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**HOUSE BILL NO. 680**

Offered January 10, 2018

Prefiled January 9, 2018

A *BILL to amend and reenact § 58.1-2402, as it is currently effective and as it may become effective, of the Code of Virginia, relating to motor vehicle sales and use tax.*

Patrons—Pogge and McGuire

Referred to Committee on Finance

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

**1. That § 58.1-2402, as it is currently effective and as it may become effective, of the Code of Virginia is amended and reenacted as follows:**

**§ 58.1-2402. (Contingent expiration date) 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 sale or use of motor vehicles in Virginia, other than a sale to or use by a person for 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 Commissioner by the application of the following rates against the gross sales price:

1. Three percent through midnight on June 30, 2013, four percent (4.0%) beginning July 1, 2013, through midnight on June 30, 2014, four and five-hundredths of a percent (4.05%) beginning July 1, 2014, through midnight on June 30, 2015, four and one tenth of a percent (4.1%) beginning July 1, 2015, through midnight on June 30, 2016, and four and fifteen-hundredths (4.15%) of a percent beginning on and after July 1, 2016, of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is a manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each such manufactured home sold in the Commonwealth; if such vehicle is a mobile office as defined in § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in the Commonwealth; if such vehicle has a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero percent of the sale price of each such vehicle sold in the Commonwealth.

2. Three percent through midnight on June 30, 2013, four percent (4.0%) beginning July 1, 2013, through midnight on June 30, 2014, four and five-hundredths of a percent (4.05%) beginning July 1, 2014, through midnight on June 30, 2015, four and one tenth of a percent (4.1%) beginning July 1, 2015, through midnight on June 30, 2016, and four and fifteen-hundredths (4.15%) of a percent beginning on and after July 1, 2016, of the sale price of each motor vehicle, not sold in Virginia but used or stored for use in the Commonwealth; or three percent of the sale price of each manufactured home as defined in § 36-85.3, or two percent of the sale price of each mobile office as defined in § 58.1-2401, not sold in Virginia but used or stored for use in this Commonwealth. If such vehicle has a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero percent of the sale price of each such vehicle not sold in the Commonwealth but used or stored for use in the Commonwealth. When any motor vehicle or manufactured home not sold in the Commonwealth is first used or stored for use in Virginia six months or more after its acquisition, the tax shall be based on its current market value.

3. The minimum tax levied on the sale of any motor vehicle in the Commonwealth, *other than a semitrailer as defined in § 46.2-100*, that is subject to taxation at a rate exceeding zero percent shall be \$75, except as provided by those exemptions defined in § 58.1-2403.

4 through 7. [Repealed.]

B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall the same transaction be taxed more than once under either subdivision.

C. Any motor vehicle, trailer or semitrailer exempt from this tax under subdivision 1 or 2 of § 58.1-2403 shall be subject to the tax, based on the current market value when such vehicle is no longer owned or used by the United States government or any governmental agency, or the Commonwealth of Virginia or any political subdivision thereof, unless such vehicle is then rented, in which case the tax imposed by § 58.1-1736 shall apply, subject to the exemptions provided in

59 § 58.1-1737. Further, any motor vehicle, trailer or semitrailer exempt from the tax imposed by this  
60 chapter under subdivision 11 of § 58.1-2403 or §§ 46.2-663 through 46.2-674 shall be subject to the tax,  
61 based on the current market value, when such vehicle is subsequently licensed to operate on the  
62 highways of the Commonwealth.

63 D. Any person who with intent to evade or to aid another person to evade the tax provided for  
64 herein, falsely states the selling price of a vehicle on a bill of sale, assignment of title, application for  
65 title, or any other document or paper submitted to the Commissioner pursuant to any provisions of this  
66 title or Title 46.2, shall be guilty of a Class 3 misdemeanor.

67 E. Effective January 1, 1997, any amount designated as a "processing fee" and any amount charged  
68 by a dealer for processing a transaction, which is required to be included on a buyer's order pursuant to  
69 subdivision A 10 of § 46.2-1530, shall be subject to the tax.

70 **§ 58.1-2402. (Contingent effective date) Levy.**

71 A. There is hereby levied, in addition to all other taxes and fees of every kind now imposed by law,  
72 a tax upon the sale or use of motor vehicles in Virginia, other than a sale to or use by a person for  
73 rental as an established business or part of an established business or incidental or germane to such  
74 business.

75 The amount of the tax to be collected shall be determined by the Commissioner by the application of  
76 the following rates against the gross sales price:

77 1. Three percent of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is a  
78 manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each such  
79 manufactured home sold in the Commonwealth; if such vehicle is a mobile office as defined in  
80 § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in the  
81 Commonwealth; if such vehicle has a gross vehicle weight rating or gross combination weight rating of  
82 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile  
83 office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not  
84 designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero  
85 percent of the sale price of each such vehicle sold in the Commonwealth.

86 2. Three percent of the sale price of each motor vehicle, or three percent of the sale price of each  
87 manufactured home as defined in § 36-85.3, or two percent of the sale price of each mobile office as  
88 defined in § 58.1-2401, not sold in Virginia but used or stored for use in the Commonwealth. If such  
89 vehicle has a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more  
90 and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile office as defined in  
91 § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not designed or used to  
92 carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero percent of the sale  
93 price of each such vehicle not sold in the Commonwealth but used or stored for use in the  
94 Commonwealth. When any motor vehicle or manufactured home not sold in the Commonwealth is first  
95 used or stored for use in Virginia six months or more after its acquisition, the tax shall be based on its  
96 current market value.

97 3. The minimum tax levied on the sale of any motor vehicle in the Commonwealth, *other than a*  
98 *semitrailer as defined in § 46.2-100*, that is subject to taxation at a rate exceeding zero percent shall be  
99 \$35, except as provided by those exemptions defined in § 58.1-2403.

100 4 through 7. [Repealed.]

101 B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall  
102 the same transaction be taxed more than once under either subdivision.

103 C. Any motor vehicle, trailer or semitrailer exempt from this tax under subdivision 1 or 2 of  
104 § 58.1-2403 shall be subject to the tax, based on the current market value when such vehicle is no  
105 longer owned or used by the United States government or any governmental agency, or the  
106 Commonwealth of Virginia or any political subdivision thereof, unless such vehicle is then rented, in  
107 which case the tax imposed by § 58.1-1736 shall apply, subject to the exemptions provided in  
108 § 58.1-1737. Further, any motor vehicle, trailer or semitrailer exempt from the tax imposed by this  
109 chapter under subdivision 11 of § 58.1-2403 or §§ 46.2-663 through 46.2-674 shall be subject to the tax,  
110 based on the current market value, when such vehicle is subsequently licensed to operate on the  
111 highways of the Commonwealth.

112 D. Any person who with intent to evade or to aid another person to evade the tax provided for  
113 herein, falsely states the selling price of a vehicle on a bill of sale, assignment of title, application for  
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117 by a dealer for processing a transaction, which is required to be included on a buyer's order pursuant to  
118 subdivision A 10 of § 46.2-1530, shall be subject to the tax.