

971261351

HOUSE BILL NO. 2313

Offered January 17, 1997

A *BILL to amend and reenact §§ 59.1-282 and 59.1-283 of the Code of Virginia, relating to enterprise zone sales and use tax exemptions and local incentives.*

Patrons—McEachin, Hall, Jones, D.C. and Nixon

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That §§ 59.1-282 and 59.1-283 of the Code of Virginia are amended and reenacted as follows:**

§ 59.1-282. State sales and use tax exemptions; reduction in tax rate.

A. The Department shall certify annually to the Tax Commissioner that any qualified business firm is exempt from the payment of taxes for all items purchased for the conduct of its business located within the enterprise zone, as required under Chapter 6 (§ 58.1-600 et seq.) of Title 58.1. Such exemption shall extend for a period not to exceed five years. No business firm designated as a qualified business firm on or after July 1, 1995, shall be entitled to such exemption.

B. *The sales and use tax rate in an enterprise zone shall not exceed two and one-half percent with one percent distributed to localities based on point of sale, one percent to the state general fund and one-half percent to the Transportation Trust Fund.*

§ 59.1-283. Local incentives.

A. In making an application for designation as an enterprise zone, the applying locality or localities may propose local tax incentives, including, but not limited to: (i) reduction of permit fees; (ii) reduction of user fees; (iii) reduction of the business, professional, and occupational license tax; (iv) *increase the BPOL tax threshold from \$50,000 and \$100,000 to \$250,000 and \$500,000, respectively;* and ~~(iv)~~(v) partial exemption from taxation of substantially rehabilitated real estate pursuant to § 58.1-3221. The extent and duration of such incentive proposals shall conform to the requirements of the Constitution of Virginia and the Constitution of the United States. In making application for designation as an enterprise zone, such application may also contain proposals for regulatory flexibility, including, but not limited to: (i) special zoning districts; (ii) permit process reform; (iii) exemptions from local ordinances; and (iv) other public incentives proposed in the locality's application, which shall be binding upon the locality upon designation of the enterprise zone.

B. A locality may establish eligibility criteria for local incentives for business firms that are the same as, or more stringent than, the criteria for eligibility for grants or other benefits provided by this chapter.

INTRODUCED

HB2313