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SENATE BILL NO. 716

Offered January 11, 1995

A BILL to amend and reenact §§ 58.1-609.8, 58.1-1505 and 58.1-2403 of the Code of Virginia, relating to exemptions from sales and use taxes on purchases of tangible personal property, aircraft, and motor vehicles by certain nonprofit organizations.

Patrons—Earley, Holland, C.A., Quayle, Stolle and Walker; Delegates: McDonnell, Nelms, Spruill and Tata

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-609.8, 58.1-1505 and 58.1-2403 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-609.8. Nonprofit civic and community service 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. Tangible personal property purchased for use or consumption by or sold by a volunteer fire department or volunteer rescue squad, an auxiliary or junior organization of such department or squad not conducted for profit, a nonprofit association of which the regular membership is composed of such volunteer fire departments or volunteer rescue squads, and construction materials to be incorporated into realty when sold to and used by such organization, rather than a contractor, in construction, maintenance, or repair of any property of such organization.

2. Tangible personal property, except property used in any form of recording and reproducing services, purchased by churches organized not for profit and which are exempt from taxation under § 501 (c) (3) of the Internal Revenue Code, or whose real property is exempt from local taxation pursuant to the provisions of § 58.1-3606, for use (i) in religious worship services by a congregation or church membership while meeting together in a single location and (ii) in the libraries, offices, meeting or counseling rooms or other rooms in the public church buildings used in carrying out the work of the church and its related ministries, including kindergarten, elementary and secondary schools. The exemption for such churches shall also include baptistries; bulletins, programs, newspapers and newsletters which do not contain paid advertising and are used in carrying out the work of the church; gifts for distribution outside the public church building; and food, disposable serving items, cleaning supplies and teaching materials used in the operation of camps or conference centers by the church or an organization composed of churches that are exempt under this subdivision and which are used in carrying out the work of the church or churches.

3. Tangible personal property sold or leased for use in nonprofit nutrition programs for the elderly qualifying under 42 U.S.C. § 3030 (e) through (g), as amended, as administered by the Virginia Department for the Aging, and the food and food products sold under such programs to elderly persons and the food and food products sold by such program participants to disabled or handicapped persons under the age of sixty.

4. Tangible personal property bought, sold or used by Virginia Federation of Humane Societies or any chartered, not-for-profit organization incorporated under the laws of this Commonwealth and organized for the purpose of preventing cruelty to animals and promoting humane care of animals, when such property is used for the operation of such organizations or the construction or maintenance of animal shelters.

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

6. Tangible personal property purchased by an organization which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized primarily to distribute, during the Christmas season, food, toys, and clothing to persons in financial need, provided such tangible personal property is distributed at no cost to financially needy persons.

7. Tangible personal property, including food and food products, purchased for use or consumption by a residential youth shelter organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code, provided such organization is organized exclusively for maintaining and operating group homes for the shelter and care of abused and neglected children in the Commonwealth on a long-term or short-term basis.

8. Tangible personal property purchased for use or consumption by an organization exempt from

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60 taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively for the purpose of
61 providing education, training, services, and assistance in independent living to foster care children and
62 youth without families.

63 9. Tangible personal property for use or consumption by, sold by or donated to a food bank or
64 organization exempt from taxation pursuant to § 501 (c) (3) of the Internal Revenue Code and organized
65 exclusively for the distribution of foods to infants, the ill, or the needy; the exemptions shall apply to
66 each transaction in the chain of commerce from manufacture to final disposition, provided that such
67 food bank or organization is not conducted for profit.

68 10. Tangible personal property for use or consumption by a licensed nonprofit adult care residence as
69 defined in § 63.1-172 or a licensed nonprofit adult day-care center as defined in § 63.1-194.1.

70 11. From July 1, 1989, through June 30, 1998, tangible personal property purchased for use or
71 consumption by or sold by a nonstock, nonprofit charitable organization, exempt from taxation under
72 § 501 (c) (3) of the Internal Revenue Code and from local real estate taxation, which is organized
73 exclusively to foster, sponsor and promote physical education, athletic programs and contests for youths
74 in the Commonwealth.

75 12. From July 1, 1989, through June 30, 1998, tangible personal property purchased for use or
76 consumption by a shelter for homeless individuals operated by an organization exempt from taxation
77 pursuant to § 501 (c) (3) of the Internal Revenue Code, or tangible personal property purchased for use
78 or consumption by a § 501 (c) (3) organization that is organized exclusively for the purpose of
79 providing food, shelter, clothing or other items to homeless persons in the Commonwealth.

80 13. From July 1, 1989, through June 30, 1998, tangible personal property purchased for use or
81 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
82 and organized for the purpose of preparing and publishing a free travel guide for handicapped travelers.

83 14. From July 1, 1989, through June 30, 1998, tangible personal property purchased for use or
84 consumption, or to be sold at retail, by any nonsectarian youth organization exempt from taxation under
85 § 501 (c) (3) of the Internal Revenue Code which is organized for the purposes of the character
86 development and citizenship training of its members using the methods now in common use by Girl
87 Scout or Boy Scout organizations in Virginia.

