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HOUSE BILL NO. 861

Offered January 10, 2018

Prefiled January 9, 2018

A BILL to amend and reenact §§ 58.1-609.1 and 58.1-1404 of the Code of Virginia, relating to sales and use tax exemptions; Indian tribes.

Patrons—Peace, Hodges and Pogge

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

- 1. That §§ 58.1-609.1 and 58.1-1404 of the Code of Virginia are amended and reenacted as follows:**
§ 58.1-609.1. Governmental and commodities 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. Fuels which are subject to the tax imposed by Chapter 22 (§ 58.1-2200 et seq.). Persons who are refunded any such fuel tax shall, however, be subject to the tax imposed by this chapter, unless such taxes would be specifically exempted pursuant to any provision of this section.

2. Motor vehicles, trailers, semitrailers, mobile homes and travel trailers.

3. Gas, electricity, or water when delivered to consumers through mains, lines, or pipes.

4. Tangible personal property for use or consumption by the Commonwealth, any political subdivision of the Commonwealth, or the United States. This exclusion shall not apply to sales and leases to privately owned financial and other privately owned corporations chartered by the United States. Further, this exemption shall not apply to tangible personal property which is acquired by the Commonwealth or any of its political subdivisions and then transferred to private businesses for their use in a facility or real property improvement to be used by a private entity or for nongovernmental purposes other than tangible personal property acquired by the Herbert H. Bateman Advanced Shipbuilding and Carrier Integration Center and transferred to a Qualified Shipbuilder as defined in the third enactment of Chapter 790 of the 1998 Acts of the General Assembly.

5. Aircraft subject to tax under Chapter 15 (§ 58.1-1500 et seq.).

6. a. Motor fuels and alternative fuels for use in a commercial watercraft, as defined in § 58.1-2201, upon which a fuel tax is refunded pursuant to § 58.1-2259.

b. Fuels transactions upon which a fuel tax is refunded pursuant to subdivision A 22 of § 58.1-2259.

7. Sales by a government agency of the official flags of the United States, the Commonwealth of Virginia, or of any county, city or town.

8. Materials furnished by the State Board of Elections pursuant to §§ 24.2-404 through 24.2-407.

9. Watercraft as defined in § 58.1-1401.

10. Tangible personal property used in and about a marine terminal under the supervision of the Virginia Port Authority for handling cargo, merchandise, freight and equipment. This exemption shall apply to agents, lessees, sublessees or users of tangible personal property owned by or leased to the Virginia Port Authority and to property acquired or used by the Authority or by a nonstock, nonprofit corporation that operates a marine terminal or terminals on behalf of the Authority.

11. Sales by prisoners confined in state correctional facilities of artistic products personally made by the prisoners as authorized by § 53.1-46.

12. Tangible personal property for use or consumption by the Virginia Department for the Blind and Vision Impaired or any nominee, as defined in § 51.5-60, of such Department.

13. [Expired.]

14. Tangible personal property sold to residents and patients of the Virginia Veterans Care Center at a canteen operated by the Department of Veterans Services.

15. Tangible personal property for use or consumption by any nonprofit organization whose members include the Commonwealth and other states and which is organized for the purpose of fostering interstate cooperation and excellence in government.

16. Tangible personal property purchased for use or consumption by any soil and conservation district which is organized in accordance with the provisions of Article 3 (§ 10.1-506 et seq.) of Chapter 5 of Title 10.1.

17. Tangible personal property sold or leased to Alexandria Transit Company, Greater Lynchburg Transit Company, GRTC Transit System, or Greater Roanoke Transit Company, or to any other transit company that is owned, operated, or controlled by any county, city, or town, or any combination thereof, that provides public transportation services, and/or tangible personal property sold or leased to

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59 any county, city, or town, or any combination thereof, that is transferred to any of the companies set
60 forth in this subdivision owned, operated, or controlled by any county, city, or town, or any combination
61 thereof, that provides public transportation services.

