursuant to § 33.1-391.17, an amount equal to five percent of such moneys, but not to exceed \$15 million in aggregate in any fiscal year, shall be distributed in equal shares to the Cities of Newport News, Norfolk, and Portsmouth to be used for local or regional projects directly relating to transportation, which may include debt service payments on any obligations authorized and issued on or after July 1, 2010.

Such distributions shall be made quarterly on the 15th of September, December, March, and June.

C. The remaining moneys in the Fund shall be used solely for those transportation projects that are included in the federally mandated 2030 Regional Transportation Plan approved by the Hampton Roads

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59 Metropolitan Planning Organization, or any successive plan, except as provided herein. The following  
60 First Phase Projects shall be a priority such that moneys in the Fund shall not be used for the  
61 following Second Phase Projects until financing plans for the maintenance, operation, and construction  
62 for the projects listed in the First Phase have been considered and acted upon:

63 First Phase Projects:

64 Route 460 upgrade; I-64 widening on the Peninsula; I-64 widening on the Southside; Downtown  
65 Tunnel/Midtown Tunnel/MLK extension; Southeastern Parkway/Dominion Blvd/Route 17; I-664 widening  
66 in Newport News; I-664 widening on the Southside; and I-664 Monitor Merrimac Memorial Bridge  
67 Tunnel widening.

68 Second Phase Projects:

69 I-564 from I-64 to the Intermodal Connector; I-564 Connector to the Monitor Merrimac Memorial  
70 Bridge Tunnel; Craney Island Connector; construction of the Third Crossing; and  
71 construction/improvements/enhancements to the Hampton Roads Bridge-Tunnel.

72 Moneys in the Fund may be used for the payment of principal, interest, issuance costs, and other  
73 costs directly relating to bonds or other debt issued or entered into solely for the transportation projects  
74 described or set out in this subsection.

75 § 33.1-391.17. Revenues attributable to economic growth from cargo marine terminals deposited into  
76 the Hampton Roads Transportation Revenue Fund.

77 A. As used in this section, unless the context clearly shows otherwise:

78 "Base number of cargo containers" means the cargo containers in the Commonwealth's fiscal year  
79 beginning July 1, 2008.

80 "Cargo container" means the number of cargo containers loaded onto, or unloaded from, ships in  
81 the ports for commerce in a fiscal year, measured in 20-foot-equivalent units.

82 "Net revenues" means the gross revenues less the applicable portion of any refunds.

83 "Ports" means the public and private general cargo marine terminals located in Hampton Roads.

84 "State tax revenues" means the net revenues collected from the (i) state sales tax pursuant to Chapter  
85 6 (§ 58.1-600 et seq.) of Title 58.1, (ii) individual income tax pursuant to Chapter 3 (§ 58.1-300 et seq.)  
86 of Title 58.1, (iii) corporate income tax pursuant to Chapter 3 (§ 58.1-300 et seq.) of Title 58.1, plus  
87 (iv) insurance license tax pursuant to Chapter 25 (§ 58.1-2500 et seq.) of Title 58.1 for the  
88 Commonwealth's fiscal year beginning July 1, 2008.

89 B. There shall be deposited into the Hampton Roads Transportation Revenue Fund established under  
90 § 33.1-391.18 a portion of the growth in state taxes attributable to economic activity generated or  
91 facilitated by the ports of Hampton Roads. The amount deposited into the Fund in each fiscal year shall  
92 be determined using the following revenue ratio:

93  
94 State tax revenues attributable to economic activity generated or facilitated by the ports/  
95 Base number of cargo containers  
96

97 The General Assembly intends for the revenue ratio to be a measure of the state revenues  
98 attributable to economic activity of the ports on a per cargo container basis.

99 Deposits to the Fund shall begin in the Commonwealth's fiscal year starting on July 1, 2010. For  
100 such fiscal year, the amount deposited to the Fund shall be computed by:

101 1. First multiplying the revenue ratio by the increase in cargo containers for the most recently ended  
102 fiscal year over the base number of cargo containers, and

103 2. Second multiplying such product by 30 percent (.30).

