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**HOUSE BILL NO. 1294**

Offered January 14, 2015

Prefiled October 31, 2014

*A BILL to amend and reenact §§ 15.2-1104.1, 15.2-2114, 58.1-3, 58.1-609.10, 58.1-609.11, 58.1-609.12, 58.1-610, 58.1-623, 58.1-811, as it is currently effective and as it may become effective, 58.1-1736, 58.1-1737, 58.1-2259, 58.1-2403, 58.1-3360, as it is currently effective and as it may become effective, 58.1-3360.1, 58.1-3360.2, 58.1-3402, 58.1-3703, 58.1-3833, 58.1-3840, and 62.1-44.15:28 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 57-2.03 and by adding in Article 5 of Chapter 38 of Title 58.1 a section numbered 58.1-3818.03, relating to exempting churches, religious associations, and religious denominations from state and local taxes, fees, and other charges.*

Patron—Morris

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 15.2-1104.1, 15.2-2114, 58.1-3, 58.1-609.10, 58.1-609.11, 58.1-609.12, 58.1-610, 58.1-623, 58.1-811, as it is currently effective and as it may become effective, 58.1-1736, 58.1-1737, 58.1-2259, 58.1-2403, 58.1-3360, as it is currently effective and as it may become effective, 58.1-3360.1, 58.1-3360.2, 58.1-3402, 58.1-3703, 58.1-3833, 58.1-3840, and 62.1-44.15:28 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 57-2.03 and by adding in Article 5 of Chapter 38 of Title 58.1 a section numbered 58.1-3818.03 as follows:**

**§ 15.2-1104.1. Tax on admissions to charitable events.**

A municipal corporation that generally levies an admissions tax may, by ordinance, elect not to levy an admissions tax on admission to an event, provided that the purpose of the event is solely to raise money for charitable purposes and that the net proceeds derived from the event will be transferred to an entity or entities that are exempt from sales and use tax pursuant to § 58.1-609.11.

*In addition, no municipal corporation shall levy an admissions tax upon admissions to an event the gross receipts of which go wholly to a church, religious association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable, religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606.*

**§ 15.2-2114. Regulation of stormwater.**

A. Any locality, by ordinance, may establish a utility or enact a system of service charges to support a local stormwater management program consistent with Article 2.3 (§ 62.1-44.15:24 et seq.) of Chapter 3.1 of Title 62.1 or any other state or federal regulation governing stormwater management. Income derived from a utility or system of charges shall be dedicated special revenue, may not exceed the actual costs incurred by a locality operating under the provisions of this section, and may be used only to pay or recover costs for the following:

1. The acquisition, as permitted by § 15.2-1800, of real and personal property, and interest therein, necessary to construct, operate and maintain stormwater control facilities;

2. The cost of administration of such programs;

3. Planning, design, engineering, construction, and debt retirement for new facilities and enlargement or improvement of existing facilities, including the enlargement or improvement of dams, levees, floodwalls, and pump stations, whether publicly or privately owned, that serve to control stormwater;

4. Facility operation and maintenance, including the maintenance of dams, levees, floodwalls, and pump stations, whether publicly or privately owned, that serve to control the stormwater;

5. Monitoring of stormwater control devices and ambient water quality monitoring; and

6. Other activities consistent with the state or federal regulations or permits governing stormwater management, including, but not limited to, public education, watershed planning, inspection and enforcement activities, and pollution prevention planning and implementation.

B. The charges may be assessed to property owners or occupants, including condominium unit owners or tenants (when the tenant is the party to whom the water and sewer service is billed), and shall be based upon an analysis that demonstrates the rational relationship between the amount charged and the services provided. Prior to adopting such a system, a public hearing shall be held after giving notice as required by charter or by publishing a descriptive notice once a week for two successive weeks prior to adoption in a newspaper with a general circulation in the locality. The second publication shall not be sooner than one calendar week after the first publication. However, prior to adoption of any

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59 ordinance pursuant to this section related to the enlargement, improvement, or maintenance of privately  
60 owned dams, a locality shall comply with the notice provisions of § 15.2-1427 and hold a public  
61 hearing.

62 C. A locality adopting such a system shall provide for full waivers of charges to the following:

63 1. A federal, state, or local government, or public entity, that holds a permit to discharge stormwater  
64 from a municipal separate storm sewer system; except that the waiver of charges shall apply only to  
65 property covered by any such permit; and

66 2. Public roads and street rights-of-way that are owned and maintained by state or local agencies  
67 including property rights-of-way acquired through the acquisitions process; and

68 3. *Property that is owned by a church, religious association, or religious denomination (i) operated*  
69 *exclusively on a nonprofit basis for charitable, religious, or educational purposes or (ii) whose real*  
70 *property is exempt from local taxation pursuant to the provisions of § 58.1-3606.*

71 D. A locality adopting such a system shall provide for full or partial waivers of charges to any  
72 person who installs, operates, and maintains a stormwater management facility that achieves a permanent  
73 reduction in stormwater flow or pollutant loadings. The locality shall base the amount of the waiver in  
74 part on the percentage reduction in stormwater flow or pollutant loadings, or both, from pre-installation  
75 to post-installation of the facility. No locality shall provide a waiver to any person who does not obtain  
76 a stormwater permit from the Department of Environmental Quality when such permit is required by  
77 statute or regulation.

78 E. A locality adopting such a system may provide for full or partial waivers of charges to cemeteries,  
79 property owned or operated by the locality administering the program, and public or private entities that  
80 implement or participate in strategies, techniques, or programs that reduce stormwater flow or pollutant  
81 loadings, or decrease the cost of maintaining or operating the public stormwater management system.

82 F. Any locality may issue general obligation bonds or revenue bonds in order to finance the cost of  
83 infrastructure and equipment for a stormwater control program. Infrastructure and equipment shall  
84 include structural and natural stormwater control systems of all types, including, without limitation,  
85 retention basins, sewers, conduits, pipelines, pumping and ventilating stations, and other plants,  
86 structures, and real and personal property used for support of the system. The procedure for the issuance  
87 of any such general obligation bonds or revenue bonds pursuant to this section shall be in conformity  
88 with the procedure for issuance of such bonds as set forth in the Public Finance Act (§ 15.2-2600 et  
89 seq.).

90 G. In the event charges are not paid when due, interest thereon shall at that time accrue at the rate,  
91 not to exceed the maximum amount allowed by law, determined by the locality until such time as the  
92 overdue payment and interest are paid. Charges and interest may be recovered by the locality by action  
93 at law or suit in equity and shall constitute a lien against the property, ranking on a parity with liens for  
94 unpaid taxes. The locality may combine the billings for stormwater charges with billings for water or  
95 sewer charges, real property tax assessments, or other billings; in such cases, the locality may establish  
96 the order in which payments will be applied to the different charges. No locality shall combine its  
97 billings with those of another locality or political subdivision, including an authority operating pursuant  
98 to Chapter 51 (§ 15.2-5100 et seq.) of Title 15.2, unless such locality or political subdivision has given  
99 its consent by duly adopted resolution or ordinance.

100 H. Any two or more localities may enter into cooperative agreements concerning the management of  
101 stormwater.

102 **§ 57-2.03. Churches and religious bodies exempt from state and local taxes, fees, and other**  
103 **charges.**

104 *Notwithstanding any state or local law and except as may be provided under Title 58.1 for taxes on*  
105 *property, no state or local tax, fee, or other charge shall be imposed upon a church, religious*  
106 *association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable,*  
107 *religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to*  
108 *the provisions of § 58.1-3606.*

109 **§ 58.1-3. Secrecy of information; penalties.**

110 A. Except in accordance with a proper judicial order or as otherwise provided by law, the Tax  
111 Commissioner or agent, clerk, commissioner of the revenue, treasurer, or any other state or local tax or  
112 revenue officer or employee, or any person to whom tax information is divulged pursuant to § 58.1-512  
113 or 58.1-2712.2, or any former officer or employee of any of the aforementioned offices shall not divulge  
114 any information acquired by him in the performance of his duties with respect to the transactions,  
115 property, including personal property, income or business of any person, firm or corporation. Such  
116 prohibition specifically includes any copy of a federal return or federal return information required by  
117 Virginia law to be attached to or included in the Virginia return. This prohibition shall apply to any  
118 reports, returns, financial documents or other information filed with the Attorney General pursuant to the  
119 provisions of Article 3 (§ 3.2-4204 et seq.) of Chapter 42 of Title 3.2. Any person violating the  
120 provisions of this section is guilty of a Class 1 misdemeanor. The provisions of this subsection shall not

be applicable, however, to:

1. Matters required by law to be entered on any public assessment roll or book;
2. Acts performed or words spoken, published, or shared with another agency or subdivision of the Commonwealth in the line of duty under state law;
3. Inquiries and investigations to obtain information as to the process of real estate assessments by a duly constituted committee of the General Assembly, or when such inquiry or investigation is relevant to its study, provided that any such information obtained shall be privileged;
4. The sales price, date of construction, physical dimensions or characteristics of real property, or any information required for building permits;
5. Copies of or information contained in an estate's probate tax return, filed with the clerk of court pursuant to § 58.1-1714, when requested by a beneficiary of the estate or an heir at law of the decedent;
6. Information regarding nonprofit entities exempt from sales and use tax under § 58.1-609.11 *or entities exempt from sales and use tax under subdivision 16 of § 58.1-609.10*, when requested by the General Assembly or any duly constituted committee of the General Assembly;
7. Reports or information filed with the Attorney General by a Stamping Agent pursuant to the provisions of Article 3 (§ 3.2-4204 et seq.), when such reports or information are provided by the Attorney General to a tobacco products manufacturer who is required to establish a qualified escrow fund pursuant to § 3.2-4201 and are limited to the brand families of that manufacturer as listed in the Tobacco Directory established pursuant to § 3.2-4206 and are limited to the current or previous two calendar years or in any year in which the Attorney General receives Stamping Agent information that potentially alters the required escrow deposit of the manufacturer. The information shall only be provided in the following manner: the manufacturer may make a written request, on a quarterly or yearly basis or when the manufacturer is notified by the Attorney General of a potential change in the amount of a required escrow deposit, to the Attorney General for a list of the Stamping Agents who reported stamping or selling its products and the amount reported. The Attorney General shall provide the list within 15 days of receipt of the request. If the manufacturer wishes to obtain actual copies of the reports the Stamping Agents filed with the Attorney General, it must first request them from the Stamping Agents pursuant to subsection C of § 3.2-4209. If the manufacturer does not receive the reports pursuant to subsection C of § 3.2-4209, the manufacturer may make a written request to the Attorney General, including a copy of the prior written request to the Stamping Agent and any response received, for copies of any reports not received. The Attorney General shall provide copies of the reports within 45 days of receipt of the request.

B. Nothing contained in this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof or the publication of delinquent lists showing the names of taxpayers who are currently delinquent, together with any relevant information which in the opinion of the Department may assist in the collection of such delinquent taxes. Notwithstanding any other provision of this section or other law, the Department, upon request by the General Assembly or any duly constituted committee of the General Assembly, shall disclose the total aggregate amount of an income tax deduction or credit taken by all taxpayers, regardless of (i) how few taxpayers took the deduction or credit or (ii) any other circumstances. This section shall not be construed to prohibit a local tax official from disclosing whether a person, firm or corporation is licensed to do business in that locality and divulging, upon written request, the name and address of any person, firm or corporation transacting business under a fictitious name. Additionally, notwithstanding any other provision of law, the commissioner of revenue is authorized to provide, upon written request stating the reason for such request, the Tax Commissioner with information obtained from local tax returns and other information pertaining to the income, sales and property of any person, firm or corporation licensed to do business in that locality.

