

985307633

SENATE BILL NO. 521

Offered January 26, 1998

A BILL to amend and reenact §§ 58.1-603, 58.1-604, 58.1-614, 58.1-627, 58.1-628, 58.1-638, 58.1-2402, and 58.1-2425 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 58.1-3001.1 and 58.1-3005.1, relating to personal property tax rates, retail sales and use tax rates, and motor vehicle sales and use tax rates.

Patrons—Colgan; Delegate: Parrish

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-603, 58.1-604, 58.1-614, 58.1-627, 58.1-628, 58.1-638, 58.1-2402, and 58.1-2425 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 58.1-3001.1 and 58.1-3005.1 as follows:

§ 58.1-603. Imposition of sales tax.

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of ~~three and one-half~~ five percent:

1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.

2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.

3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.

4. Of the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.

5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

§ 58.1-604. Imposition of use tax.

There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount of ~~three and one-half~~ five percent:

1. Of the cost price of each item or article of tangible personal property used or consumed in this Commonwealth. Tangible personal property which has been acquired for use outside this Commonwealth and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost price if such property is brought within this Commonwealth for use within six months of its acquisition; but if so brought within this Commonwealth six months or more after its acquisition, such property shall be taxed on the basis of the current market value (but not in excess of its cost price) of such property at the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the cost price or current market value as the duration of time of use within this Commonwealth bears to the total useful life of such property (but it shall be presumed in all cases that such property will remain within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to the contrary).

2. Of the cost price of each item or article of tangible personal property stored outside this Commonwealth for use or consumption in this Commonwealth.

~~3.~~ A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same transaction be taxed more than once under either section.

4. The use tax shall not apply with respect to the use of any article of tangible personal property brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use, while within this Commonwealth.

~~5.~~ The use tax shall not apply to out-of-state mail order catalog purchases totaling \$100 or less during any calendar year.

§ 58.1-614. Vending machine sales.

INTRODUCED

SB521

60 A. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, whenever a dealer makes sales of
 61 tangible personal property through vending machines, or in any other manner making collection of the
 62 tax impractical, as determined by the Tax Commissioner, such dealer shall be required to report his
 63 wholesale purchases for sale at retail from vending machines and shall be required to remit an amount
 64 based on ~~four and one-half~~ *six* percent of such wholesale purchases.

65 B. Notwithstanding the provisions of §§ 58.1-605 and 58.1-606, dealers making sales of tangible
 66 personal property through vending machines shall report and remit the one percent local sales and use
 67 tax computed as provided in subsection A of this section.

68 C. The provisions of subsections A and B of this section shall not be applicable to vending machine
 69 operators all of whose machines are under contract to nonprofit organizations. Such operators shall
 70 report only the gross receipts from machines selling items for more than ten cents and shall be required
 71 to remit an amount based on a percentage of their remaining gross sales established by the Tax
 72 Commissioner to take into account the inclusion of sales tax.

73 D. Notwithstanding any other provisions in this section or § 58.1-628, when the Tax Commissioner
 74 determines that it is impractical to collect the tax in the manner provided by those sections, such dealer
 75 shall be required to remit an amount based on a percentage of gross receipts which takes into account
 76 the inclusion of the sales tax.

77 E. The provisions of this section shall not be applicable to any dealer who fails to maintain records
 78 satisfactory to the Tax Commissioner. A dealer making sales of tangible personal property through
 79 vending machines shall obtain a certificate of registration under § 58.1-613 in relevant form for each
 80 county or city in which he has machines.

81 § 58.1-627. Bracket system for state tax.

82 The ~~following~~ *Tax Department shall prepare and distribute tables providing brackets of prices shall*
 83 *to be used for the collection of the state tax imposed by this chapter.*

84

85 \$0.00 €0 \$0.14 no tax

86

87 .15 €0 .42 1¢ tax

88

89 .43 €0 .71 2¢ tax

90

91 .72 €0 .99 3¢ tax

92

93 1.00 €0 1.28 4¢ tax

94

95 1.29 €0 1.57 5¢ tax

96

97 1.58 €0 1.85 6¢ tax

98

99 1.86 €0 2.14 7¢ tax

100

101 2.15 €0 2.42 8¢ tax

102

103 2.43 €0 2.71 9¢ tax

104

105 2.72 €0 2.99 10¢ tax

106

107 3.00 €0 3.28 11¢ tax

108

109 3.29 €0 3.57 12¢ tax

110

111 3.58 €0 3.85 13¢ tax

112

113 3.86 €0 4.14 14¢ tax

114

115 4.15 €0 4.42 15¢ tax

116

117 4.43 €0 4.71 16¢ tax

118

119 4.72 to 5.00 17¢ tax
 120
 121

122 On transactions over five dollars, the tax shall be computed at three and one-half percent, one-half
 123 cent or more being treated as one cent. If a dealer can show to the satisfaction of the Tax Commissioner
 124 that more than eighty-five percent of the total dollar volume of his gross taxable sales during the taxable
 125 month was from individual sales at prices of ten cents or less each, and that he was unable to adjust his
 126 prices in such manner as to prevent the economic incidence of the sales tax from falling on him, the
 127 Tax Commissioner shall determine the proper tax liability of the dealer based on that portion of the
 128 dealer's gross taxable sales which was from sales at prices of eleven cents or more.