62 18. (Expires July 1, 2022) Qualified products designated as Energy Star or WaterSense with a sales
63 price of \$2,500 or less per product purchased for noncommercial home or personal use. The exemption
64 provided by this subdivision shall apply only to sales occurring during the three-day period that begins
65 each year on the first Friday in August and ends at 11:59 p.m. on the following Sunday.

66 For the purposes of this exemption, an Energy Star qualified product is any dishwasher, clothes
67 washer, air conditioner, ceiling fan, light bulb, dehumidifier, programmable thermostat, or refrigerator,
68 the energy efficiency of which has been designated by the United States Environmental Protection
69 Agency and the United States Department of Energy as meeting or exceeding each such agency's
70 requirements under the Energy Star program. For the purposes of this exemption, WaterSense qualified
71 products are those that have been recognized as being water efficient by the WaterSense program
72 sponsored by the U.S. Environmental Protection Agency as indicated by a WaterSense label.

73 19. Effective through June 30, 2022, gold, silver, or platinum bullion or legal tender coins whose
74 sales price exceeds \$1,000. Each piece of gold, silver, or platinum or legal tender coin need not exceed
75 \$1,000, provided that the sales price of one entire transaction of such pieces exceeds \$1,000. "Gold,
76 silver, or platinum bullion" means gold, silver, or platinum, and any combination thereof, that has gone
77 through a refining process and is in a state or condition such that its value depends on its mass and
78 purity and not on its form, numismatic value, or other value. Gold, silver, or platinum bullion may
79 contain other metals or substances, provided that the other substances by themselves have minimal value
80 compared with the value of the gold, silver, or platinum. "Legal tender coins" means coins of any metal
81 content issued by a government as a medium of exchange or payment of debts. "Gold, silver, or
82 platinum bullion" and "legal tender coins" do not include jewelry or works of art.

83 20. Tangible personal property sold by a sheriff at a correctional facility pursuant to § 53.1-127.1 and
84 sales of prepared food within such correctional facility.

85 21. *Tangible personal property used or consumed by the Mattaponi, Pamunkey, or Chickahominy*
86 *Indian tribal government or by the tribal government of any other recognized Indian tribe of the*
87 *Commonwealth.*

88 **§ 58.1-1404. Exemptions.**

89 A. Any watercraft sold to or used by the United States or any of the governmental agencies thereof
90 or the Commonwealth of Virginia or any political subdivision thereof or sold to an insurance company
91 for the sole purpose of disposition when such insurance company has paid the registered owner of such
92 watercraft on a total loss claim shall be exempt from the tax imposed by this chapter.

93 B. Any person who was the owner of a watercraft that was not required to be titled prior to January
94 1, 1998, shall apply for a title for such watercraft without incurring liability for the tax imposed under
95 this chapter.

96 C. Any watercraft constructed by a commercial waterman for his own use shall be exempt from the
97 tax imposed under this chapter.

98 D. Any registered dealer in watercraft shall be exempt from the tax imposed by subdivisions 1 and 2
99 of § 58.1-1402. Such dealer shall also be exempt from titling requirements as provided in § 29.1-733.6.

100 E. Any watercraft purchased by and for the use of a volunteer fire department or volunteer
101 emergency medical services agency not conducted for profit shall be exempt from the tax imposed under
102 this chapter.

103 F. Any watercraft transferred to trustees of a revocable inter vivos trust, when the owners of the
104 watercraft and the beneficiaries of the trust are the same persons, regardless of whether other
105 beneficiaries may also be named in the trust instrument, or transferred by trustees of such a trust to
106 beneficiaries of the trust following the death of the grantor, when no consideration has passed between
107 the grantor and the beneficiaries in either case, shall be exempt from the tax imposed under this chapter.

108 G. *Any watercraft registered to any member of the Mattaponi, Pamunkey, or Chickahominy Indian*
109 *tribes or any other recognized Indian tribe of the Commonwealth who is living on the tribal reservation*
110 *shall be exempt from the tax imposed by this chapter.*