C. Notwithstanding the provisions of subsection A or B or any other provision of this title, the Tax Commissioner is authorized to: (i) divulge tax information to any commissioner of the revenue, director of finance or other similar collector of county, city or town taxes who, for the performance of his official duties, requests the same in writing setting forth the reasons for such request; (ii) provide to the Commissioner of the Department of Social Services, upon written request, information on the amount of income, filing status, number and type of dependents, and whether a federal earned income tax credit has been claimed as reported by persons on their state income tax returns who have applied for public assistance or social services benefits as defined in § 63.2-100; (iii) provide to the chief executive officer of the designated student loan guarantor for the Commonwealth of Virginia, upon written request, the names and home addresses of those persons identified by the designated guarantor as having delinquent loans guaranteed by the designated guarantor; (iv) provide current address information upon request to state agencies and institutions for their confidential use in facilitating the collection of accounts receivable, and to the clerk of a circuit or district court for their confidential use in facilitating the collection of fines, penalties and costs imposed in a proceeding in that court; (v) provide to the

182 Commissioner of the Virginia Employment Commission, after entering into a written agreement, such  
183 tax information as may be necessary to facilitate the collection of unemployment taxes and overpaid  
184 benefits; (vi) provide to the Alcoholic Beverage Control Board, upon entering into a written agreement,  
185 such tax information as may be necessary to facilitate the collection of state and local taxes and the  
186 administration of the alcoholic beverage control laws; (vii) provide to the Director of the Virginia  
187 Lottery such tax information as may be necessary to identify those lottery ticket retailers who owe  
188 delinquent taxes; (viii) provide to the Department of the Treasury for its confidential use such tax  
189 information as may be necessary to facilitate the location of owners and holders of unclaimed property,  
190 as defined in § 55-210.2; (ix) provide to the State Corporation Commission, upon entering into a written  
191 agreement, such tax information as may be necessary to facilitate the collection of taxes and fees  
192 administered by the Commission; (x) provide to the Executive Director of the Potomac and  
193 Rappahannock Transportation Commission for his confidential use such tax information as may be  
194 necessary to facilitate the collection of the motor vehicle fuel sales tax; (xi) provide to the  
195 Commissioner of the Department of Agriculture and Consumer Services such tax information as may be  
196 necessary to identify those applicants for registration as a supplier of charitable gaming supplies who  
197 have not filed required returns or who owe delinquent taxes; (xii) provide to the Department of Housing  
198 and Community Development for its confidential use such tax information as may be necessary to  
199 facilitate the administration of the remaining effective provisions of the Enterprise Zone Act (§ 59.1-270  
200 et seq.), and the Enterprise Zone Grant Program (§ 59.1-538 et seq.); (xiii) provide current name and  
201 address information to private collectors entering into a written agreement with the Tax Commissioner,  
202 for their confidential use when acting on behalf of the Commonwealth or any of its political  
203 subdivisions; however, the Tax Commissioner is not authorized to provide such information to a private  
204 collector who has used or disseminated in an unauthorized or prohibited manner any such information  
205 previously provided to such collector; (xiv) provide current name and address information as to the  
206 identity of the wholesale or retail dealer that affixed a tax stamp to a package of cigarettes to any  
207 person who manufactures or sells at retail or wholesale cigarettes and who may bring an action for  
208 injunction or other equitable relief for violation of Chapter 10.1, Enforcement of Illegal Sale or  
209 Distribution of Cigarettes Act; (xv) provide to the Commissioner of Labor and Industry, upon entering  
210 into a written agreement, such tax information as may be necessary to facilitate the collection of unpaid  
211 wages under § 40.1-29; (xvi) provide to the Director of the Department of Human Resource  
212 Management, upon entering into a written agreement, such tax information as may be necessary to  
213 identify persons receiving workers' compensation indemnity benefits who have failed to report earnings  
214 as required by § 65.2-712; (xvii) provide to any commissioner of the revenue, director of finance, or any  
215 other officer of any county, city, or town performing any or all of the duties of a commissioner of the  
216 revenue and to any dealer registered for the collection of the Communications Sales and Use Tax, a list  
217 of the names, business addresses, and dates of registration of all dealers registered for such tax; (xviii)  
218 provide to the Executive Director of the Northern Virginia Transportation Commission for his  
219 confidential use such tax information as may be necessary to facilitate the collection of the motor  
220 vehicle fuel sales tax; and (xix) provide to the Commissioner of Agriculture and Consumer Services the  
221 name and address of the taxpayer businesses licensed by the Commonwealth that identify themselves as  
222 subject to regulation by the Board of Agriculture and Consumer Services pursuant to § 3.2-5130. The  
223 Tax Commissioner is further authorized to enter into written agreements with duly constituted tax  
224 officials of other states and of the United States for the inspection of tax returns, the making of audits,  
225 and the exchange of information relating to any tax administered by the Department of Taxation. Any  
226 person to whom tax information is divulged pursuant to this section shall be subject to the prohibitions  
227 and penalties prescribed herein as though he were a tax official.

228 D. Notwithstanding the provisions of subsection A or B or any other provision of this title, the  
229 commissioner of revenue or other assessing official is authorized to (i) provide, upon written request  
230 stating the reason for such request, the chief executive officer of any county or city with information  
231 furnished to the commissioner of revenue by the Tax Commissioner relating to the name and address of  
232 any dealer located within the county or city who paid sales and use tax, for the purpose of verifying the  
233 local sales and use tax revenues payable to the county or city; (ii) provide to the Department of  
234 Professional and Occupational Regulation for its confidential use the name, address, and amount of gross  
235 receipts of any person, firm or entity subject to a criminal investigation of an unlawful practice of a  
236 profession or occupation administered by the Department of Professional and Occupational Regulation,  
237 only after the Department of Professional and Occupational Regulation exhausts all other means of  
238 obtaining such information; and (iii) provide to any representative of a condominium unit owners'  
239 association, property owners' association or real estate cooperative association, or to the owner of  
240 property governed by any such association, the names and addresses of parties having a security interest  
241 in real property governed by any such association; however, such information shall be released only  
242 upon written request stating the reason for such request, which reason shall be limited to proposing or  
243 opposing changes to the governing documents of the association, and any information received by any

person under this subsection shall be used only for the reason stated in the written request. The treasurer or other local assessing official may require any person requesting information pursuant to clause (iii) of this subsection to pay the reasonable cost of providing such information. Any person to whom tax information is divulged pursuant to this subsection shall be subject to the prohibitions and penalties prescribed herein as though he were a tax official.

Notwithstanding the provisions of subsection A or B or any other provisions of this title, the treasurer or other collector of taxes for a county, city or town is authorized to provide information relating to any motor vehicle, trailer or semitrailer obtained by such treasurer or collector in the course of performing his duties to the commissioner of the revenue or other assessing official for such jurisdiction for use by such commissioner or other official in performing assessments.

This section shall not be construed to prohibit a local tax official from imprinting or displaying on a motor vehicle local license decal the year, make, and model and any other legal identification information about the particular motor vehicle for which that local license decal is assigned.

E. Notwithstanding any other provisions of law, state agencies and any other administrative or regulatory unit of state government shall divulge to the Tax Commissioner or his authorized agent, upon written request, the name, address, and social security number of a taxpayer, necessary for the performance of the Commissioner's official duties regarding the administration and enforcement of laws within the jurisdiction of the Department of Taxation. The receipt of information by the Tax Commissioner or his agent which may be deemed taxpayer information shall not relieve the Commissioner of the obligations under this section.

F. Additionally, it shall be unlawful for any person to disseminate, publish, or cause to be published any confidential tax document which he knows or has reason to know is a confidential tax document. A confidential tax document is any correspondence, document, or tax return that is prohibited from being divulged by subsection A, B, C, or D and includes any document containing information on the transactions, property, income, or business of any person, firm, or corporation that is required to be filed with any state official by § 58.1-512. This prohibition shall not apply if such confidential tax document has been divulged or disseminated pursuant to a provision of law authorizing disclosure. Any person violating the provisions of this subsection is guilty of a Class 1 misdemeanor.

#### **§ 58.1-609.10. Miscellaneous 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. Artificial or propane gas, firewood, coal or home heating oil used for domestic consumption. "Domestic consumption" means the use of artificial or propane gas, firewood, coal or home heating oil by an individual purchaser for other than business, commercial or industrial purposes. The Tax Commissioner shall establish by regulation a system for use by dealers in classifying individual purchases for domestic or nondomestic use based on the principal usage of such gas, wood, coal or oil. Any person making a nondomestic purchase and paying the tax pursuant to this chapter who uses any portion of such purchase for domestic use may, between the first day of the first month and the fifteenth day of the fourth month following the year of purchase, apply for a refund of the tax paid on the domestic use portion.

2. An occasional sale, as defined in § 58.1-602. A nonprofit organization that is eligible to be granted an exemption on its purchases pursuant to § 58.1-609.11, and that is otherwise eligible for the exemption pursuant to this subdivision, shall be exempt pursuant to this subdivision on its sales of (i) food, prepared food and meals and (ii) tickets to events that include the provision of food, prepared food and meals, so long as such sales take place on fewer than 24 occasions in a calendar year. *Churches, religious associations, and religious denominations described under subdivision 16 shall also be exempt on such sales made by the entity, so long as such sales by the entity take place on fewer than 24 occasions in a calendar year.*

3. Tangible personal property for future use by a person for taxable lease or rental as an established business or part of an established business, or incidental or germane to such business, including a simultaneous purchase and taxable leaseback.

4. Delivery of tangible personal property outside the Commonwealth for use or consumption outside of the Commonwealth. Delivery of goods destined for foreign export to a factor or export agent shall be deemed to be delivery of goods for use or consumption outside of the Commonwealth.

5. Tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children.

6. Tangible personal property purchased for use or consumption in the performance of maintenance and repair services at Nuclear Regulatory Commission-licensed nuclear power plants located outside the Commonwealth.

7. Beginning July 1, 1997, and ending July 1, 2006, a professional's provision of original, revised,

305 edited, reformatted or copied documents, including but not limited to documents stored on or transmitted  
306 by electronic media, to its client or to third parties in the course of the professional's rendition of  
307 services to its clientele.

308 8. School lunches sold and served to pupils and employees of schools and subsidized by government;  
309 school textbooks sold by a local board or authorized agency thereof; and school textbooks sold for use  
310 by students attending a college or other institution of learning, when sold (i) by such institution of  
311 learning or (ii) by any other dealer, when such textbooks have been certified by a department or  
312 instructor of such institution of learning as required textbooks for students attending courses at such  
313 institution.