104 As a result, the amount deposited into the Fund for the Commonwealth's fiscal year starting on July  
105 1, 2010, shall be computed using the following formula:

106  
107 Revenue ratio X (Increase in cargo containers in Fiscal Year 2009-2010 over the base number of  
108 cargo containers) X .30.  
109

110 For the fiscal year starting on July 1, 2011, and for each fiscal year thereafter, the amount  
111 deposited into the Fund shall be computed using such formula except that the cargo containers in the  
112 most recently ended fiscal year shall be used for determining the increase over the base number of  
113 cargo containers.

114 C. The Secretary of Finance, in consultation with the Secretary of Transportation, shall determine  
115 the revenue ratio. In determining the numerator of the revenue ratio or the state tax revenues  
116 attributable to economic activity generated or facilitated by the ports, the Secretary shall include state  
117 tax revenues from (i) port operations, including but not limited to revenues from pilots, longshoremen,  
118 truck and rail transportation, insurance, warehousing, storage, and ship servicing; (ii) the production in  
119 Virginia of goods exported through the ports; (iii) imports sold to citizens of the Commonwealth or used  
120 as inputs by businesses located in the Commonwealth or by Virginia state and local governmental

entities; and (iv) employee compensation, fuel costs, business and professional services, power, and communications relating to the factors set forth in clauses (i) through (iii). The Secretary shall determine the revenue ratio no later than January 1, 2010, and shall promptly report the same to the chairmen of the House Committee on Appropriations, House Committee on Finance, and the Senate Committee on Finance.

D. The Secretary of Finance, in consultation with the Secretary of Transportation, shall determine the amount to be deposited into the Fund in each fiscal year in accordance with the provisions of this section. The Secretary of Finance shall provide a written certification of the same to the Comptroller by August 31 each year. The Comptroller shall then deposit such amount into the Fund by making four equal deposits into the Fund on the 15th of September, December, March, and June.

E. Notwithstanding any other provision of this section, the amount deposited into the Fund pursuant to this section shall not exceed \$250 million in any fiscal year.

§ 33.1-391.18. Hampton Roads Transportation Revenue Fund established.

There is hereby created in the state treasury a special nonreverting fund to be known as the Hampton Roads Transportation Revenue Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of the required deposits under § 33.1-391.17. All other moneys designated for the Fund from any other source, public or private, shall be paid into the state treasury to the credit of the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The Fund shall be considered a part of the Transportation Trust Fund.

The Commonwealth Transportation Board shall use the moneys in the Fund pursuant to subsection C of § 33.1-391.16 solely for the transportation projects described or set out in such subsection.

Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller.

§ 33.1-391.19. Fund allocations in addition to all other transportation allocations for Hampton Roads.

All moneys deposited into the Hampton Roads Transportation Revenue Fund, including the required deposits pursuant to § 33.1-391.17, shall be in addition to all other allocations under this Code for transportation facilities, road or highway maintenance, mass transit, airports, seaports, or transportation or transit operating costs in Hampton Roads, and not in lieu of the same. Such other allocations shall not be computed or determined or administered in any manner that takes into consideration any moneys deposited into the Hampton Roads Transportation Revenue Fund.

§ 58.1-540. Levy of the tax.

A. The Counties of Arlington, Fairfax, Loudoun, and Prince William, and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; ~~Norfolk, and Virginia Beach~~ hereby authorized to levy a local income tax at any increment of one-quarter percent up to a maximum rate of one percent upon the Virginia taxable income as determined in § 58.1-322 for an individual, § 58.1-361 for a fiduciary of an estate or trust, or § 58.1-402 for a corporation, for each taxable year of every resident of such county or city or corporation having income from sources within such county or city, subject to the limitations of subsection B of this section. The same rate shall apply to individuals, fiduciaries and corporations.

B. The authority to levy a local income tax as provided in subsection A may be exercised by a county or city governing body only if approved in a referendum within the county or city. The referendum shall be held in accordance with § 24.2-684. The referendum may be initiated either by a resolution of the governing body of the county or city or on the filing of a petition signed by a number of registered voters of the county or city equal in number to ten percent of the number of voters registered in the county or city on January 1 of the year in which the petition is filed with the circuit court of such county or city. The clerk of the circuit court shall publish notice of the election in a newspaper of general circulation in the county or city once a week for three consecutive weeks prior to the election. The ballot used shall be printed to read as follows:

"Shall the governing body of ( . . . name of county or city . . . ) have the authority to levy a local income tax of up to one percent for transportation purposes in accordance with § 58.1-540 of the Code of Virginia?