88 15. From July 1, 1990, through June 30, 1998, tangible personal property purchased for use or
89 consumption by a nonprofit organization which under contract with a municipality operates Head Start
90 programs, extended day-care programs, and a shelter for runaways.

91 16. From July 1, 1990, through June 30, 1998, tangible personal property purchased for use or
92 consumption by a nonstock, nonprofit charitable corporation exempt from taxation under § 501 (c) (3) of
93 the Internal Revenue Code and from local property taxes and organized and operated to offer social
94 services, including, but not limited to, aid or assistance to travelers who, for financial or other reasons,
95 find themselves stranded or otherwise in distress and in need of temporary assistance (traveler's aid);
96 family life education; assistance to persons interested in the adoption of children or acting as foster care
97 parents; counseling to persons in financial need or distress and the provision of services related thereto;
98 counseling for individuals living with persons afflicted with mental health problems or the mentally
99 retarded, as well as providing services directly to the mentally ill or mentally retarded; and related social
100 welfare activities.

101 17. From July 1, 1990, through June 30, 1998, tangible personal property purchased for use or
102 consumption by a nonstock, nonprofit charitable corporation exempt from taxation under § 501 (c) (3) of
103 the Internal Revenue Code and organized and operated to offer social services, including, but not limited
104 to, transitional housing for homeless individuals, employment counseling, placement and referral services
105 to persons in financial need, health-related assistance, child care for children whose parents are either
106 employed or enrolled in job training programs, emergency assistance (including the provision of food) to
107 persons in financial need who may face eviction or termination of utility services, and related social
108 welfare activities.

109 18. From July 1, 1990, through June 30, 1998, tangible personal property purchased for use or
110 consumption by a nonprofit organization exempt from taxation pursuant to § 501 (c) (3) of the Internal
111 Revenue Code and which provides equipment, furniture, motor vehicles, and other types of tangible
112 personal property to assist mentally retarded or mentally ill citizens of the Commonwealth.

113 19. From July 1, 1991, through June 30, 1998, tangible personal property purchased for use or
114 consumption by a community action agency as defined in § 2.1-588.

115 20. Effective retroactive to January 1, 1984, and through June 30, 1998, tangible personal property
116 for use or consumption, or further distribution, or sold by an organization exempt from taxation under
117 § 501 (c) (3) of the Internal Revenue Code and which is organized and operated exclusively for the
118 purposes of providing education, training, certification in emergency cardiac care, research, and other
119 related services to reduce disability and death from cardiovascular diseases and stroke.

120 21. Effective retroactive to January 1, 1984, and through June 30, 1998, tangible personal property
121 for use or consumption, or further distribution, or sold by an organization exempt from taxation under

§ 501 (c) (3) of the Internal Revenue Code and which is organized and operated exclusively for the purpose of eliminating all lung disease, including asthma, emphysema, lung cancer and pneumonia, through medical research, public education focusing on disease prevention and education, patient education including information on coping with lung disease, smoking and air pollution prevention, and professional education and training.

22. Effective retroactive to January 1, 1984, and through June 30, 1998, tangible personal property for use or consumption, or further distribution, or sold by a statewide organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized and operated exclusively for the purpose of eliminating diabetes through medical research, public education focusing on disease prevention and education, patient education including information on coping with diabetes, and professional education and training.

23. Effective retroactive to January 1, 1984, and through June 30, 1998, tangible personal property for use or consumption, or further distribution, or sold by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code which is organized exclusively for the purpose of eliminating cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through research, education and service.

24. From July 1, 1991, through June 30, 1998, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively for the purpose of promoting and supporting conservation and environmental issues throughout the Commonwealth by encouraging the protection and restoration of waters, wildlife and land; safeguarding the public health by eliminating pollution; nurturing and improving wildlife stocks; promoting the highest standards of sportsmanship and strengthening farmer-sportsmen understanding; and performing other environmental services.

25. From July 1, 1991, through June 30, 1998, tangible personal property purchased for use or consumption by a nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized exclusively to provide immediate and affordable counseling, and regularly scheduled workshops to address the psychological, educational, and professional concerns of women and their families.

26. From July 1, 1991, through June 30, 1998, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized exclusively to advance the moral character and to promote sportsmanship, team spirit, fair play, honesty, and patriotism among youth by providing and supervising clean and wholesome activities for the youth in Appomattox County who participate in its programs.

27. From July 1, 1991, through June 30, 1998, tangible personal property purchased and sold by a nonprofit organization exempt from taxation under § 501 (c) (3) or (4) of the Internal Revenue Code, organized exclusively to provide aid and assistance to (i) the blind or visually impaired or programs devoted to the prevention of the loss of eyesight; (ii) the deaf or hearing impaired; (iii) drug abuse and drug awareness programs; (iv) diabetes and diabetes detection; and (v) cultural and educational opportunities for the musically talented boys and girls of the Commonwealth, for use in fund-raising activities, provided the net proceeds (gross receipts less expenses) from such sales are contributed directly to or used to fund the charitable purposes for which the organization is organized.