314 9. Medicines, drugs, hypodermic syringes, artificial eyes, contact lenses, eyeglasses, eyeglass cases,  
315 and contact lens storage containers when distributed free of charge, all solutions or sterilization kits or  
316 other devices applicable to the wearing or maintenance of contact lenses or eyeglasses when distributed  
317 free of charge, and hearing aids dispensed by or sold on prescriptions or work orders of licensed  
318 physicians, dentists, optometrists, ophthalmologists, opticians, audiologists, hearing aid dealers and  
319 fitters, nurse practitioners, physician assistants, and veterinarians; controlled drugs purchased for use by  
320 a licensed physician, optometrist, licensed nurse practitioner, or licensed physician assistant in his  
321 professional practice, regardless of whether such practice is organized as a sole proprietorship,  
322 partnership, or professional corporation, or any other type of corporation in which the shareholders and  
323 operators are all licensed physicians, optometrists, licensed nurse practitioners, or licensed physician  
324 assistants engaged in the practice of medicine, optometry, or nursing; medicines and drugs purchased for  
325 use or consumption by a licensed hospital, nursing home, clinic, or similar corporation not otherwise  
326 exempt under this section; and samples of prescription drugs and medicines and their packaging  
327 distributed free of charge to authorized recipients in accordance with the federal Food, Drug, and  
328 Cosmetic Act (21 U.S.C.A. § 301 et seq., as amended). With the exceptions of those medicines and  
329 drugs used for agricultural production animals that are exempt to veterinarians under subdivision 1 of §  
330 58.1-609.2, any veterinarian dispensing or selling medicines or drugs on prescription shall be deemed to  
331 be the user or consumer of all such medicines and drugs.

332 10. Wheelchairs and parts therefor, braces, crutches, prosthetic devices, orthopedic appliances,  
333 catheters, urinary accessories, other durable medical equipment and devices, and related parts and  
334 supplies specifically designed for those products; and insulin and insulin syringes, and equipment,  
335 devices or chemical reagents that may be used by a diabetic to test or monitor blood or urine, when  
336 such items or parts are purchased by or on behalf of an individual for use by such individual. Durable  
337 medical equipment is equipment that (i) can withstand repeated use, (ii) is primarily and customarily  
338 used to serve a medical purpose, (iii) generally is not useful to a person in the absence of illness or  
339 injury, and (iv) is appropriate for use in the home.

340 11. Drugs and supplies used in hemodialysis and peritoneal dialysis.

341 12. Special equipment installed on a motor vehicle when purchased by a handicapped person to  
342 enable such person to operate the motor vehicle.

343 13. Special typewriters and computers and related parts and supplies specifically designed for those  
344 products used by handicapped persons to communicate when such equipment is prescribed by a licensed  
345 physician.

346 14. a. (i) Any nonprescription drugs and proprietary medicines purchased for the cure, mitigation,  
347 treatment, or prevention of disease in human beings and (ii) any samples of nonprescription drugs and  
348 proprietary medicines distributed free of charge by the manufacturer, including packaging materials and  
349 constituent elements and ingredients.

350 b. The terms "nonprescription drugs" and "proprietary medicines" shall be defined pursuant to  
351 regulations promulgated by the Department of Taxation. The exemption authorized in this subdivision  
352 shall not apply to cosmetics.

353 15. Tangible personal property withdrawn from inventory and donated to (i) an organization exempt  
354 from taxation under § 501(c)(3) of the Internal Revenue Code or (ii) the Commonwealth, any political  
355 subdivision of the Commonwealth, or any school, agency, or instrumentality thereof.

356 16. Tangible personal property or services purchased by nonprofit churches that are exempt from  
357 taxation under § 501(c)(3) of the Internal Revenue Code, any church, religious association, or religious  
358 denomination operated exclusively on a nonprofit basis for charitable, religious, or educational purposes  
359 or purchased by any church, religious association, or religious denomination whose real property is  
360 exempt from local taxation pursuant to the provisions of § 58.1-3606, for use (i) in religious worship  
361 services by a congregation or church membership while meeting together in a single location and (ii) in  
362 the libraries, offices, meeting or counseling rooms or other rooms in the public church buildings used in  
363 carrying out the work of the church and its related ministries, including kindergarten, elementary and  
364 secondary schools. The exemption for such churches shall also include baptistries; bulletins, programs,  
365 newspapers and newsletters that do not contain paid advertising and are used in carrying out the work of  
366 the church; gifts including food for distribution outside the public church building; food, disposable

367 serving items; cleaning supplies and teaching materials used in the operation of camps or conference  
 368 centers by the church or an organization composed of churches that are exempt under this subdivision  
 369 and which are used in carrying out the work of the church or churches; and property used in caring for  
 370 or maintaining property owned by the church including, but not limited to, mowing equipment; and  
 371 including building materials installed by the church, and for which the church does not contract with a  
 372 person or entity to have installed, in the public church buildings used in carrying out the work of the  
 373 church and its related ministries, including, but not limited to worship services; administrative rooms;  
 374 and kindergarten, elementary, and secondary schools religious association, or religious denomination.

375 *The Department shall adopt processes and procedures to allow churches, religious associations, and*  
 376 *religious denominations (i) that operate exclusively on a nonprofit basis for charitable, religious, or*  
 377 *educational purposes or (ii) whose real property is exempt from local taxation pursuant to the*  
 378 *provisions of § 58.1-3606 to hold, maintain, and use self-executing certificates of exemption for purposes*  
 379 *of purchasing tangible personal property or otherwise taxable services exempt from the tax imposed by*  
 380 *this chapter or imposed pursuant to the authority granted under §§ 58.1-605 and 58.1-606.*

381 17. Medical products and supplies, which are otherwise taxable, such as bandages, gauze dressings,  
 382 incontinence products and wound-care products, when purchased by a Medicaid recipient through a  
 383 Department of Medical Assistance Services provider agreement.

384 18. Beginning July 1, 2007, and ending July 1, 2012, multifuel heating stoves used for heating an  
 385 individual purchaser's residence. "Multifuel heating stoves" are stoves that are capable of burning a wide  
 386 variety of alternative fuels, including, but not limited to, shelled corn, wood pellets, cherry pits, and  
 387 olive pits.

388 19. Fabrication of animal meat, grains, vegetables, or other foodstuffs when the purchaser (i) supplies  
 389 the foodstuffs and they are consumed by the purchaser or his family, (ii) is an organization exempt from  
 390 taxation under § 501(c)(3) or (c)(4) of the Internal Revenue Code, or (iii) donates the foodstuffs to an  
 391 organization exempt from taxation under § 501(c)(3) or (c)(4) of the Internal Revenue Code.

392 **§ 58.1-609.11. Exemptions for nonprofit entities.**

393 A. Any nonprofit organization that holds a valid certificate of exemption from the Department of  
 394 Taxation; ~~or any nonprofit church that holds a valid self-executing certificate of exemption;~~ that exempts  
 395 it from collecting or paying state and local retail sales or use taxes as of June 30, 2003, pursuant to  
 396 § 58.1-609.4, 58.1-609.7, 58.1-609.8, 58.1-609.9, or 58.1-609.10, as such sections are in effect on June  
 397 30, 2003, shall remain exempt from the collection or payment of such taxes under the same terms and  
 398 conditions as provided under such sections as such sections existed on June 30, 2003, until: (i) July 1,  
 399 2007, for such entities that were exempt under § 58.1-609.4; (ii) July 1, 2008, for such entities that were  
 400 exempt under § 58.1-609.7; (iii) July 1, 2004, for the first one-half of such entities that were exempt  
 401 under § 58.1-609.8; ~~except churches, which will remain exempt under the same criteria and procedures~~  
 402 ~~in effect for churches on June 30, 2003;~~ (iv) July 1, 2005, for the second one-half of such entities that  
 403 were exempt under § 58.1-609.8; and (v) July 1, 2006, for such entities that were exempt under  
 404 § 58.1-609.9 or under § 58.1-609.10. At the end of the applicable period of such exemptions, to maintain  
 405 or renew an exemption for the period of time set forth in subsection E, each entity must follow the  
 406 procedures set forth in subsection B and meet the criteria set forth in subsection C. Provided, however,  
 407 that any entity that was exempt from collecting sales and use tax shall continue to be exempt from such  
 408 collection, and any entity that was exempt from paying sales and use tax for the purchase of services, as  
 409 of June 30, 2003, shall continue to be exempt from such payment, provided that it follows the other  
 410 procedures set forth in subsection B and meets the criteria set forth in subsection C. Provided further,  
 411 however, that an educational institution doing business in the Commonwealth which provides a  
 412 face-to-face educational experience in American government and was exempt pursuant to subdivision 4  
 413 of § 58.1-609.4 from paying sales and use tax for the purchase of services, as of June 30, 2003, shall  
 414 continue to be exempt from such payment, provided that it follows the other procedures set forth in  
 415 subsection B and meets the criteria set forth in subsection C.

416 B. On and after July 1, 2004, in addition to the organizations described in subsection A, the tax  
 417 imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply  
 418 to purchases of tangible personal property for use or consumption by any nonprofit entity that, pursuant  
 419 to this section, (i) files an appropriate application with the Department of Taxation, (ii) meets the  
 420 applicable criteria, and (iii) is issued a certificate of exemption from the Department of Taxation for the  
 421 period of time covered by the certificate.

422 C. To qualify for the exemption under subsection B, a nonprofit entity must meet the applicable  
 423 criteria under this subsection as follows:

424 1. a. The entity is exempt from federal income taxation (i) under § 501(c)(3) of the Internal Revenue  
 425 Code or (ii) under § 501(c)(4) of the Internal Revenue Code and, if it is exempt under § 501(c)(4) of the  
 426 Internal Revenue Code, it is organized for a charitable purpose; or

427 b. The entity has annual gross receipts less than \$5,000, and the entity is organized for at least one

428 of the purposes set forth in § 501(c)(3) of the Internal Revenue Code, or one of the charitable purposes  
429 set forth in § 501(c)(4) of the Internal Revenue Code; and

430 2. The entity is in compliance with all applicable state solicitation laws, and where applicable,  
431 provides appropriate verification of such compliance; and

432 3. The entity's annual general administrative costs, including salaries and fundraising, relative to its  
433 annual gross revenue, under generally accepted accounting principles, is not greater than 40 percent; and

434 4. If the entity's gross annual revenue was at least \$750,000 in the previous year, then the entity  
435 must provide a financial review performed by an independent certified public accountant. However, for  
436 any entity with gross annual revenue of at least \$1 million in the previous year, the Department may  
437 require that the entity provide a financial audit performed by an independent certified public accountant.  
438 If the Department specifically requires an entity with gross annual revenue of at least \$1 million in the  
439 previous year to provide a financial audit performed by an independent certified public accountant, then  
440 the entity shall provide such audit in order to qualify for the exemption under this section, which audit  
441 shall be in lieu of the financial review; and

442 5. If the entity filed a federal 990 or 990 EZ tax form, or the successor forms to such forms, with  
443 the Internal Revenue Service, then it must provide a copy of such form to the Department of Taxation;  
444 and

445 6. If the entity did not file a federal 990 or 990 EZ tax form, or the successor forms to such forms,  
446 with the Internal Revenue Service, then the entity must provide the following information:

447 a. A list of the Board of Directors or other responsible agents of the entity, composed of at least two  
448 individuals, with names and addresses where the individuals physically can be found; and

449 b. The location where the financial records of the entity are available for public inspection.