\_ Yes

\_ No"

If the voters by a majority vote approve the authority of the local governing body to levy a local income tax, the tax may be imposed by the adoption of an ordinance by the governing body of the county or city in accordance with general or special law, and the tax may be thereafter enacted, modified or repealed as any other tax the governing body is empowered to levy subject only to the limitations herein. No ordinance levying a local income tax shall be repealed unless and until all debts

182 or other obligations of the county or city to which such revenues are pledged or otherwise committed  
183 have been paid or provision made for payment.

184 § 58.1-811. Exemptions.

185 A. The taxes imposed by §§ 58.1-801 and 58.1-807 shall not apply to any deed conveying real estate  
186 or lease of real estate:

187 1. To an incorporated college or other incorporated institution of learning not conducted for profit,  
188 where such real estate is intended to be used for educational purposes and not as a source of revenue or  
189 profit;

190 2. To an incorporated church or religious body or to the trustee or trustees of any church or religious  
191 body, or a corporation mentioned in § 57-16.1, where such real estate is intended to be used exclusively  
192 for religious purposes, or for the residence of the minister of any such church or religious body;

193 3. To the United States, the Commonwealth, or to any county, city, town, district or other political  
194 subdivision of the Commonwealth;

195 4. To the Virginia Division of the United Daughters of the Confederacy;

196 5. To any nonstock corporation organized exclusively for the purpose of owning or operating a  
197 hospital or hospitals not for pecuniary profit;

198 6. To a corporation upon its organization by persons in control of the corporation in a transaction  
199 which qualifies for nonrecognition of gain or loss pursuant to § 351 of the Internal Revenue Code as it  
200 exists at the time of the conveyance;

201 7. From a corporation to its stockholders upon complete or partial liquidation of the corporation in a  
202 transaction which qualifies for income tax treatment pursuant to § 331, 332, 333 or 337 of the Internal  
203 Revenue Code as it exists at the time of liquidation;

204 8. To the surviving or new corporation, partnership, limited partnership, business trust, or limited  
205 liability company upon a merger or consolidation to which two or more such entities are parties, or in a  
206 reorganization within the meaning of § 368 (a) (1) (C) and (F) of the Internal Revenue Code as  
207 amended;

208 9. To a subsidiary corporation from its parent corporation, or from a subsidiary corporation to a  
209 parent corporation, if the transaction qualifies for nonrecognition of gain or loss under the Internal  
210 Revenue Code as amended;

211 10. To a partnership or limited liability company, when the grantors are entitled to receive not less  
212 than 50 percent of the profits and surplus of such partnership or limited liability company; provided that  
213 the transfer to a limited liability company is not a precursor to a transfer of control of the assets of the  
214 company to avoid recordation taxes;

215 11. From a partnership or limited liability company, when the grantees are entitled to receive not less  
216 than 50 percent of the profits and surplus of such partnership or limited liability company; provided that  
217 the transfer from a limited liability company is not subsequent to a transfer of control of the assets of  
218 the company to avoid recordation taxes;

219 12. To trustees of a revocable inter vivos trust, when the grantors in the deed and the beneficiaries of  
220 the trust are the same persons, regardless of whether other beneficiaries may also be named in the trust  
221 instrument, when no consideration has passed between the grantor and the beneficiaries; and to the  
222 original beneficiaries of a trust from the trustees holding title under a deed in trust;

223 13. When the grantor is the personal representative of a decedent's estate or trustee under a will or  
224 inter vivos trust of which the decedent was the settlor, other than a security trust defined in § 55-58.1,  
225 and the sole purpose of such transfer is to comply with a devise or bequest in the decedent's will or to  
226 transfer title to one or more beneficiaries after the death of the settlor in accordance with a dispositive  
227 provision in the trust instrument; or

228 14. When the grantor is an organization exempt from taxation under § 501 (c) (3) of the Internal  
229 Revenue Code that is organized and operated primarily to acquire land and purchase materials to erect  
230 or rehabilitate low-cost homes on such land, which homes are sold at cost to persons who otherwise  
231 would be unable to afford to buy a home through conventional means, located in Amherst County or the  
232 City of Lynchburg.

