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HOUSE BILL NO. 2027

Offered January 14, 2009

Prefiled January 13, 2009

A *BILL to amend and reenact § 58.1-609.3 of the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 15.2-907.1, relating to demolition of buildings and reuse of recycled building materials.*

Patron—Marshall, D.W.

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-609.3 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 15.2-907.1 as follows:

§ 15.2-907.1. Authority to require demolition of buildings that are declared to be derelict and use of recycled building materials.

1. The owner of a building may apply to the locality and request that such building be declared a "derelict building" for the purposes set out in this section. For purposes of this section, "derelict building" shall mean a residential or non residential building or structure, whether or not construction has been completed, that might endanger the public's health, safety, or welfare and for a period of six months, it has been (i) vacant; (ii) boarded up; (iii) has not been lawfully connected to electric service from a utility provider; or has not been lawfully connected to water and sewer from a utility service provider.

2. If a locality determines that the building meets the criteria to be declared a derelict building and is not an appropriate building for renovation, the property owner may demolish the derelict building upon issuance of a building permit. However, this section does not supersede any ordinance adopted pursuant to § 15.2-2306 relative to historic districts.

3. Prior to commencement of demolition of the derelict building, at the request of the property owner, the real estate assessor shall make an assessment of the property in its current derelict condition. On the building permit application, the owner shall declare the cost of demolition. At the request of the property owner, the real estate assessor shall make an assessment of the property in its current derelict condition. On the building permit application, the owner shall declare the costs of demolition. At the request of the property owner, the real estate tax on an amount equal to the costs of demolition shall be abated for a period not less than 15 years, and is transferable with the property. However, if the locality has an existing tax abatement program for less than 15 years, as of July 1, 2009, the locality may provide for a tax abatement period of not less than 5 years.

§ 58.1-609.3. Commercial and industrial exemptions.

The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to the following:

1. Personal property purchased by a contractor which is used solely in another state or in a foreign country, which could be purchased by such contractor for such use free from sales tax in such other state or foreign country, and which is stored temporarily in Virginia pending shipment to such state or country.

2. (i) Industrial materials for future processing, manufacturing, refining, or conversion into articles of tangible personal property for resale where such industrial materials either enter into the production of or become a component part of the finished product; (ii) industrial materials that are coated upon or impregnated into the product at any stage of its being processed, manufactured, refined, or converted for resale; (iii) machinery or tools or repair parts therefor or replacements thereof, fuel, power, energy, or supplies, used directly in processing, manufacturing, refining, mining or converting products for sale or resale; (iv) materials, containers, labels, sacks, cans, boxes, drums or bags for future use for packaging tangible personal property for shipment or sale; or (v) equipment, printing or supplies used directly to produce a publication described in subdivision 3 of § 58.1-609.6 whether it is ultimately sold at retail or for resale or distribution at no cost. Machinery, tools and equipment, or repair parts therefor or replacements thereof, shall be exempt if the preponderance of their use is directly in processing, manufacturing, refining, mining or converting products for sale or resale. The provisions of this subsection do not apply to the drilling or extraction of oil, gas, natural gas and coalbed methane gas. In addition, the exemption provided herein shall not be applicable to any machinery, tools, and equipment, or any other tangible personal property used by a public service corporation in the generation of electric power, except for raw materials that are inputs to production of electricity, including fuel.

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59 3. Tangible personal property sold or leased to a public service corporation engaged in business as a
60 common carrier of property or passengers by railway, for use or consumption by such common carrier
61 directly in the rendition of its public service.

62 4. Ships or vessels, or repairs and alterations thereof, used or to be used exclusively or principally in
63 interstate or foreign commerce; fuel and supplies for use or consumption aboard ships or vessels plying
64 the high seas, either in intercoastal trade between ports in the Commonwealth and ports in other states
65 of the United States or its territories or possessions, or in foreign commerce between ports in the
66 Commonwealth and ports in foreign countries, when delivered directly to such ships or vessels; or
67 tangible personal property used directly in the building, conversion or repair of the ships or vessels
68 covered by this subdivision. This exemption shall include dredges, their supporting equipment, attendant
69 vessels, and fuel and supplies for use or consumption aboard such vessels, provided the dredges are used
70 exclusively or principally in interstate or foreign commerce.

71 5. Tangible personal property purchased for use or consumption directly and exclusively in basic
72 research or research and development in the experimental or laboratory sense.

73 6. Tangible personal property sold or leased to an airline operating in intrastate, interstate or foreign
74 commerce as a common carrier providing scheduled air service on a continuing basis to one or more
75 Virginia airports at least one day per week, for use or consumption by such airline directly in the
76 rendition of its common carrier service.

77 7. Meals furnished by restaurants or food service operators to employees as a part of wages.

78 8. Tangible personal property including machinery and tools, repair parts or replacements thereof,
79 and supplies and materials used directly in maintaining and preparing textile products for rental or
80 leasing by an industrial processor engaged in the commercial leasing or renting of laundered textile
81 products.