450 D. On and after July 1, 2004, in addition to the criteria set forth in subsection C, the Department of  
451 Taxation shall ask each entity for the total taxable purchases made in the preceding year, unless such  
452 records are not available through no fault of the entity. If the records are not available through no fault  
453 of the entity, then the entity must provide such information to the Department the following year. No  
454 information provided pursuant to this subsection (except the failure to provide available information)  
455 shall be a basis for the Department of Taxation to refuse to exempt an entity.

456 E. Any entity that is determined under subsections B, C, and D by the Department of Taxation to be  
457 exempt from paying sales and use tax shall also be exempt from collecting sales and use tax, at its  
458 election, if (i) the entity is within the same class of organization of any entity that was exempt from  
459 collecting sales and use tax on June 30, 2003, or (ii) the entity is organized exclusively to foster,  
460 sponsor, and promote physical education, athletic programs, and contests for youths in the  
461 Commonwealth.

462 F. The duration of each exemption granted by the Department of Taxation shall be no less than five  
463 years and no greater than seven years. During the period of such exemption, the failure of an exempt  
464 entity to maintain compliance with the applicable criteria set forth in subsection C shall constitute  
465 grounds for revocation of the exemption by the Department. At the end of the period of such exemption,  
466 to maintain or renew the exemption, each entity must provide the Department of Taxation the same  
467 information as required upon initial exemption and meet the same criteria.

468 G. *The provisions of this section shall not apply to any church, religious association, or religious*  
469 *denomination (i) operated exclusively on a nonprofit basis for charitable, religious, or educational*  
470 *purposes or (ii) whose real property is exempt from local taxation pursuant to the provisions of*  
471 *§ 58.1-3606.*

472 H. For purposes of this section, the Department of Taxation and the Department of Agriculture and  
473 Consumer Services shall be allowed to share information when necessary to supplement the information  
474 required.

475 **§ 58.1-609.12. Reports to General Assembly on tax exemptions studies.**

476 A. The Tax Commissioner shall determine the fiscal, economic and policy impact of each sales and  
477 use tax exemption set out in §§ 58.1-609.10 and 58.1-609.11 and report such findings to the chairmen of  
478 the House and Senate Finance Committees and the chairman of the House Appropriations Committee no  
479 later than December 1 of each year. Subgroups of the exemptions shall be reviewed in periodic cycles  
480 and reports issued on a rotating basis in accordance with a schedule determined by the Tax  
481 Commissioner, excluding the sales and use tax exemptions for nonprofit entities provided by  
482 § 58.1-609.11 and the sales and use tax exemptions provided by subdivision 16 of § 58.1-609.10, which  
483 shall be reviewed and reported on annually. When such reports have been completed for each subgroup  
484 of the sales and use tax exemptions, the Tax Commissioner shall repeat the process beginning with the  
485 subgroup of exemptions for which a report was made in 2007. No exemption shall be analyzed under  
486 the provisions of this section more frequently than once every five years, excluding the annual fiscal  
487 impact of the sales and use tax exemptions for nonprofit entities, which shall be studied each year.

488 B. When the Tax Commissioner investigates and analyzes the tax exemptions in § 58.1-609.10, the  
489 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 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, particularly states contiguous to the Commonwealth;
5. Any external statutory, constitutional, or judicial mandates 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.

C. When the Tax Commissioner investigates and analyzes the tax exemptions in § 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.

D. 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.

**§ 58.1-610. Contractors.**

A. Any person who contracts orally, in writing, or by purchase order, to perform construction, reconstruction, installation, repair, or any other service with respect to real estate or fixtures thereon, and in connection therewith to furnish tangible personal property, shall be deemed to have purchased such tangible personal property for use or consumption. Any sale, distribution, or lease to or storage for such person shall be deemed a sale, distribution, or lease to or storage for the ultimate consumer and not for resale, and the dealer making the sale, distribution, or lease to or storage for such person shall be obligated to collect the tax to the extent required by this chapter.

B. Any person who contracts to perform services in this Commonwealth and is furnished tangible personal property for use under the contract by the person, or his agent or representative, for whom the contract is performed, and a sales or use tax has not been paid to this Commonwealth by the person supplying the tangible personal property, shall be deemed to be the consumer of the tangible personal property so used, and shall pay a use tax based on the fair market value of the tangible personal property so used, irrespective of whether or not any right, title or interest in the tangible personal property becomes vested in the contractor. This subsection, however, shall not apply to the industrial materials exclusion or the other industrial exclusions set out in § 58.1-609.3, including those set out in subdivisions 2, 3 and 4 thereof; the media-related exemptions set out in subdivision 2 of § 58.1-609.6; the governmental exclusions set out in subdivision 4 of § 58.1-609.1; the agricultural exclusions set forth in subdivision 1 of § 58.1-609.2; or the exclusion for baptistries set forth for any entity described in subdivision 16 of § 58.1-609.10.

C. Any person who contracts orally, in writing, or by purchase order to perform any service in the nature of equipment rental, and the principal part of that service is the furnishing of equipment or machinery which will not be under the exclusive control of the contractor, shall be liable for the sales or use tax on the gross proceeds from such contract to the same extent as the lessor of tangible personal property.

D. Tangible personal property incorporated in real property construction which loses its identity as tangible personal property shall be deemed to be tangible personal property used or consumed within the meaning of this section. Any person selling fences, venetian blinds, window shades, awnings, storm windows and doors, locks and locking devices, floor coverings (as distinguished from the floors themselves), cabinets, countertops, kitchen equipment, window air conditioning units or other like or comparable items, shall be deemed to be a retailer of such items and not a using or consuming contractor with respect to them, whether he sells to and installs such items for contractors or other customers and whether or not such retailer fabricates such items.

E. Nothing in this section shall be construed to (i) affect or limit the resale exclusion provided for in this chapter, or the industrial materials and other industrial exclusions set out in § 58.1-609.3, the exclusion for baptistries set out any entity described in subdivision 16 of § 58.1-609.10, or the partial exclusion for the sale of modular buildings as set out in § 58.1-610.1, or (ii) impose any sales or use tax with respect to the use in the performance of contracts with the United States, this Commonwealth, or any political subdivision thereof, of tangible personal property owned by a governmental body which actually is not used or consumed in the performance thereof.

F. Notwithstanding the other provisions of this section, any person engaged in the business of furnishing and installing locks and locking devices shall be deemed a retailer of such items and not a using or consuming contractor with respect to them.

G. Notwithstanding the other provisions of this section, any person or entity primarily engaged in the business of furnishing and installing tangible personal property that provides electronic or physical

551 security on real property for the use of a financial institution, shall be deemed a retailer of such personal  
552 property, including when such personal property is installed on real property not for the use of a  
553 financial institution.

554 **§ 58.1-623. Sales or leases presumed subject to tax; exemption certificates.**

555 A. All sales or leases are subject to the tax until the contrary is established. The burden of proving  
556 that a sale, distribution, lease, or storage of tangible personal property is not taxable is upon the dealer  
557 unless he takes from the taxpayer a certificate to the effect that the property is exempt under this  
558 chapter.

559 B. The certificate mentioned in this section shall relieve the person who takes such certificate from  
560 any liability for the payment or collection of the tax, except upon notice from the Tax Commissioner  
561 that such certificate is no longer acceptable. Such certificate shall be signed by and bear the name and  
562 address of the taxpayer; shall indicate the number of the certificate of registration, if any, issued to the  
563 taxpayer; shall indicate the general character of the tangible personal property sold, distributed, leased,  
564 or stored, or to be sold, distributed, leased, or stored under a blanket exemption certificate; and shall be  
565 substantially in such form as the Tax Commissioner may prescribe. If an exemption pertains to a  
566 nonprofit organization, ~~other than a nonprofit church~~, that has qualified for a sales and use tax  
567 exemption under § 58.1-609.11, the exemption certificate shall be valid until the scheduled expiration  
568 date stated on the exemption certificate.

569 C. If a taxpayer who gives a certificate under this section makes any use of the property other than  
570 an exempt use or retention, demonstration, or display while holding the property for resale, distribution,  
571 or lease in the regular course of business, such use shall be deemed a taxable sale by the taxpayer as of  
572 the time the property or service is first used by him, and the cost of the property to him shall be  
573 deemed the sales price of such retail sale. If the sole use of the property other than retention,  
574 demonstration, or display in the regular course of business is the rental of the property while holding it  
575 for sale, distribution, or lease, the taxpayer may elect to pay the tax on the amount of the rental charged,  
576 rather than the cost of the property to him.

577 D. If a taxpayer gives a certificate under this section with respect to the purchase of fungible goods  
578 and thereafter commingles these goods with other fungible goods not so purchased, but of such  
579 similarity that the identity of the constituent goods in the commingled mass cannot be determined, sales  
580 or distributions from the mass of commingled goods shall be deemed to be sales or distributions of the  
581 goods so purchased until a quantity of commingled goods equal to the quantity of purchased goods so  
582 commingled has been sold or distributed.

583 **§ 58.1-811. (Contingent expiration date) Exemptions.**

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

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

589 2. To an incorporated church ~~or~~, religious ~~body or~~ *to association, or religious denomination*; the  
590 trustee or trustees of any church ~~or~~, religious ~~body~~, *association, or religious denomination*; or a  
591 corporation mentioned in § 57-16.1; ~~where such real estate is intended to be used exclusively for~~  
592 ~~religious purposes, or for the residence of the minister of any such church or religious body~~;

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

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

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

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

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

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

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

610 10. To a partnership or limited liability company, when the grantors are entitled to receive not less  
611 than 50 percent of the profits and surplus of such partnership or limited liability company; provided that  
612 the transfer to a limited liability company is not a precursor to a transfer of control of the assets of the

company to avoid recordation taxes;

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

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

13. When the grantor is the personal representative of a decedent's estate or trustee under a will or inter vivos trust of which the decedent was the settlor, other than a deed of trust conveying property to secure the payment of money or the performance of an obligation, and the sole purpose of such transfer is to comply with a devise or bequest in the decedent's will or to transfer title to one or more beneficiaries after the death of the settlor in accordance with a dispositive provision in the trust instrument; or

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

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

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

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

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

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

5. Securing a loan made by an organization described in subdivision A 14.

C. The tax imposed by § 58.1-802 and the fee imposed by § 58.1-802.2 shall not apply to any:

1. Transaction described in subdivisions A 6 through 13;

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 § 58.1-802.2; or

6. Deed conveying real estate from the trustee or trustees of a church ~~or~~, religious ~~body or from~~ association, or religious denomination; an incorporated church ~~or~~, religious ~~body, association, or religious denomination~~; 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, 58.1-802.2, 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 subdivisions A 2, B 2, and C 6, 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 (§ 33.2-1800 et seq.) or similar federal law.

674 J. No recordation tax shall be required for the recordation of any transfer on death deed or any  
675 revocation of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act  
676 (§ 64.2-621 et seq.) when no consideration has passed between the parties.