233 B. The taxes imposed by §§ 58.1-803 and 58.1-804 shall not apply to any deed of trust or mortgage:

234 1. Given by an incorporated college or other incorporated institution of learning not conducted for  
235 profit;

236 2. Given by the trustee or trustees of a church or religious body or given by an incorporated church  
237 or religious body, or given by a corporation mentioned in § 57-16.1;

238 3. Given by any nonstock corporation organized exclusively for the purpose of owning and/or  
239 operating a hospital or hospitals not for pecuniary profit;

240 4. Given by any local governmental entity or political subdivision of the Commonwealth to secure a  
241 debt payable to any other local governmental entity or political subdivision; or

242 5. Securing a loan made by an organization described in subdivision 14 of subsection A of this  
243 section.

- C. The tax imposed by § 58.1-802 and the fees imposed by ~~§ 58.1-802.1~~ shall not apply to any:
1. Transaction described in subdivisions 6 through 13 of subsection A of this section;
  2. Instrument or writing given to secure a debt;
  3. Deed conveying real estate from an incorporated college or other incorporated institution of learning not conducted for profit;
  4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town, district or other political subdivision thereof;
  5. Conveyance of real estate to the Commonwealth or any county, city, town, district or other political subdivision thereof, if such political unit is required by law to reimburse the parties taxable pursuant to § 58.1-802 or ~~subject to the fee under § 58.1-802.1~~; or
  6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an incorporated church or religious body, or from a corporation mentioned in § 57-16.1.
- D. No recordation tax shall be required for the recordation of any deed of gift between a grantor or grantors and a grantee or grantees when no consideration has passed between the parties. Such deed shall state therein that it is a deed of gift.
- E. The tax imposed by § 58.1-807 shall not apply to any lease to the United States, the Commonwealth, or any county, city, town, district or other political subdivision of the Commonwealth.
- F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, ~~58.1-802.1~~, 58.1-807, 58.1-808 and 58.1-814 shall not apply to (i) any deed of gift conveying real estate or any interest therein to The Nature Conservancy or (ii) any lease of real property or any interest therein to The Nature Conservancy, where such deed of gift or lease of real estate is intended to be used exclusively for the purpose of preserving wilderness, natural or open space areas.
- G. The words "trustee" or "trustees," as used in subdivision 2 of subsection A, subdivision 2 of subsection B, and subdivision 6 of subsection C, include the trustees mentioned in § 57-8 and the ecclesiastical officers mentioned in § 57-16.
- H. No recordation tax levied pursuant to this chapter shall be levied on the release of a contractual right, if the release is contained within a single deed that performs more than one function, and at least one of the other functions performed by the deed is subject to the recordation tax.
- I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement, release, or other document recorded in connection with a concession pursuant to the Public-Private Transportation Act of 1995 (§ 56-556 et seq.) or similar federal law.
- § 58.1-2403. Exemptions.
- No tax shall be imposed as provided in § 58.1-2402 or ~~58.1-2402.1~~ if the vehicle is:
1. Sold to, rented or used by the United States government or any governmental agency thereof;
  2. Sold to, rented or used by the Commonwealth of Virginia or any political subdivision thereof;
  3. Registered in the name of a volunteer fire department or rescue squad not operated for profit;
  4. Registered to any member of the Mattaponi, Pamunkey, or Chickahominy Indian tribes or any other recognized Indian tribe of the Commonwealth living on the tribal reservation;
  5. Transferred incidental to repossession under a recorded lien and ownership is transferred to the lienholder;
  6. A manufactured home permanently attached to real estate and included in the sale of real estate;
  7. A gift to the spouse, son, or daughter of the transferor. With the exception of a gift to a spouse, this exemption shall not apply to any unpaid obligation assumed by the transferee incidental to the transfer;
  8. Transferred from an individual or partnership to a corporation or limited liability company or from a corporation or limited liability company to an individual or partnership if the transfer is incidental to the formation, organization or dissolution of a corporation or limited liability company in which the individual or partnership holds the majority interest;
  9. Transferred from a wholly owned subsidiary to the parent corporation or from the parent corporation to a wholly owned subsidiary;
  10. Being registered for the first time in this Commonwealth and the applicant holds a valid, assignable title or registration issued to him by another state or a branch of the United States Armed Forces and (i) has owned the vehicle for longer than 12 months or (ii) has owned the vehicle for less than 12 months and provides evidence of a sales tax paid to another state. However, when a vehicle has been purchased by the applicant within the last 12 months and the applicant is unable to provide evidence of a sales tax paid to another state, the applicant shall pay the Virginia sales tax based on the fair market value of the vehicle at the time of registration in Virginia;
  11. a. Titled in a Virginia or non-Virginia motor vehicle dealer's name for resale; or  
b. Titled in the name of an automotive manufacturer having its headquarters in Virginia, except for any commercially leased vehicle that is not described under subdivision 3 of § 46.2-602.2. For purposes of this subdivision, "automotive manufacturer" and "headquarters" means the same as such terms are