28. From July 1, 1991, through June 30, 1998, tangible personal property purchased for use or consumption in the performance of emergency services by Radio Emergency Associated Communications Teams which are nonprofit organizations that operate and maintain public service communications and provide emergency services to motorists and their local communities.

29. *From July 1, 1995, through June 30, 1998, tangible personal property purchased for use or consumption by 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.*

§ 58.1-1505. Exemptions.

Any aircraft sold to or used by (i) the United States or any of the governmental agencies thereof, (ii) the Commonwealth of Virginia or any political subdivision thereof, ~~or~~ (iii) any airline operating in intrastate, interstate or foreign commerce as a common carrier providing scheduled air service on a continuing basis to one or more Virginia airports, or (iv) *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 shall be exempt from the tax imposed by this chapter.*

§ 58.1-2403. Exemptions.

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

- 183 1. Sold to, rented or used by the United States government or any governmental agency thereof;
- 184 2. Sold to, rented or used by the Commonwealth of Virginia or any political subdivision thereof;
- 185 3. Registered in the name of a volunteer fire department or rescue squad not operated for profit;
- 186 4. Registered to any member of the Mattaponi, Pamunkey, or Chickahominy Indian tribes or any
- 187 other recognized Indian tribe of the Commonwealth living on the tribal reservation;
- 188 5. Transferred incidental to repossession under a recorded lien and ownership is transferred to the
- 189 lienholder;
- 190 6. A mobile home permanently attached to real estate and included in the sale of real estate;
- 191 7. A gift to the spouse, son, or daughter of the transferor. This exemption shall not apply to any
- 192 unpaid obligation assumed by the transferee incidental to the transfer;
- 193 8. Transferred from an individual or partnership to a corporation or from a corporation to an
- 194 individual or partnership if the transfer is incidental to the formation, organization or dissolution of a
- 195 corporation in which the individual or partnership holds the majority interest;
- 196 9. Transferred from a wholly owned subsidiary to the parent corporation or from the parent
- 197 corporation to a wholly owned subsidiary;
- 198 10. Being registered for the first time in this Commonwealth and the applicant holds a valid,
- 199 assignable title or registration issued to him by another state;
- 200 11. Titled in a Virginia motor vehicle dealer's name for resale if dealer's license plates are displayed
- 201 when the vehicle is operated upon the public highways;
- 202 12. A motor vehicle having seats for more than seven passengers and sold to an urban or suburban
- 203 bus line the majority of whose passengers use the buses for traveling a distance of less than forty miles,
- 204 one way, on the same day;
- 205 13. Purchased in this Commonwealth by a nonresident and a Virginia title is issued for the sole
- 206 purpose of recording a lien against the vehicle if the vehicle will be registered in a state other than
- 207 Virginia;
- 208 14. A motor vehicle designed for the transportation of ten or more passengers, purchased by and for
- 209 the use of a church conducted not for profit;
- 210 15. Loaned or leased to a private institution of learning not conducted for profit, for the sole purpose
- 211 of use in the instruction of driver's education when such education is a part of such school's curriculum
- 212 for full-time students;
- 213 16. Sold to an insurance company for the sole purpose of disposition when such company has paid
- 214 the registered owner of such vehicle a total loss claim;
- 215 17. Owned and used for personal or official purposes by accredited consular or diplomatic officers of
- 216 foreign governments, their employees or agents, and members of their families, if such persons are
- 217 nationals of the state by which they are appointed and are not citizens of the United States;
- 218 18. A self-contained mobile computerized axial tomography scanner sold to, rented or used by a
- 219 hospital not conducted for profit or a cooperative hospital service organization as described in § 501 (e)
- 220 of the United States Internal Revenue Code;
- 221 19. A motor vehicle having seats for more than seven passengers and sold to a restricted common
- 222 carrier or common carrier of passengers; or
- 223 20. Beginning July 1, 1989, a self-contained mobile unit designed exclusively for human diagnostic
- 224 or therapeutic service, sold to, rented to, or used by a hospital not conducted for profit, or a cooperative
- 225 hospital service organization as described in § 501 (e) of the United States Internal Revenue Code, or a
- 226 nonprofit corporation as defined in § 501 (c) (3) of the Internal Revenue Code, established for research
- 227 in, diagnosis of, or therapy for human ailments.
- 228 21. *Beginning September 1, 1992, a motor vehicle sold to an organization which is exempt from*
- 229 *taxation under §501 (c) (3) of the Internal Revenue Code and which is organized for the primary*
- 230 *purpose of distributing food, clothing, medicines and other necessities of life to, and providing shelter*
- 231 *for, needy persons in the United States and throughout the world.*