

973208700

## HOUSE BILL NO. 2316

Offered January 17, 1997

*A BILL to amend and reenact § 58.1-605 of the Code of Virginia, relating to local sales tax revenue.*

Patrons—Watkins, Cox, Ingram, Nixon and Reid; Senators: Benedetti, Marsh and Martin

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-605 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-605. To what extent and under what conditions cities and counties may levy local sales taxes; collection thereof by Commonwealth and return of revenue to each city or county entitled thereto.

A. No county, city or town shall impose any local general sales or use tax or any local general retail sales or use tax except as authorized by this section.

B. The council of any city and the governing body of any county may levy a general retail sales tax at the rate of one percent to provide revenue for the general fund of such city or county. Such tax shall be added to the rate of the state sales tax imposed by §§ 58.1-603 and 58.1-604 and shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. The applicable brackets of prices shall be as prescribed in § 58.1-628 for the combined state and local tax. No discount under § 58.1-622 shall be allowed on a local sales tax.

C. The council of any city and the governing body of any county desiring to impose a local sales tax under this section may do so by the adoption of an ordinance stating its purpose and referring to this section, and providing that such ordinance shall be effective on the first day of a month at least sixty days after its adoption. A certified copy of such ordinance shall be forwarded to the Tax Commissioner so that it will be received within five days after its adoption.

D. Any local sales tax levied under this section shall be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as provided for the state sales tax, with the adjustments required by § 58.1-628.

E. All local sales tax moneys collected by the Tax Commissioner under this section shall be paid into the state treasury to the credit of a special fund which is hereby created on the Comptroller's books under the name "Collections of Local Sales Taxes." Such local sales tax moneys shall be credited to the account of each particular city or county levying a local sales tax under this section. The basis of such credit shall be the city or county in which the sales were made as shown by the records of the Department and certified by it monthly to the Comptroller, namely, the city or county of location of each place of business of every dealer paying the tax to the Commonwealth without regard to the city or county of possible use by the purchasers. If a dealer has any place of business located in more than one political subdivision by reason of the boundary line or lines passing through such place of business, the amount of sales tax paid by such a dealer with respect to such place of business shall be treated for the purposes of this section as follows: one-half shall be assignable to each political subdivision where two are involved, one-third where three are involved, and one-fourth where four are involved.

F. As soon as practicable after the local sales tax moneys have been paid into the state treasury in any month for the preceding month, the Comptroller shall draw his warrant on the Treasurer of Virginia in the proper amount in favor of each city or county entitled to the monthly return of its local sales tax moneys, and such payments shall be charged to the account of each such city or county under the special fund created by this section. If errors are made in any such payment, or adjustments are otherwise necessary, whether attributable to refunds to taxpayers, or to some other fact, the errors shall be corrected and adjustments made in the payment for the next month ~~or for subsequent months~~. *In addition, the payment shall include a refund of amounts erroneously not paid to the city or county during the three years preceding the discovery of the error.*

G. Such payments to counties are subject to the qualification that in any county wherein is situated any incorporated town constituting a special school district and operated as a separate school district under a town school board of three members appointed by the town council, the county treasurer shall pay into the town treasury for general governmental purposes the proper proportionate amount received by him in the ratio that the school age population of such town bears to the school age population of the entire county. If the school age population of any town constituting a separate school district is increased by the annexation of territory since the last preceding school age population census, such increase shall, for the purposes of this section, be added to the school age population of such town as shown by the last such census and a proper reduction made in the school age population of the county or counties from which the annexed territory was acquired.

INTRODUCED

HB2316

60 H. One-half of such payments to counties are subject to the further qualification, other than as set  
61 out in subsection G above, that in any county wherein is situated any incorporated town not constituting  
62 a separate special school district which has complied with its charter provisions providing for the  
63 election of its council and mayor for a period of at least four years immediately prior to the adoption of  
64 the sales tax ordinance, the county treasurer shall pay into the town treasury of each such town for  
65 general governmental purposes the proper proportionate amount received by him in the ratio that the  
66 school age population of each such town bears to the school age population of the entire county, based  
67 on the latest statewide school census. The preceding requirement pertaining to the time interval between  
68 compliance with election provisions and adoption of the sales tax ordinance shall not apply to a tier-city.  
69 If the school age population of any such town not constituting a separate special school district is  
70 increased by the annexation of territory or otherwise since the last preceding school age population  
71 census, such increase shall, for the purposes of this section, be added to the school age population of  
72 such town as shown by the last such census and a proper reduction made in the school age population  
73 of the county or counties from which the annexed territory was acquired.

74 I. Notwithstanding the provisions of subsection H, the board of supervisors of a county may, in its  
75 discretion, appropriate funds to any incorporated town not constituting a separate school district within  
76 such county which has not complied with the provisions of its charter relating to the elections of its  
77 council and mayor, an amount not to exceed the amount it would have received from the tax imposed  
78 by this chapter if such election had been held.

79 J. It is further provided that if any incorporated town which would otherwise be eligible to receive  
80 funds from the county treasurer under subsection G or H of this section be located in a county which  
81 does not levy a general retail sales tax under the provisions of this law, such town may levy a general  
82 retail sales tax at the rate of one percent to provide revenue for the general fund of the town, subject to  
83 all the provisions of this section generally applicable to cities and counties. Any tax levied under the  
84 authority of this paragraph shall in no case continue to be levied on or after the effective date of a  
85 county ordinance imposing a general retail sales tax in the county within which such town is located.