677 **§ 58.1-811. (Contingent effective date) Exemptions.**

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

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

683 2. To an incorporated church ~~or, religious body or to~~ *association, or religious denomination*; the  
684 trustee or trustees of any church ~~or, religious body,~~ *association, or religious denomination*; or a  
685 corporation mentioned in § 57-16.1; ~~where such real estate is intended to be used exclusively for~~  
686 ~~religious purposes, or for the residence of the minister of any such church or religious body;~~

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

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

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

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

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

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

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

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

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

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

716 13. When the grantor is the personal representative of a decedent's estate or trustee under a will or  
717 inter vivos trust of which the decedent was the settlor, other than a deed of trust conveying property to  
718 secure the payment of money or the performance of an obligation, and the sole purpose of such transfer  
719 is to comply with a devise or bequest in the decedent's will or to transfer title to one or more  
720 beneficiaries after the death of the settlor in accordance with a dispositive provision in the trust  
721 instrument; or

722 14. When the grantor is an organization exempt from taxation under § 501(c)(3) of the Internal  
723 Revenue Code that is organized and operated primarily to acquire land and purchase materials to erect  
724 or rehabilitate low-cost homes on such land, which homes are sold at cost to persons who otherwise  
725 would be unable to afford to buy a home through conventional means.

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

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

729 2. Given by the trustee or trustees of a church ~~or, religious body or given by~~ *association, or*  
730 *religious denomination*; an incorporated church ~~or, religious body,~~ *or given by association, or religious*  
731 *denomination*; or a corporation mentioned in § 57-16.1;

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

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

5. Securing a loan made by an organization described in subdivision A 14.
- C. The tax imposed by § 58.1-802 shall not apply to any:
1. Transaction described in subdivisions A 6 through 13;
  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
  6. Deed conveying real estate from the trustee or trustees of a church ~~or~~ religious body ~~or from~~ association, or religious denomination; an incorporated church ~~or~~ religious body, association, or religious denomination; 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, 58.1-807, 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 subdivisions A 2, B 2, and C 6, 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 (§ 33.2-1800 et seq.) or similar federal law.
- J. No recordation tax shall be required for the recordation of any transfer on death deed or any revocation of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act (§ 64.2-621 et seq.) when no consideration has passed between the parties.
- § 58.1-1736. Levy.**
- A. There is hereby levied, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the rental of a motor vehicle in Virginia, without regard to whether such vehicle is required to be licensed by the Commonwealth. However, such tax shall not be levied upon a rental to a person for re-rental as an established business or part of an established business, or incidental or germane to such business.
- The amount of the tax to be collected shall be determined by the Tax Commissioner by the application of the following rates against the gross proceeds:
1. Four percent of the gross proceeds from the rental in Virginia of any motor vehicle, except those with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more.
  2. In addition to the tax levied pursuant to subdivision A 1, a tax of four percent of the gross proceeds shall be levied on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth.
  3. In addition to all other applicable taxes and fees, a fee of two percent of the gross proceeds shall be imposed on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth. For purposes of this article, the rental fee shall be implemented, enforced, and collected in the same manner that rental taxes are implemented, enforced, and collected.
- B. A motor vehicle subject to the tax imposed under subdivision A 1 of this section shall be subject to the tax under subdivision A 1 or A 2 of § 58.1-2402 when it ceases to be used for rental as an established business or part of an established business, or incidental or germane to such business.
- C. Any motor vehicle, trailer, or semitrailer exempt from this tax under subdivision 1 or 2 of § 58.1-1737 shall be subject to the tax when such vehicle is no longer rented by the United States government or any governmental agency thereof, or the Commonwealth of Virginia or any political subdivision thereof, unless at such time the vehicle is sold or its ownership is otherwise transferred, in which case the tax imposed by § 58.1-2402 shall apply, subject to the exemptions provided for in § 58.1-2403.

797 *D. Any motor vehicle, trailer, or semitrailer exempt from this tax under subdivision 6 of § 58.1-1737*  
798 *shall be subject to the tax when such vehicle is no longer rented by any entity described under such*  
799 *subdivision, unless at such time the vehicle is sold or its ownership is otherwise transferred, in which*  
800 *case the tax imposed by § 58.1-2402 shall apply, subject to the exemptions provided for in § 58.1-2403.*

801 **§ 58.1-1737. Exemptions.**

802 No tax shall be imposed as provided in § 58.1-1736 if the vehicle is:

- 803 1. Rented by the United States government or any governmental agency thereof;
- 804 2. Rented by the Commonwealth of Virginia or any political subdivision thereof;
- 805 3. A self-contained mobile computerized axial tomography scanner rented by a nonprofit hospital or  
806 a cooperative hospital service organization as described in § 501(e) of the Internal Revenue Code;
- 807 4. A self-contained mobile unit designed exclusively for human diagnostic or therapeutic service,  
808 rented to a nonprofit hospital or a cooperative hospital service organization as described in § 501(e) of  
809 the Internal Revenue Code, or a nonprofit corporation as defined in § 501(c)(3) of the Internal Revenue  
810 Code, established for research in, diagnosis of, or therapy for human ailments; or
- 811 5. A truck, tractor truck, trailer, or semitrailer, as severally defined in § 46.2-100, except trailers and  
812 semitrailers not designed or used to carry property and vehicles registered under § 46.2-700, with a gross  
813 vehicle weight rating or gross combination weight rating of 26,001 pounds or more, in which case no  
814 tax shall be imposed pursuant to subdivision A 1 of § 58.1-1736; or

815 6. *Rented by a church, religious association, or religious denomination (i) operated exclusively on a*  
816 *nonprofit basis for charitable, religious, or educational purposes or (ii) whose real property is exempt*  
817 *from local taxation pursuant to the provisions of § 58.1-3606.*

818 **§ 58.1-2259. Fuel uses eligible for refund of taxes paid for motor fuels.**

819 A. A refund of the tax paid for the purchase of fuel in quantities of five gallons or more at any time  
820 shall be granted in accordance with the provisions of § 58.1-2261 to any person who establishes to the  
821 satisfaction of the Commissioner that such person has paid the tax levied pursuant to this chapter upon  
822 any fuel:

- 823 1. Sold and delivered to a governmental entity for its exclusive use;
- 824 2. Used by a governmental entity, provided persons operating under contract with a governmental  
825 entity shall not be eligible for such refund;
- 826 3. Sold and delivered to an organization described in subdivision 2 of § 58.1-2226 or subdivision 2  
827 of § 58.1-2250 for its exclusive use in the operation of an aircraft;
- 828 4. Used by an organization described in subdivision 2 of § 58.1-2226 or subdivision 2 of  
829 § 58.1-2250 for its exclusive use in the operation of an aircraft, provided persons operating under  
830 contract with such an organization shall not be eligible for such refund;
- 831 5. Purchased by a licensed exporter and subsequently transported and delivered by such licensed  
832 exporter to another state for sales or use outside the boundaries of the Commonwealth if the tax  
833 applicable in the destination state has been paid, provided a refund shall not be granted pursuant to this  
834 section on any fuel which is transported and delivered outside of the Commonwealth in the fuel supply  
835 tank of a highway vehicle or an aircraft;
- 836 6. Used by any person performing transportation under contract or lease with any transportation  
837 district for use in a highway vehicle controlled by a transportation district created under the  
838 Transportation District Act of 1964 (§ 33.2-1900 et seq.) and used in providing transit service by the  
839 transportation district by contract or lease, provided the refund shall be paid to the person performing  
840 such transportation;
- 841 7. Used by any private, nonprofit agency on aging, designated by the Department for Aging and  
842 Rehabilitative Services, providing transportation services to citizens in highway vehicles owned, operated  
843 or under contract with such agency;
- 844 8. Used in operating or propelling highway vehicles owned by a nonprofit organization that provides  
845 specialized transportation to various locations for elderly or disabled individuals to secure essential  
846 services and to participate in community life according to the individual's interest and abilities;
- 847 9. Used in operating or propelling buses owned and operated by a county or the school board thereof  
848 while being used to transport children to and from public school or from school to and from educational  
849 or athletic activities;
- 850 10. Used by buses owned or solely used by a private, nonprofit, nonreligious school while being  
851 used to transport children to and from such school or from such school to and from educational or  
852 athletic activities;
- 853 11. Used by any county or city school board or any private, nonprofit, nonreligious school  
854 contracting with a private carrier to transport children to and from public schools or any private,  
855 nonprofit, nonreligious school, provided the tax shall be refunded to the private carrier performing such  
856 transportation;
- 857 12. Used in operating or propelling the equipment of volunteer firefighting companies and of  
858 volunteer rescue squads within the Commonwealth used actually and necessarily for firefighting and

rescue purposes;

13. Used in operating or propelling motor equipment belonging to counties, cities and towns, if actually used in public activities;

14. Used for a purpose other than in operating or propelling highway vehicles, watercraft or aircraft;

15. Used off-highway in self-propelled equipment manufactured for a specific off-road purpose, which is used on a job site and the movement of which on any highway is incidental to the purpose for which it was designed and manufactured;

16. Proven to be lost by accident, including the accidental mixing of (i) dyed diesel fuel with tax-paid motor fuel, (ii) gasoline with diesel fuel, or (iii) undyed diesel fuel with dyed kerosene, but excluding fuel lost through personal negligence or theft;

17. Used in operating or propelling vehicles used solely for racing other vehicles on a racetrack;

18. Used in operating or propelling unlicensed highway vehicles and other unlicensed equipment used exclusively for agricultural or horticultural purposes on lands owned or leased by the owner or lessee of such vehicles and not operated on or over any highway for any purpose other than to move it in the manner and for the purpose mentioned. The amount of refund shall be equal to the amount of the taxes paid less one-half cent per gallon on such fuel so used which shall be paid by the Commissioner into the state treasury to the credit of the Virginia Agricultural Foundation Fund;

19. Used in operating or propelling commercial watercraft. The amount of refund shall be equal to the amount of the taxes paid less one and one-half cents per gallon on such fuel so used which shall be paid by the Commissioner into the state treasury to be credited as provided in subsection D of § 58.1-2289. If any applicant so requests, the Commissioner shall pay into the state treasury, to the credit of the Game Protection Fund, the entire tax paid by such applicant for the purposes specified in subsection D of § 58.1-2289. If any applicant who is an operator of commercial watercraft so requests, the Commissioner shall pay into the state treasury, to the credit of the Marine Fishing Improvement Fund, the entire tax paid by such applicant for the purposes specified in § 28.2-208;

20. Used in operating stationary engines, or pumping or mixing equipment on a highway vehicle if the fuel used to operate such equipment is stored in an auxiliary tank separate from the fuel tank used to propel the highway vehicle, and the highway vehicle is mechanically incapable of self-propulsion while fuel is being used from the auxiliary tank; or

21. Used in operating or propelling recreational and pleasure watercraft; or

22. *Used by a church, religious association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable, religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606.*

B. 1. Any person purchasing fuel for consumption in a solid waste compacting or ready-mix concrete highway vehicle, or a bulk feed delivery truck, where the vehicle's equipment is mechanically or hydraulically driven by an internal combustion engine that propels the vehicle, is entitled to a refund in an amount equal to 35 percent of the tax paid on such fuel. For purposes of this section, a "bulk feed delivery truck" means bulk animal feed delivery trucks utilizing power take-off (PTO) driven auger or air feed discharge systems for off-road deliveries of animal feed.

2. Any person purchasing fuel for consumption in a vehicle designed or permanently adapted solely and exclusively for bulk spreading or spraying of agricultural liming materials, chemicals, or fertilizer, where the vehicle's equipment is mechanically or hydraulically driven by an internal combustion engine that propels the vehicle, is entitled to a refund in an amount equal to 55 percent of the tax paid on such fuel.

