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HOUSE BILL NO. 765

House Amendments in [] - February 15, 2010

A *BILL to amend and reenact § 58.1-662 of the Code of Virginia, relating to disposition of communications sales and use tax revenues.*

Patron Prior to Engrossment—Delegate Lewis

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-662 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-662. Disposition of communications sales and use tax revenue; Communications Sales and Use Tax Trust Fund; localities' share.

A. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be known as the Communications Sales and Use Tax Trust Fund (the Fund). The Fund shall be established on the books of the Comptroller and any funds remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on the funds shall be credited to the Fund. After transferring moneys from the Fund to the Department of Taxation to pay for the direct costs of administering this chapter, the moneys in the Fund shall be allocated to the Commonwealth's counties, cities, and towns, and distributed in accordance with subsection C, after the payment (i) for the telephone relay service center is made to the Department of Deaf and Hard-of-Hearing in accordance with the provisions of § 51.5-115 and (ii) of any franchise fee amount due to localities in accordance with any cable franchise in effect as of January 1, 2007.

B. The localities' share of the net revenue distributable under this section among the counties, cities, and towns shall be apportioned by the Tax Commissioner and distributed as soon as practicable after the close of each month during which the net revenue was received into the Fund. The distribution of the localities' share of such net revenue shall be computed with respect to the net revenue received in the state treasury during each month.

C. The net revenue distributable among the counties, cities, and towns shall be apportioned and distributed monthly during the remainder of Fiscal Year 2007 and during each subsequent fiscal year according to the percentage of telecommunications and television cable funds (local consumer utility tax on landlines and wireless, E-911, business license tax in excess of 0.5%, cable franchise fee, video programming excise tax, local consumer utility tax on cable television) they received respectively in Fiscal Year 2006 from local tax rates adopted on or before January 1, 2006. However, beginning July 1, 2009, Bath County shall receive monthly distributions equal to the distributions that it would have received if the Auditor of Public Accounts had certified that it had collected \$124,775 of telecommunications and television cable funds in Fiscal Year 2006 from local tax rates adopted on or before January 1, 2006, pursuant to the eighth enactment clause of Chapter 780 of the Acts of Assembly of 2006. [*Beginning July 1, 2010, Accomack County shall receive monthly distributions equal to the distributions it would receive if the Auditor of Public Accounts had certified that it had received \$1,111,376 and Northampton County shall receive monthly distributions equal to the distributions it would receive if the Auditor of Public Accounts had certified that it had received \$549,025 of telecommunications and television cable funds in Fiscal Year 2006.*]

Beginning July 1, 2009, any locality that collected telecommunications and television cable funds in Fiscal Year 2006 from local tax rates adopted on or before January 1, 2006, that were not certified by the Auditor of Public Accounts pursuant to the eighth enactment clause of Chapter 780 of the Acts of Assembly of 2006 because the amount of such funds was not submitted or because the amount of such funds was submitted incorrectly to the Auditor of Public Accounts by October 1, 2006, may report such collections to the Department of Taxation by either an audited financial statement for Fiscal Year 2006 or a statement of receipts verified in writing by an independent certified public accountant. Beginning with the next distribution from the Fund that is 60 days after the date that the Department of Taxation receives such statement, the locality shall receive monthly distributions equal to the distributions that it would have received if the Auditor of Public Accounts had certified that the locality had collected the reported amounts of telecommunications and television cable funds in Fiscal Year 2006 from local tax rates adopted on or before January 1, 2006, pursuant to the eighth enactment clause of Chapter 780 of the Acts of Assembly of 2006. [*In the event that any locality imposed the tax for less than 12 months during Fiscal Year 2006, the Auditor of Public Accounts in determining each locality's share shall increase the amount on a pro rata basis to estimate what would have been collected if the tax had been in effect for 12 months.*]

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59 The Department of Taxation shall adjust the percentage share of the distribution from the Fund due
60 to each locality entitled to a distribution from the Fund subsequent to any change authorized by this
61 section.

62 An amount equal to the total franchise fee paid to each locality with a cable franchise existing on the
63 effective date of this section at the rate in existence on January 1, 2007, shall be subtracted from the
64 amount owed to such locality prior to the distribution of moneys from the Fund.

65 D. For the purposes of the Comptroller making the required transfers, the Tax Commissioner shall
66 make a written certification to the Comptroller no later than the twenty-fifth of each month certifying
67 the communications sales and use tax revenues generated in the preceding month. Within three calendar
68 days of receiving such certification, the Comptroller shall make the required transfers to the
69 Communications Sales and Use Tax Trust Fund.

70 E. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall be
71 corrected and adjustments made in the distribution for the next month or for subsequent months.