305 defined in § 46.2-602.2;

306 12. A motor vehicle having seats for more than seven passengers and sold to an urban or suburban  
307 bus line the majority of whose passengers use the buses for traveling a distance of less than 40 miles,  
308 one way, on the same day;

309 13. Purchased in the Commonwealth by a nonresident and a Virginia title is issued for the sole  
310 purpose of recording a lien against the vehicle if the vehicle will be registered in a state other than  
311 Virginia;

312 14. A motor vehicle designed for the transportation of 10 or more passengers, purchased by and for  
313 the use of a church conducted not for profit;

314 15. Loaned or leased to a private nonprofit institution of learning, for the sole purpose of use in the  
315 instruction of driver's education when such education is a part of such school's curriculum for full-time  
316 students;

317 16. Sold to an insurance company or local government group self-insurance pool, created pursuant to  
318 § 15.2-2703, for the sole purpose of disposition when such company has paid the registered owner of  
319 such vehicle a total loss claim;

320 17. Owned and used for personal or official purposes by accredited consular or diplomatic officers of  
321 foreign governments, their employees or agents, and members of their families, if such persons are  
322 nationals of the state by which they are appointed and are not citizens of the United States;

323 18. A self-contained mobile computerized axial tomography scanner sold to, rented or used by a  
324 nonprofit hospital or a cooperative hospital service organization as described in § 501 (e) of the United  
325 States Internal Revenue Code;

326 19. A motor vehicle having seats for more than seven passengers and sold to a restricted common  
327 carrier or common carrier of passengers;

328 20. Beginning July 1, 1989, a self-contained mobile unit designed exclusively for human diagnostic  
329 or therapeutic service, sold to, rented to, or used by a nonprofit hospital, or a cooperative hospital  
330 service organization as described in § 501 (e) of the United States Internal Revenue Code, or a nonprofit  
331 corporation as defined in § 501 (c) (3) of the Internal Revenue Code, established for research in,  
332 diagnosis of, or therapy for human ailments;

333 21. Transferred, as a gift or through a sale to an organization exempt from taxation under § 501 (c)  
334 (3) of the Internal Revenue Code, provided the motor vehicle is not titled and tagged for use by such  
335 organization;

336 22. A motor vehicle sold to an organization which is exempt from taxation under § 501 (c) (3) of the  
337 Internal Revenue Code and which is organized for the primary purpose of distributing food, clothing,  
338 medicines and other necessities of life to, and providing shelter for, needy persons in the United States  
339 and throughout the world;

340 23. A truck, tractor truck, trailer, or semitrailer, as severally defined in § 46.2-100, except trailers and  
341 semitrailers not designed or used to carry property and vehicles registered under § 46.2-700, with a gross  
342 vehicle weight rating or gross combination weight rating of 26,001 pounds or more, in which case no  
343 tax shall be imposed pursuant to subdivisions 1 and 3 of subsection A of § 58.1-2402;