82 9. (i) Certified pollution control equipment and facilities as defined in § 58.1-3660, except for any
83 equipment that has not been certified to the Department of Taxation by a state certifying authority
84 pursuant to such section and (ii) effective retroactive to July 1, 1994, and ending July 1, 2006, certified
85 pollution control equipment and facilities as defined in § 58.1-3660 and which, in accordance with such
86 section, have been certified by the Department of Mines, Minerals and Energy for coal, oil and gas
87 production, including gas, natural gas, and coalbed methane gas.

88 10. Parts, tires, meters and dispatch radios sold or leased to taxicab operators for use or consumption
89 directly in the rendition of their services.

90 11. High speed electrostatic duplicators or any other duplicators which have a printing capacity of
91 4,000 impressions or more per hour purchased or leased by persons engaged primarily in the printing or
92 photocopying of products for sale or resale.

93 12. From July 1, 1994, and ending July 1, 2011, raw materials, fuel, power, energy, supplies,
94 machinery or tools or repair parts therefor or replacements thereof, used directly in the drilling,
95 extraction, or processing of natural gas or oil and the reclamation of the well area. For the purposes of
96 this section, the term "natural gas" shall mean "gas," "natural gas," and "coalbed methane gas" as
97 defined in § 45.1-361.1. For the purposes of this section, "drilling," "extraction," and "processing" shall
98 include production, inspection, testing, dewatering, dehydration, or distillation of raw natural gas into a
99 usable condition consistent with commercial practices, and the gathering and transportation of raw
100 natural gas to a facility wherein the gas is converted into such a usable condition. Machinery, tools and
101 equipment, or repair parts therefor or replacements thereof, shall be exempt if the preponderance of their
102 use is directly in the drilling, extraction, refining, or processing of natural gas or oil for sale or resale, or
103 in well area reclamation activities required by state or federal law.

104 13. Beginning July 1, 1997, and ending July 1, 2011, (i) the sale, lease, use, storage, consumption, or
105 distribution of an orbital or suborbital space facility, space propulsion system, space vehicle, satellite, or
106 space station of any kind possessing space flight capability, including the components thereof,
107 irrespective of whether such facility, system, vehicle, satellite, or station is returned to this
108 Commonwealth for subsequent use, storage or consumption in any manner when used to conduct
109 spaceport activities; (ii) the sale, lease, use, storage, consumption or distribution of tangible personal
110 property placed on or used aboard any orbital or suborbital space facility, space propulsion system,
111 space vehicle, satellite or space station of any kind, irrespective of whether such tangible personal
112 property is returned to this Commonwealth for subsequent use, storage or consumption in any manner
113 when used to conduct spaceport activities; (iii) fuels of such quality not adapted for use in ordinary
114 vehicles, being produced for, sold and exclusively used for space flight when used to conduct spaceport
115 activities; (iv) the sale, lease, use, storage, consumption or distribution of machinery and equipment
116 purchased, sold, leased, rented or used exclusively for spaceport activities and the sale of goods and
117 services provided to operate and maintain launch facilities, launch equipment, payload processing
118 facilities and payload processing equipment used to conduct spaceport activities.

119 For purposes of this subdivision, "spaceport activities" means activities directed or sponsored at a
120 facility owned, leased, or operated by or on behalf of the Virginia Commercial Space Flight Authority.

121 The exemptions provided by this subdivision shall not be denied by reason of a failure,
122 postponement or cancellation of a launch of any orbital or suborbital space facility, space propulsion
123 system, space vehicle, satellite or space station of any kind or the destruction of any launch vehicle or
124 any components thereof.

125 14. Semiconductor cleanrooms or equipment, fuel, power, energy, supplies, or other tangible personal
126 property used primarily in the integrated process of designing, developing, manufacturing, or testing a
127 semiconductor product, a semiconductor manufacturing process or subprocess, or semiconductor
128 equipment without regard to whether the property is actually contained in or used in a cleanroom
129 environment, touches the product, is used before or after production, or is affixed to or incorporated into
130 real estate.

131 15. Semiconductor wafers for use or consumption by a semiconductor manufacturer.

132 16. Railroad rolling stock when sold or leased by the manufacturer thereof.

133 17. Computer equipment purchased or leased on or before June 30, 2011, used in data centers
134 located in a Virginia locality having an unemployment rate above 4.9 percent for the calendar quarter
135 ending November 2007, for the processing, storage, retrieval, or communication of data, including but
136 not limited to servers, routers, connections, and other enabling hardware when part of a new investment
137 of at least \$75 million in such exempt property, when such investment results in the creation of at least
138 100 new jobs paying at least twice the prevailing average wage in that locality, so long as such
139 investment was made in accordance with a memorandum of understanding with the Virginia Economic
140 Development Partnership Authority entered into or amended between January 1, 2008, and December
141 31, 2008. The exemption shall also apply to any such computer equipment purchased or leased to
142 upgrade, add to, or replace computer equipment purchased or leased in the initial investment. The
143 exemption shall not apply to any computer software sold separately from the computer equipment, nor
144 shall it apply to general building improvements or fixtures.

145 18. *Beginning July 1, 2010, and ending July 1, 2020, recycled building materials from derelict*
146 *buildings as defined in § 15.2-907.1 for future processing, manufacturing, refining, or conversion into*
147 *articles of tangible personal property for resale where such industrial materials either enter into*
148 *production or become a component part of the finished product.*