C. Any person purchasing any fuel on which tax imposed pursuant to this chapter has been paid may apply for a refund of the tax if such fuel was consumed by a highway vehicle used in operating an urban or suburban bus line or a taxicab service. This refund also applies to a common carrier of passengers which has been issued a certificate pursuant to § 46.2-2075 or 46.2-2099.4 providing regular route service over the highways of the Commonwealth. No refund shall be granted unless the majority of the passengers using such bus line, taxicab service or common carrier of passengers do so for travel of a distance of not more than 40 miles, one way, in a single day between their place of abode and their place of employment, shopping areas or schools.

If the applicant for a refund is a taxicab service, he shall hold a valid permit from the Department to engage in the business of a taxicab service. No applicant shall be denied a refund by reason of the fee arrangement between the holder of the permit and the driver or drivers, if all other conditions of this section have been met.

Under no circumstances shall a refund be granted more than once for the same fuel. The amount of refund under this subsection shall be equal to the amount of the taxes paid, except refunds granted on the tax paid on fuel used by a taxicab service shall be in an amount equal to the tax paid less \$0.01 per gallon on the fuel used.

Any refunds made under this subsection shall be deducted from the urban highway funds allocated to

the highway construction district, pursuant to Article 5 (§ 33.2-351 et seq.) of Chapter 3 of Title 33.2, in which the recipient has its principal place of business.

Except as otherwise provided in this chapter, all provisions of law applicable to the refund of fuel taxes by the Commissioner generally shall apply to the refunds authorized by this subsection. Any county having withdrawn its roads from the secondary system of state highways under provisions of § 11 of Chapter 415 of the Acts of 1932 shall receive its proportionate share of such special funds as is now provided by law with respect to other fuel tax receipts.

D. Any person purchasing fuel for consumption in a vehicle designed or permanently adapted solely and exclusively for bulk spreading or spraying of agricultural liming materials, chemicals, or fertilizer, where the vehicle's equipment is mechanically or hydraulically driven by an internal combustion engine that propels the vehicle, is entitled to a refund in an amount equal to 55 percent of the tax paid on such fuel.

E. Any person purchasing diesel fuel used in operating or propelling a passenger car, a pickup or panel truck, or a truck having a gross vehicle weight rating of 10,000 pounds or less is entitled to a refund of a portion of the taxes paid in an amount equal to the difference between the rate of tax on diesel fuel and the rate of tax on gasoline and gasohol pursuant to § 58.1-2217. For purposes of this subsection, "passenger car," "pickup or panel truck," and "truck" shall have the meaning given in § 46.2-100. Notwithstanding any other provision of law, diesel fuel used in a vehicle upon which the fuels tax has been refunded pursuant to this subsection shall be exempt from the tax imposed under Chapter 6 (§ 58.1-600 et seq.).

F. Refunds resulting from any fuel shipments diverted from Virginia shall be based on the amount of tax paid for the fuel less discounts allowed by § 58.1-2233.

G. Any person who is required to be licensed under this chapter and is applying for a refund shall not be eligible for such refund if the applicant was not licensed at the time the refundable transaction was conducted.

#### **§ 58.1-2403. Exemptions.**

No tax shall be imposed as provided in § 58.1-2402 if the vehicle is:

1. Sold to or used by the United States government or any governmental agency thereof;
2. Sold to 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 the 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 defined in § 46.2-602.2;
12. A motor vehicle having seats for more than seven passengers and sold to an urban or suburban bus line the majority of whose passengers use the buses for traveling a distance of less than 40 miles, one way, on the same day;
13. Purchased in the Commonwealth by a nonresident and a Virginia title is issued for the sole purpose of recording a lien against the vehicle if the vehicle will be registered in a state other than Virginia;



14. A motor vehicle designed for the transportation of 10 or more passengers, purchased by and for the use of a church conducted not for profit sold to or used by a church, religious association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable, religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606;

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

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

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

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

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

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

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

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

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

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

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

26. Titled in the name of a deceased person and transferred to the spouse or heir, or under the will, of such deceased person;

27. An all-terrain vehicle, moped, or off-road motorcycle all as defined in § 46.2-100. Such all-terrain vehicles, mopeds, or off-road motorcycles shall not be deemed a motor vehicle or other vehicle subject to the tax imposed under this chapter; or

28. A motor vehicle that is sold to an organization that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code and that is primarily used by the organization to transport to markets for sale produce that is (i) produced by local farmers and (ii) sold by such farmers to the organization.

**§ 58.1-3360. (Contingent expiration date) Credit on current year's taxes when land acquired by United States; the Commonwealth; a political subdivision; a church or religious association or religious denomination; or a disabled veteran.**

Any taxpayer whose lands, or any portion thereof, are in any year acquired or taken in any manner by the United States; the Commonwealth; a political subdivision; a church or religious body, which association or religious denomination that is exempt from taxation by Article X, Section 6 of the Constitution of Virginia pursuant to Chapter 36 (§ 58.1-3600 et seq.); or a disabled veteran for that

portion of the property that is exempt from taxation pursuant to § 58.1-3219.5, shall be relieved from the payment of taxes and levies from the date of divestment of such land for that portion of the year in which the property was taken or acquired. The county treasurers as to land situated in counties and the city treasurers and city collectors as to lands situated in cities shall receive from and receipt to the original owner of the lands so taken, for his proportionate part of the taxes and levies for the year and credit the payment on the tax tickets and shall return at the same time he makes his return of lands and lots improperly assessed, as required by law, the proportional part of the taxes and levies exonerated from taxation for any such year, indicating the date on which the property was acquired by the government ~~or~~, church, or religious body association or religious denomination. Such list, when approved by the proper authorities, shall be considered as a credit to any such treasurer or collector in the settlement of the accounts for such year.

**§ 58.1-3360. (Contingent effective date) Credit on current year's taxes when land acquired by United States; the Commonwealth; a political subdivision; a church or religious association or religious denomination; a disabled veteran; or a surviving spouse of a member of the armed forces who was killed in action.**

Any taxpayer whose lands, or any portion thereof, are in any year acquired or taken in any manner by the United States; the Commonwealth; a political subdivision; a church or religious body, which association or religious denomination that is exempt from taxation by Article X, Section 6 of the Constitution of Virginia pursuant to Chapter 36 (§ 58.1-3600 et seq.); a surviving spouse of a member of the armed forces of the United States who was killed in action for that portion of the property that is exempt under § 58.1-3219.9; or a disabled veteran for that portion of the property that is exempt from taxation pursuant to § 58.1-3219.5, shall be relieved from the payment of taxes and levies from the date of divestment of such land for that portion of the year in which the property was taken or acquired. The county treasurers as to land situated in counties and the city treasurers and city collectors as to lands situated in cities shall receive from and receipt to the original owner of the lands so taken, for his proportionate part of the taxes and levies for the year and credit the payment on the tax tickets and shall return at the same time he makes his return of lands and lots improperly assessed, as required by law, the proportional part of the taxes and levies exonerated from taxation for any such year, indicating the date on which the property was acquired by the government ~~or~~, church, or religious body association or religious denomination. Such list, when approved by the proper authorities, shall be considered as a credit to any such treasurer or collector in the settlement of the accounts for such year.

**§ 58.1-3360.1. Clerk to furnish certificate of land acquired; contents of certificate; certificate as authority to receive and prorate taxes.**

The clerk of the court of the county or city in which is recorded the transfer of title to such property shall furnish a certificate to the county or city treasurer showing the quantity of land so taken or acquired, and whether by the Commonwealth; or any political subdivision thereof, a church or religious body, which association or religious denomination that is exempt from taxation by Article X, Section 6 of the Constitution of Virginia pursuant to Chapter 36 (§ 58.1-3600 et seq.), or a disabled veteran for that portion of the property that is exempt from taxation pursuant to § 58.1-3219.5, the name of the former owner and a description of the property and the district or ward in which the property is situated, also the date of the recordation of the deed or order by which such property was taken or acquired by the Commonwealth or any political subdivision thereof ~~or~~, any such church or religious body association or religious denomination, or any such disabled veteran, as shown by the records in his office. Such certificate shall be sufficient evidence to the county and city treasurers to authorize them to receive and prorate the taxes and levies as herein authorized.

**§ 58.1-3360.2. Proration by court; effect on interest and penalties.**

Any such taxpayer, or his heirs, successors or assigns, who shall fail to have his taxes prorated by the county or city treasurer, as above provided, shall be entitled to apply to the appropriate court for proration of the taxes, as herein provided, in the same manner and within the same time as provided by law for the correction of erroneous assessments and refunding taxes erroneously charged; provided, however that in such proceedings such taxpayer shall be entitled to relief of interest and penalties only as to the proportionate part of the property so taken or acquired by the Commonwealth; any county or municipality or any political subdivision thereof, a church or religious body, which association or religious denomination that is exempt from taxation by Article X, Section 6 of the Constitution of Virginia pursuant to Chapter 36 (§ 58.1-3600 et seq.), or a disabled veteran for that portion of the property that is exempt from taxation pursuant to § 58.1-3219.5.

**§ 58.1-3402. Exemptions from service charge.**

A. Buildings with land they actually occupy, together with additional adjacent land reasonably necessary for the convenient use of any such building, located within any county, city or town imposing the service charge pursuant to § 58.1-3400 shall be exempt from such service charge if the buildings are: (i) lawfully owned and held by churches ~~or~~, religious bodies and wholly associations, or religious denominations and exclusively occupied or used for religious worship ~~or~~ as described under subdivision

A 2 of § 58.1-3606; for the residence of the minister of any church or religious body association, or religious denomination; or for use as a religious convent, nunnery, monastery, cloister or abbey or (ii) used or operated exclusively for nonprofit private educational or charitable purposes, other than faculty or staff housing of any such educational institution.

The service charge shall also not be applicable to public roadways or property held for future construction of such roadways.

B. The governing body of the county, city or town levying a service charge may exempt any class of organization set out in *Chapter 36* (§ 58.1-3600 et seq.) from the service charge imposed pursuant to § 58.1-3400 or § 58.1-3403.

**§ 58.1-3703. Counties, cities and towns may impose local license taxes and fees; limitation of authority.**

A. The governing body of any county, city or town may charge a fee for issuing a license in an amount not to exceed \$100 for any locality with a population greater than 50,000, \$50 for any locality with a population of 25,000 but no more than 50,000 and \$30 for any locality with a population smaller than 25,000. For purposes of this section, population may be based on the most current final population estimates of the Weldon Cooper Center for Public Service of the University of Virginia. Such governing body may levy and provide for the assessment and collection of county, city or town license taxes on businesses, trades, professions, occupations and callings and upon the persons, firms and corporations engaged therein within the county, city or town subject to the limitations in (i) subsection C and (ii) subsection A of § 58.1-3706, provided such tax shall not be assessed and collected on any amount of gross receipts of each business upon which a license fee is charged. Any county, city or town with a population greater than 50,000 shall reduce the fee to an amount not to exceed \$50 by January 1, 2000. The ordinance imposing such license fees and levying such license taxes shall include the provisions of § 58.1-3703.1.

B. Any county, city or town by ordinance may exempt in whole or in part from the license tax (i) the design, development or other creation of computer software for lease, sale or license and (ii) private businesses and industries entering into agreements for the establishment, installation, renovation, remodeling, or construction of satellite classrooms for grades kindergarten through three on a site owned by the business or industry and leased to the school board at no costs pursuant to § 22.1-26.1.

