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SENATE BILL NO. 175

Senate Amendments in [] — February 19, 1998

A BILL to amend the Code of Virginia by adding a section numbered 58.1-609.11, relating to the rate of retail sales and use tax on food products for home consumption.

Patrons—Marye, Edwards, Houck, Howell, Lambert, Maxwell, Reasor, Reynolds, Ticer and Whipple

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 58.1-609.11 as follows:

§ 58.1-609.11. Rate of tax on sales of food products for home consumption.

A. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, the rate of tax as levied in such section applicable to food products for home consumption from July 1, 1998, through June 30, 2000, shall be two and one-half percent. The revenue from the tax levied at such rate shall be distributed as follows: (i) the revenue from tax at the rate of one-half percent shall be disposed of as provided in subsection A of § 58.1-638; (ii) the revenue from tax at the rate of one percent shall be disposed of as provided in subsections B through D of § 58.1-638; and (iii) the revenue from tax at the rate of one percent shall be used for general fund purposes.

B. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, the rate of tax as levied in such section applicable to food products for home consumption from July 1, 2000, through June 30, 2002, shall be one and one-half percent. The revenue from the tax levied at such rate shall be distributed as follows: (i) the revenue from tax at the rate of one-half percent shall be disposed of as provided in subsection A of § 58.1-638; and (ii) the revenue from tax at the rate of one percent shall be disposed of as provided in subsections B through D of § 58.1-638.

C. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, the rate of tax as levied in such section applicable to food products for home consumption from July 1, 2002, through June 30, 2004, shall be one-half percent. The revenue from the tax levied at such rate shall be disposed of as provided in subsection A of § 58.1-638.

D. Commencing July 1, 2004, the tax imposed by §§ 58.1-603 and 58.1-604 shall not apply to food products for home consumption.

E. The provisions of this section shall not affect the imposition of tax on food products for home consumption pursuant to §§ 58.1-605 and 58.1-606.

F. As used in this section, "food products for home consumption" means food and food products of the type usually sold by a grocer and purchased by consumers for preparation and consumption off the premises where purchased. The term shall not include alcoholic beverages [; soft drinks, sodas, and similar beverages; coffee and coffee substitutes; tea, cocoa and cocoa products; refined sugar; candy; confectionery; and chewing gum]. The Tax Commissioner shall promulgate regulations listing food products for home consumption.

ENGROSSED

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