344 24. Transferred to the trustees of a revocable inter vivos trust, when the individual titleholder of a  
345 Virginia titled motor vehicle and the beneficiaries of the trust are the same persons, regardless of  
346 whether other beneficiaries of the trust may also be named in the trust instrument, when no  
347 consideration has passed between the titleholder and the beneficiaries; and transferred to the original  
348 titleholder from the trustees holding title to the motor vehicle;

349 25. Transferred to trustees of a revocable inter vivos trust, when the owners of the vehicle and the  
350 beneficiaries of the trust are the same persons, regardless of whether other beneficiaries may also be  
351 named in the trust instrument, or transferred by trustees of such a trust to beneficiaries of the trust  
352 following the death of the grantor, when no consideration has passed between the grantor and the  
353 beneficiaries in either case;

354 26. Sold by a vehicle's lessor to its lessee upon the expiration of the term of the vehicle's lease, if  
355 the lessee is a natural person and this natural person has paid the tax levied pursuant to this chapter with  
356 respect to the vehicle when he leased it from the lessor, and if the lessee presents an original copy of  
357 the lease upon request of the Department of Motor Vehicles or other evidence that the sales tax has  
358 been paid to the Commonwealth by the lessee purchasing the vehicle; or

359 27. Titled in the name of a deceased person and transferred to the spouse or heir, or under the will,  
360 of such deceased person.

361 § 58.1-2425. Disposition of revenues.

362 A. ~~Except as provided in § 58.1-2402.1 funds~~ Funds collected hereunder by the Commissioner shall  
363 be forthwith paid into the state treasury. Except as otherwise provided in ~~§ 58.1-2402.1 and~~ in this  
364 section, these funds shall constitute special funds within the Commonwealth Transportation Fund. Any  
365 balances remaining in these funds at the end of the year shall be available for use in subsequent years  
366 for the purposes set forth in this chapter, and any interest income on such funds shall accrue to these

funds. The revenue so derived, after refunds have been deducted, is hereby allocated for the construction, reconstruction and maintenance of highways and the regulation of traffic thereon and for no other purpose. However, (i) all funds collected pursuant to the provisions of this chapter from manufactured homes, as defined in § 46.2-100, shall be distributed to the city, town, or county wherein such manufactured home is to be situated as a dwelling; (ii) all funds collected from the additional tax imposed by subdivision A 4 of § 58.1-2402 on the rental of daily rental vehicles shall be distributed quarterly to the city, town, or county wherein such vehicle was delivered to the rentee; (iii) effective January 1, 1987, an amount equivalent to the net additional revenues generated by enactments of the 1986 Special Session of the Virginia General Assembly which amended §§ 46.2-694, 46.2-697, 58.1-2401, 58.1-2402 and this section shall be distributed to and paid into the Transportation Trust Fund, a special fund within the Commonwealth Transportation Fund, and are hereby appropriated to the Commonwealth Transportation Board for transportation needs; (iv) except as otherwise provided in clause (iii) of this sentence, all moneys collected from the tax on the gross proceeds from the rental in Virginia of any motor vehicle pursuant to subdivision A 3 of § 58.1-2402 at the tax rate in effect on December 31, 1986, shall be paid by the Commissioner into the state treasury and shall be paid into the Rail Enhancement Fund established by § 33.1-221.1:1.1; and (v) all additional revenues resulting from the fee imposed under subdivision A 5 of § 58.1-2402 as enacted by the 2004 Session of the General Assembly shall be used to pay the debt service on the bonds issued by the Virginia Public Building Authority for the Statewide Agencies Radio System (STARS) for the Department of State Police pursuant to the authority granted by the 2004 Session of the General Assembly.

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

§ 58.1-3221.3. Classification of certain commercial and industrial real property and taxation of such property by certain localities.

A. Beginning January 1, 2008, and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities that are embraced by the Northern Virginia Transportation Authority, and ~~the Hampton Roads Transportation Authority~~ *in the Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg*, all real property used for or zoned to permit commercial or industrial uses is hereby declared to be a separate class of real property for local taxation. Such classification of real property shall exclude all residential uses and all multifamily residential uses, including but not limited to single family residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when leased on a unit by unit basis even though these units may be part of a larger building or parcel of real estate containing more than four residential units.

B. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality embraced by the Northern Virginia Transportation Authority may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.25 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses; and (ii) ~~the governing body of any locality embraced by the Hampton Roads Transportation Authority~~ *each of the Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg* may, by ordinance, annually impose on all real property in the locality specially classified in subsection A: an amount of real property tax, in addition to such amount otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses. The authority granted in this subsection shall be subject to the following conditions:

(1) Upon appropriation, all revenues generated from the additional real property tax imposed shall be used exclusively for transportation purposes that benefit the locality imposing the tax; and

(2) The additional real property tax imposed shall be levied, administered, enforced, and collected in the same manner as set forth in Subtitle III of Title 58.1 for the levy, administration, enforcement, and collection of local taxes. In addition, the local assessor shall separately assess and set forth upon the locality's land book the fair market value of that portion of property that is defined as a separate class of real property for local taxation in accordance with the provisions of this section.

C. Beginning January 1, 2008, in lieu of the authority set forth in subsections A and B above and solely for the purposes of imposing the tax authorized pursuant to this section, in the counties and cities

embraced by the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority in the Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, all real property used for or zoned to permit commercial or industrial uses is hereby declared to be a separate class of real property for local taxation. Such classification of real property shall exclude all residential uses and all multifamily residential uses, including but not limited to single family residential units, cooperatives, condominiums, townhouses, apartments, or homes in a subdivision when leased on a unit by unit basis even though these units may be part of a larger building or parcel of real estate containing more than four residential units.

D. In addition to all other taxes and fees permitted by law, (i) the governing body of any locality embraced by the Northern Virginia Transportation Authority may, by ordinance, create within its boundaries, one or more special regional transportation tax districts and, thereafter, may, by ordinance, impose upon the real property located in special regional transportation tax districts specially classified in subsection C within such special regional transportation tax districts: an amount of real property tax, in addition to such amounts otherwise authorized by law, at a rate not to exceed \$0.25 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses; and, (ii) the governing body of any locality embraced by the Hampton Roads Transportation Authority each of the Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg may, by ordinance, create within its boundaries, one or more special regional transportation tax districts and, thereafter, may, by ordinance, impose upon the real property specially classified in subsection C within such special regional transportation tax districts: an amount of real property tax, in addition to such amounts otherwise authorized by law, at a rate not to exceed \$0.10 per \$100 of assessed value as the governing body may, by ordinance, impose upon the annual assessed value of all real property used for or zoned to permit commercial or industrial uses. The authority granted in this subsection shall be subject to the following conditions:

(1) Notwithstanding any other provisions of law to the contrary, upon appropriation, all revenues generated from the additional real property taxes imposed in accordance with subsection C and this subsection shall be used for transportation purposes that benefit the special regional transportation tax district to which such revenue is attributable;

(2) Any local ordinance adopted in accordance with the provisions of subsection C and this subsection shall include the requirement that the additional real property taxes so authorized are to be imposed annually in accordance with applicable law;

(3) Any locality that imposes the additional real property taxes set forth in subsections A and B shall not be permitted to also impose the additional real property taxes set forth in subsection C and this subsection. In addition, any locality electing to impose the additional real property taxes on all real property located in such locality that is specially classified in subsections A and B must do so in the manner prescribed in subsections A and B and not by creation of a special transportation tax district as set forth in subsection C and this subsection. The creation of such special regional transportation tax districts shall not, however, affect the authority of a locality to establish tax districts pursuant to other provisions of law;

(4) The total revenues generated from the additional real property taxes imposed in accordance with subsection C and this subsection shall not be less than 85% of the revenues estimated to be generated when imposing the additional real property taxes in accordance with subsections A and B at the rate of \$0.25 per \$100 of assessed value in any locality embraced by the Northern Virginia Transportation Authority and at the rate of \$0.10 per \$100 of assessed value in any locality embraced by the Hampton Roads Transportation Authority the Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg; and

(5) The additional real property taxes imposed pursuant to subsection C and this subsection shall be levied, administered, enforced, and collected, in the same manner as set forth in Subtitle III of Title 58.1 for the levy, administration, enforcement, and collection of all local taxes. In addition, the local assessor shall separately assess and set forth upon the locality's land book the fair market value of that portion of property that is defined as separate class of real property for local taxation in accordance with the provisions of this section.