C. No county, city, or town shall impose a license fee or levy any license tax:

1. On any public service corporation or any motor carrier, common carrier, or other carrier of passengers or property formerly certified by the Interstate Commerce Commission or presently registered for insurance purposes with the Surface Transportation Board of the United States Department of Transportation, Federal Highway Administration, except as provided in § 58.1-3731 or as permitted by other provisions of law;

2. For selling farm or domestic products or nursery products, ornamental or otherwise, or for the planting of nursery products, as an incident to the sale thereof, outside of the regular market houses and sheds of such county, city or town, provided such products are grown or produced by the person offering them for sale;

3. Upon the privilege or right of printing or publishing any newspaper, magazine, newsletter or other publication issued daily or regularly at average intervals not exceeding three months, provided the publication's subscription sales are exempt from state sales tax, or for the privilege or right of operating or conducting any radio or television broadcasting station or service;

4. On a manufacturer for the privilege of manufacturing and selling goods, wares and merchandise at wholesale at the place of manufacture;

5. On a person engaged in the business of severing minerals from the earth for the privilege of selling the severed mineral at wholesale at the place of severance, except as provided in §§ 58.1-3712 and 58.1-3713;

6. Upon a wholesaler for the privilege of selling goods, wares and merchandise to other persons for resale unless such wholesaler has a definite place of business or store in such county, city or town. This subdivision shall not be construed as prohibiting any county, city or town from imposing a local license tax on a peddler at wholesale pursuant to § 58.1-3718;

7. Upon any person, firm or corporation for engaging in the business of renting, as the owner of such property, real property other than hotels, motels, motor lodges, auto courts, tourist courts, travel trailer parks, campgrounds, bed and breakfast establishments, lodging houses, rooming houses, and boardinghouses; however, any county, city or town imposing such a license tax on January 1, 1974, shall not be precluded from the levy of such tax by the provisions of this subdivision;

8. [Repealed.]

9. On or measured by receipts for management, accounting, or administrative services provided on a group basis under a nonprofit cost-sharing agreement by a corporation which is an agricultural cooperative association under the provisions of Article 2 (§ 13.1-312 et seq.) of Chapter 3 of Title 13.1,

1166 or a member or subsidiary or affiliated association thereof, to other members of the same group. This  
1167 exemption shall not exempt any such corporation from such license or other tax measured by receipts  
1168 from outside the group;

1169 10. On or measured by receipts or purchases by an entity which is a member of an affiliated group  
1170 of entities from other members of the same affiliated group. This exclusion shall not exempt affiliated  
1171 entities from such license or other tax measured by receipts or purchases from outside the affiliated  
1172 group. This exclusion also shall not preclude a locality from levying a wholesale merchant's license tax  
1173 on an affiliated entity on those sales by the affiliated entity to a nonaffiliated entity, notwithstanding the  
1174 fact that the wholesale merchant's license tax would be based upon purchases from an affiliated entity.  
1175 Such tax shall be based on the purchase price of the goods sold to the nonaffiliated entity. As used in  
1176 this subdivision, the term "sales by the affiliated entity to a nonaffiliated entity" means sales by the  
1177 affiliated entity to a nonaffiliated entity where goods sold by the affiliated entity or its agent are  
1178 manufactured or stored in the Commonwealth prior to their delivery to the nonaffiliated entity;

1179 11. On any insurance company subject to taxation under Chapter 25 (§ 58.1-2500 et seq.) of this title  
1180 or on any agent of such company;

1181 12. On any bank or trust company subject to taxation in Chapter 12 (§ 58.1-1200 et seq.) of this  
1182 title;

1183 13. Upon a taxicab driver, if the locality has imposed a license tax upon the taxicab company for  
1184 which the taxicab driver operates;

1185 14. On any blind person operating a vending stand or other business enterprise under the jurisdiction  
1186 of the Department for the Blind and Vision Impaired, or a nominee of the Department, as set forth in  
1187 § 51.5-98;

1188 15. [Expired.]

1189 16. [Repealed.]

1190 17. On an accredited religious practitioner in the practice of the religious tenets of any church or  
1191 religious denomination. "Accredited religious practitioner" shall be defined as one who is engaged solely  
1192 in praying for others upon accreditation by such church or religious denomination;

1193 18. (a) On or measured by receipts of a charitable nonprofit organization except to the extent the  
1194 organization has receipts from an unrelated trade or business the income of which is taxable under  
1195 Internal Revenue Code § 511 et seq. For the purpose of this subdivision, "charitable nonprofit  
1196 organization" means an organization which is described in Internal Revenue Code § 501(c) (3) and to  
1197 which contributions are deductible by the contributor under Internal Revenue Code § 170, except that  
1198 educational institutions shall be limited to schools, colleges and other similar institutions of learning.

1199 (b) On or measured by gifts, contributions, and membership dues of a nonprofit organization.  
1200 Activities conducted for consideration which are similar to activities conducted for consideration by  
1201 for-profit businesses shall be presumed to be activities that are part of a business subject to licensure.  
1202 For the purpose of this subdivision, "nonprofit organization" means an organization exempt from federal  
1203 income tax under Internal Revenue Code § 501 other than charitable nonprofit organizations.

1204 (c) *Notwithstanding any other provision of law, on or measured by receipts of a church, religious*  
1205 *association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable,*  
1206 *religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to*  
1207 *the provisions of § 58.1-3606;*

1208 19. On any venture capital fund or other investment fund, except commissions and fees of such  
1209 funds. Gross receipts from the sale and rental of real estate and buildings remain taxable by the locality  
1210 in which the real estate is located provided the locality is otherwise authorized to tax such businesses  
1211 and rental of real estate;

1212 20. On total assessments paid by condominium unit owners for common expenses. "Common  
1213 expenses" and "unit owner" have the same meanings as in § 55-79.41; or

1214 21. On or measured by receipts of a qualifying transportation facility directly or indirectly owned or  
1215 title to which is held by the Commonwealth or any political subdivision thereof or by the United States  
1216 as described in § 58.1-3606.1 and developed and/or operated pursuant to a concession under the  
1217 Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.) or similar federal law.

1218 D. Any county, city or town may establish by ordinance a business license incentive program for  
1219 "qualifying businesses." For purposes of this subsection, a "qualifying business" is a business that locates  
1220 for the first time in the locality adopting such ordinance. A business shall not be deemed to locate in  
1221 such locality for the first time based on merger, acquisition, similar business combination, name change,  
1222 or a change in business form. Any incentive established pursuant to this subsection may extend for a  
1223 period not to exceed two years from the date the business locates in such locality. The business license  
1224 incentive program may include (i) an exemption, in whole or in part, of license taxes for any qualifying  
1225 business; (ii) a refund or rebate, in whole or in part, of license taxes paid by a qualifying business; or  
1226 (iii) other relief from license taxes for a qualifying business not prohibited by state or federal law.

1227 E. For taxable years beginning on or after January 1, 2012, any locality may exempt, by ordinance,

license fees or license taxes on any business that does not have an after-tax profit for the taxable year and offers the income tax return of the business as proof to the local commissioner of the revenue. Eligibility for this exemption shall be determined annually and it shall be the obligation of the business owner to submit the applicable income tax return to the local commissioner of the revenue.

**§ 58.1-3818.03. Admissions tax prohibited on attendance at church, religious association, and religious denomination events.**

*No tax authorized under this article shall be imposed upon admissions to an event the gross receipts of which go wholly to a church, religious association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable, religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606.*

**§ 58.1-3833. County food and beverage tax.**

A. Any county is hereby authorized to levy a tax on food and beverages sold, for human consumption, by a restaurant, as such term is defined in subdivision 9 of § 35.1-1, not to exceed four percent of the amount charged for such food and beverages. Such tax shall not be levied on food and beverages sold through vending machines or by (i) boardinghouses that do not accommodate transients; (ii) cafeterias operated by industrial plants for employees only; (iii) restaurants to their employees as part of their compensation when no charge is made to the employee; (iv) volunteer fire departments and rescue squads; ~~nonprofit churches or other religious bodies; or~~ and educational, charitable, fraternal, or benevolent organizations the first three times per calendar year and, beginning with the fourth time, on the first \$100,000 of gross receipts per calendar year from sales of food and beverages (excluding gross receipts from the first three times), as a fundraising activity, the gross proceeds of which are to be used by such ~~church, religious body~~ entity or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes; (v) churches ~~that serve meals for their members as a regular part of their religious observances, religious associations, and religious denominations (a) that operate exclusively on a nonprofit basis for charitable, religious, or educational purposes or (b) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606;~~ (vi) public or private elementary or secondary schools, colleges, and universities to their students or employees; (vii) hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof; (viii) day care centers; (ix) homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics; or (x) age-restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees. Also, the tax shall not be levied on food and beverages: (a) when used or consumed and paid for by the Commonwealth, any political subdivision of the Commonwealth, or the United States; or (b) provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, blind, handicapped, or needy persons in their homes, or at central locations; or (c) provided by private establishments that contract with the appropriate agency of the Commonwealth to offer food, food products, or beverages for immediate consumption at concession prices to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations.

Grocery stores and convenience stores selling prepared foods ready for human consumption at a delicatessen counter shall be subject to the tax, for that portion of the grocery store or convenience store selling such items.

This tax shall be levied only if the tax is approved in a referendum within the county which shall be held in accordance with § 24.2-684 and initiated either by a resolution of the board of supervisors or on the filing of a petition signed by a number of registered voters of the county equal in number to 10 percent of the number of voters registered in the county, as appropriate on January 1 of the year in which the petition is filed with the court of such county. The clerk of the circuit court shall publish notice of the election in a newspaper of general circulation in the county once a week for three consecutive weeks prior to the election. If the voters affirm the levy of a local meals tax, the tax shall be effective in an amount and on such terms as the governing body may by ordinance prescribe. If such resolution of the board of supervisors or such petition states for what projects and/or purposes the revenues collected from the tax are to be used, then the question on the ballot for the referendum shall include language stating for what projects and/or purposes the revenues collected from the tax are to be used.

The term "beverage" as set forth herein shall mean alcoholic beverages as defined in § 4.1-100 and nonalcoholic beverages served as part of a meal. The tax shall be in addition to the sales tax currently imposed by the county pursuant to the authority of Chapter 6 (§ 58.1-600 et seq.) of this title. Collection of such tax shall be in a manner prescribed by the governing body.

B. Notwithstanding the provisions of subsection A of this section, Roanoke County, Rockbridge County, Frederick County, Arlington County, and Montgomery County, are hereby authorized to levy a tax on food and beverages sold for human consumption by a restaurant, as such term is defined in § 35.1-1 and as modified in subsection A above and subject to the same exemptions, not to exceed four

percent of the amount charged for such food and beverages, provided that the governing body of the respective county holds a public hearing before adopting a local food and beverage tax, and the governing body by unanimous vote adopts such tax by local ordinance. The tax shall be effective in an amount and on such terms as the governing body may by ordinance prescribe.

C. Nothing herein contained shall affect any authority heretofore granted to any county, city or town to levy a meals tax. The county tax limitations imposed pursuant to § 58.1-3711 shall apply to any tax levied under this section, mutatis mutandis. All food and beverage tax collections and all meals tax collections shall be deemed to be held in trust for the county, city or town imposing the applicable tax. The wrongful and fraudulent use of such collections other than remittance of the same as provided by law shall constitute embezzlement pursuant to § 18.2-111.

