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HOUSE BILL NO. 24

Offered January 11, 2012

Prefiled December 7, 2011

A *BILL to amend and reenact § 58.1-3702 of the Code of Virginia, relating to requiring under certain circumstances localities that impose local license taxes to impose the taxes on Virginia taxable income.*

Patron—Cole

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3702 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3702. Authority of counties, cities, and towns.

A. The provisions of this chapter shall be the sole authority for counties, cities and towns for the levying of the license taxes described herein. Except as provided herein, the governing body of every county, city, and town that levies such license tax may impose the tax on the gross receipts or the Virginia taxable income of the business. *However, a county, city, or town that did not impose any of the taxes under this chapter for the 2011 license year may impose the taxes under this chapter on the Virginia taxable income of the business and not on the gross receipts of the business.*

B. Virginia taxable income shall be calculated pursuant to the provisions of § 58.1-322 or 58.1-402, whichever is applicable to the business. Throughout this chapter, ~~except in § 58.1-3731~~, wherever the term "gross receipts" is used, the term "Virginia taxable income" shall be substituted whenever a county, city, or town ~~selects~~ *uses* it as the base on which to levy the license tax.

C. *Notwithstanding any other provision of this section, a business subject to a license tax pursuant to § 58.1-3731 shall be subject to the license tax on gross receipts provided under such section.*

INTRODUCED

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