**2. That the revenues generated by the provisions of this act shall not be used to calculate or reduce the share of local, federal, and state revenues otherwise available to participating jurisdictions. Further, such revenues and moneys shall not be included in any computation of, or formula for, a locality's ability to pay for public education, upon which appropriations of state revenues to local governments for public education are determined.**

**3. That the liabilities, assets, responsibilities, and functions of the Hampton Roads Transportation**



Authority [former Chapter 10.2 (§ 33.1-391.6 et seq.) of Title 33.1 of the Code of Virginia], which Authority has been abolished pursuant to the sixth enactment clause of this act, shall be transferred as follows:

(i) Any outstanding obligations of the Authority under any contract entered into by the Authority prior to such abolition shall be transferred to and assumed by the Virginia Department of Transportation, provided that any outstanding liabilities or debts of the Authority shall be satisfied from funds in the Hampton Roads Transportation Revenue Fund established under § 33.1-391.18 of the Code of Virginia;

(ii) Any and all planning responsibilities vested in the Authority prior to such abolition shall be transferred to and assumed by the Hampton Roads Metropolitan Planning Organization;

(iii) Any assets of the Authority shall be deposited into the state treasury and as soon as practicable after such deposit shall then be deposited by the Comptroller into the Hampton Roads Transportation Revenue Fund; and

(iv) In all other regards, the Commonwealth, and where appropriate the Commonwealth Transportation Board, shall be the successor in interest to the Hampton Roads Transportation Authority.

4. That the fifth enactment of Chapter 896 of the Acts of Assembly of 2007 is amended and reenacted as follows:

5. That the Hampton Roads Authority established under ~~§ 33.1-391.7~~ of the Code of Virginia Metropolitan Planning Organization shall develop as part of a long-range plan quantifiable measures and achievable goals for the area collectively embraced by the ~~Authority~~ Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, relating to, but not limited to, congestion reduction and safety, transit and high-occupancy vehicle (HOV) usage, job-to-housing ratios, job and housing access to transit and pedestrian facilities, air quality, and per-capita vehicle miles traveled. In addition, the Northern Virginia Transportation Authority established under § 15.2-4830 of the Code of Virginia shall also develop as part of a long-range plan quantifiable measures and achievable goals for the area embraced by the Authority relating to, but not limited to, congestion reduction and safety, transit and high-occupancy vehicle (HOV) usage, job-to-housing ratios, job and housing access to transit and pedestrian facilities, air quality, and per-capita vehicle miles traveled. Such goals shall be subject to the approval of the Commonwealth Transportation Board on a biennial basis.

5. That the sixteenth enactment of Chapter 896 of the Acts of Assembly of 2007 is amended and reenacted as follows:

16. That, as provided under ~~§ 58.1-3221.2~~ § 58.1-3221.3 of the Code of Virginia, the tax authorized thereunder may only be imposed by a city or county embraced by the Northern Virginia Transportation Authority established under § 15.2-4830, or a city or county embraced by the Hampton Roads Transportation Authority established under ~~§ 33.1-391.7~~ by the governing body of each of the Counties of Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

6. That §§ 46.2-755.1, 46.2-755.2, 46.2-1167.1, 58.1-625.1, 58.1-802.1, and 58.1-2402.1; Chapter 10.2 (§§ 33.1-391.6 through 33.1-391.15) of Title 33.1; and Article 4.1 (§§ 58.1-1724.2 through 58.1-1724.7) of Chapter 17 of Title 58.1 of the Code of Virginia are repealed.

7. That the sixth, thirteenth, fourteenth, fifteenth, and nineteenth enactment clauses of Chapter 896 of the Acts of Assembly of 2007 are repealed.

8. That should any portion of this act be held unconstitutional by a court of competent jurisdiction, the remaining portions of this act shall remain in effect.