D. No county which has heretofore adopted an ordinance pursuant to subsection A of this section shall be required to submit an amendment to its meals tax ordinance to the voters in a referendum.

E. Notwithstanding any other provision of this section, no locality shall levy any tax under this section upon (i) that portion of the amount paid by the purchaser as a discretionary gratuity in addition to the sales price; (ii) that portion of the amount paid by the purchaser as a mandatory gratuity or service charge added by the restaurant in addition to the sales price, but only to the extent that such mandatory gratuity or service charge does not exceed 20% of the sales price; or (iii) alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.

**§ 58.1-3840. Certain excise taxes permitted.**

A. The provisions of Chapter 6 (§ 58.1-600 et seq.) of this title to the contrary notwithstanding, any city or town having general taxing powers established by charter pursuant to or consistent with the provisions of § 15.2-1104 may impose excise taxes on cigarettes, admissions, transient room rentals, meals, and travel campgrounds. No such taxes on meals may be imposed on (i) that portion of the amount paid by the purchaser as a discretionary gratuity in addition to the sales price of the meal; (ii) that portion of the amount paid by the purchaser as a mandatory gratuity or service charge added by the restaurant in addition to the sales price of the meal, but only to the extent that such mandatory gratuity or service charge does not exceed 20% of the sales price; or (iii) food and beverages sold through vending machines or on any tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children. No such taxes on meals may be imposed when sold or provided by (a) restaurants, as such term is defined in subdivision 9 a of § 35.1-1, to their employees as part of their compensation when no charge is made to the employee; (b) volunteer fire departments and rescue squads; ~~nonprofit churches or other religious bodies; or and~~ educational, charitable, fraternal, or benevolent organizations, the first three times per calendar year and, beginning with the fourth time, on the first \$100,000 of gross receipts per calendar year from sales of meals (excluding gross receipts from the first three times), as a fundraising activity, the gross proceeds of which are to be used by such ~~church, religious body entity~~ or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes; (c) ~~churches that serve meals for their members as a regular part of their religious observances, religious associations, and religious denominations (1) that operate exclusively on a nonprofit basis for charitable, religious, or educational purposes or (2) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606;~~ (d) public or private elementary or secondary schools, or public or private colleges and universities, to their students or employees; (e) hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof; (f) day care centers; (g) homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics; or (h) age-restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees.

Also, the tax shall not be levied on meals: ~~(a)~~ (1) when used or consumed and paid for by the Commonwealth, any political subdivision of the Commonwealth, or the United States; ~~or (b)~~ (2) provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, blind, handicapped, or needy persons in their homes, or at central locations; or ~~(c)~~ (3) provided by private establishments that contract with the appropriate agency of the Commonwealth to offer food, food products, or beverages for immediate consumption at concession prices to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations.

In addition, as set forth in § 51.5-98, no blind person operating a vending stand or other business enterprise under the jurisdiction of the Department for the Blind and Vision Impaired and located on property acquired and used by the United States for any military or naval purpose shall be required to collect and remit meals taxes.

B. Notwithstanding any other provision of this section, no city or town shall levy any tax under this section upon alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.

C. Any city or town that is authorized to levy a tax on admissions may levy the tax on admissions paid for any event held at facilities that are not owned by the city or town at a lower rate than the rate levied on admissions paid for any event held at its city- or town-owned civic centers, stadiums and amphitheatres.

D. [Expired.]

**§ 62.1-44.15:28. Development of regulations.**

A. The Board is authorized to adopt regulations that specify minimum technical criteria and administrative procedures for Virginia Stormwater Management Programs. The regulations shall:

1. Establish standards and procedures for administering a VSMP;

2. Establish minimum design criteria for measures to control nonpoint source pollution and localized flooding, and incorporate the stormwater management regulations adopted pursuant to the Erosion and Sediment Control Law (§ 62.1-44.15:51 et seq.), as they relate to the prevention of stream channel erosion. These criteria shall be periodically modified as required in order to reflect current engineering methods;

3. Require the provision of long-term responsibility for and maintenance of stormwater management control devices and other techniques specified to manage the quality and quantity of runoff;

4. Require as a minimum the inclusion in VSMPs of certain administrative procedures that include, but are not limited to, specifying the time period within which a VSMP authority shall grant land-disturbing activity approval, the conditions and processes under which approval shall be granted, the procedures for communicating disapproval, the conditions under which an approval may be changed, and requirements for inspection of approved projects;

5. Establish by regulations a statewide permit fee schedule to cover all costs associated with the implementation of a VSMP related to land-disturbing activities of one acre or greater. Such fee attributes include the costs associated with plan review, VSMP registration statement review, permit issuance, state-coverage verification, inspections, reporting, and compliance activities associated with the land-disturbing activities as well as program oversight costs. The fee schedule *shall waive fees for land-disturbing activities undertaken by or on behalf of any church, religious association, or religious denomination (i) operated exclusively on a nonprofit basis for charitable, religious, or educational purposes or (ii) whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606 and shall also include a provision for a reduced fee for land-disturbing activities between 2,500 square feet and up to one acre in Chesapeake Bay Preservation Act (§ 62.1-44.15:67 et seq.) localities. The fee schedule shall be governed by the following:*

a. The revenue generated from the statewide stormwater permit fee shall be collected utilizing, where practicable, an online payment system, and the Department's portion shall be remitted to the State Treasurer for deposit in the Virginia Stormwater Management Fund established pursuant to § 62.1-44.15:29. However, whenever the Board has approved a VSMP, no more than 30 percent of the total revenue generated by the statewide stormwater permit fees collected shall be remitted to the State Treasurer for deposit in the Virginia Stormwater Management Fund, with the balance going to the VSMP authority.

b. Fees collected pursuant to this section shall be in addition to any general fund appropriation made to the Department or other supporting revenue from a VSMP; however, the fees shall be set at a level sufficient for the Department and the VSMP to fully carry out their responsibilities under this article and its attendant regulations and local ordinances or standards and specifications where applicable. When establishing a VSMP, the VSMP authority shall assess the statewide fee schedule and shall have the authority to reduce or increase such fees, and to consolidate such fees with other program-related charges, but in no case shall such fee changes affect the amount established in the regulations as available to the Department for program oversight responsibilities pursuant to subdivision 5 a. A VSMP's portion of the fees shall be used solely to carry out the VSMP's responsibilities under this article and its attendant regulations, ordinances, or annual standards and specifications.

c. Until July 1, 2014, the fee for coverage under the General Permit for Discharges of Stormwater from Construction Activities issued by the Board, or where the Board has issued an individual permit or coverage under the General Permit for Discharges of Stormwater from Construction Activities for an entity for which it has approved annual standards and specifications, shall be \$750 for each large construction activity with sites or common plans of development equal to or greater than five acres and \$450 for each small construction activity with sites or common plans of development equal to or greater

than one acre and less than five acres. On and after July 1, 2014, such fees shall only apply where coverage has been issued under the Board's General Permit for Discharges of Stormwater from Construction Activities to a state agency or federal entity for which it has approved annual standards and specifications. After establishment, such fees may be modified in the future through regulatory actions.

d. Until July 1, 2014, the Department is authorized to assess a \$125 reinspection fee for each visit to a project site that was necessary to check on the status of project site items noted to be in noncompliance and documented as such on a prior project inspection.

e. In establishing the fee schedule under this subdivision, the Department shall ensure that the VSMP authority portion of the statewide permit fee for coverage under the General Permit for Discharges of Stormwater from Construction Activities for small construction activity involving a single family detached residential structure with a site or area, within or outside a common plan of development or sale, that is equal to or greater than one acre but less than five acres shall be no greater than the VSMP authority portion of the fee for coverage of sites or areas with a land-disturbance acreage of less than one acre within a common plan of development or sale.

f. When any fees are collected pursuant to this section by credit cards, business transaction costs associated with processing such payments may be additionally assessed;

6. Establish statewide standards for stormwater management from land-disturbing activities of one acre or greater, except as specified otherwise within this article, and allow for the consolidation in the permit of a comprehensive approach to addressing stormwater management and erosion and sediment control, consistent with the provisions of the Erosion and Sediment Control Law (§ 62.1-44.15:51 et seq.) and this article. However, such standards shall also apply to land-disturbing activity exceeding an area of 2,500 square feet in all areas of the jurisdictions designated as subject to the Chesapeake Bay Preservation Area Designation and Management Regulations;

7. Establish a procedure by which a stormwater management plan that is approved for a residential, commercial, or industrial subdivision shall govern the development of the individual parcels, including those parcels developed under subsequent owners;

8. Notwithstanding the provisions of subdivision A 5, establish a procedure by which neither a registration statement nor payment of the Department's portion of the statewide permit fee established pursuant to that subdivision shall be required for coverage under the General Permit for Discharges of Stormwater from Construction Activities for construction activity involving a single-family detached residential structure, within or outside a common plan of development or sale;

9. Provide for reciprocity with programs in other states for the certification of proprietary best management practices;

10. Require that VSMPs maintain after-development runoff rate of flow and characteristics that replicate, as nearly as practicable, the existing predevelopment runoff characteristics and site hydrology, or improve upon the contributing share of the existing predevelopment runoff characteristics and site hydrology if stream channel erosion or localized flooding is an existing predevelopment condition. Except where more stringent requirements are necessary to address total maximum daily load requirements or to protect exceptional state waters, any land-disturbing activity that provides for stormwater management shall satisfy the conditions of this subsection if the practices are designed to (i) detain the water quality volume and to release it over 48 hours; (ii) detain and release over a 24-hour period the expected rainfall resulting from the one year, 24-hour storm; and (iii) reduce the allowable peak flow rate resulting from the 1.5-year, two-year, and 10-year, 24-hour storms to a level that is less than or equal to the peak flow rate from the site assuming it was in a good forested condition, achieved through multiplication of the forested peak flow rate by a reduction factor that is equal to the runoff volume from the site when it was in a good forested condition divided by the runoff volume from the site in its proposed condition, and shall be exempt from any flow rate capacity and velocity requirements for natural or man-made channels as defined in any regulations promulgated pursuant to this section or any ordinances adopted pursuant to § 62.1-44.15:27 or 62.1-44.15:33;

11. Encourage low-impact development designs, regional and watershed approaches, and nonstructural means for controlling stormwater;

12. Promote the reclamation and reuse of stormwater for uses other than potable water in order to protect state waters and the public health and to minimize the direct discharge of pollutants into state waters;

13. Establish procedures to be followed when a locality that operates a VSMP wishes to transfer administration of the VSMP to the Department;

14. Establish a statewide permit fee schedule for stormwater management related to municipal separate storm sewer system permits; and

15. Provide for the evaluation and potential inclusion of emerging or innovative stormwater control technologies that may prove effective in reducing nonpoint source pollution.

B. The Board may integrate and consolidate components of the regulations implementing the Erosion



1474 and Sediment Control program and the Chesapeake Bay Preservation Area Designation and Management  
1475 program with the regulations governing the Virginia Stormwater Management Program (VSMP) Permit  
1476 program or repeal components so that these programs may be implemented in a consolidated manner  
1477 that provides greater consistency, understanding, and efficiency for those regulated by and administering  
1478 a VSMP.