129 § 58.1-628. Bracket system for combined state and local tax.

130 The following Tax Department shall prepare and distribute tables providing brackets of prices shall
 131 to be used for the collection of the combined state and local tax:
 132

133 \$0.00 to \$0.11 no tax

134 .12 to .33 1¢ tax

135 .34 to .55 2¢ tax

136 .56 to .77 3¢ tax

137 .78 to .99 4¢ tax

138 1.00 to 1.22 5¢ tax

139 1.23 to 1.44 6¢ tax

140 1.45 to 1.66 7¢ tax

141 1.67 to 1.88 8¢ tax

142 1.89 to 2.11 9¢ tax

143 2.12 to 2.33 10¢ tax

144 2.34 to 2.55 11¢ tax

145 2.56 to 2.77 12¢ tax

146 2.78 to 2.99 13¢ tax

147 3.00 to 3.22 14¢ tax

148 3.23 to 3.44 15¢ tax

149 3.45 to 3.66 16¢ tax

150 3.67 to 3.88 17¢ tax

151 3.89 to 4.11 18¢ tax

152 4.12 to 4.33 19¢ tax

153 4.34 to 4.55 20¢ tax

154 4.56 to 4.77 21¢ tax
 155

176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236

4.78 to 5.00 22¢ tax

On transactions over five dollars, the tax shall be computed at four and one-half percent, one half cent or more being treated as one cent. The foregoing bracket system shall not relieve the dealer from the duty and liability to remit an amount equal to four and one-half percent of his gross taxable sales as provided in this chapter. If the dealer, however, can show to the satisfaction of the Tax Commissioner that more than eighty-five percent of the total dollar volume of his gross taxable sales during the taxable month was from individual sales at prices of ten cents or less each and that he was unable to adjust his prices in such manner as to prevent the economic incidence of the sales tax from falling on him, the Tax Commissioner shall determine the proper tax liability of the dealer based on that portion of the dealer's gross taxable sales which was from sales at prices of eleven cents or more.

§ 58.1-638. Disposition of tax revenue; localities' share.

A. The Comptroller shall designate a specific revenue code number for all the state sales and use tax revenue collected under the preceding sections of this chapter.

1. The sales and use tax revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special Session of the General Assembly shall be paid, in the manner hereinafter provided in this section, to the Transportation Trust Fund as defined in § 33.1-23.03:1. Of the funds paid to the Transportation Trust Fund, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port Fund as hereinafter provided; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport Fund as hereinafter provided; and an aggregate of 8.4 percent shall be set aside as the Commonwealth Mass Transit Fund as hereinafter provided. The Fund's share of such net revenue shall be computed as an estimate of the net revenue to be received into the state treasury each month, and such estimated payment shall be adjusted for the actual net revenue received in the preceding month. All payments shall be made to the Fund on the last day of each month.

2. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Port Fund.

a. The Commonwealth Port Fund shall be established on the books of the Comptroller and the funds remaining in such Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on such funds shall remain in the Fund and be credited to it. Funds may be paid to any authority, locality or commission for the purposes hereinafter specified.

b. The amounts allocated pursuant to this section shall be allocated by the Commonwealth Transportation Board to the Board of Commissioners of the Virginia Port Authority to be used to support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary ports within the Commonwealth.

c. Commonwealth Port Fund revenue shall be allocated by the Board of Commissioners to the Virginia Port Authority in order to foster and stimulate the flow of maritime commerce through the ports of Virginia, including but not limited to the ports of Richmond, Hopewell and Alexandria.

3. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be part of the Transportation Trust Fund and which shall be known as the Commonwealth Airport Fund. The Commonwealth Airport Fund shall be established on the books of the Comptroller and any funds remaining in such Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on the funds shall be credited to the Fund. The funds so allocated shall be allocated by the Commonwealth Transportation Fund to the Virginia Aviation Board. The funds shall be allocated by the Virginia Aviation Board to any Virginia airport which is owned by the Commonwealth, a governmental subdivision thereof, or a private entity to which the public has access for the purposes enumerated in § 5.1-2.16, or is owned or leased by the Metropolitan Washington Airports Authority (MWAA), as follows:

From July 1, 1995, through June 30, 2000, any new funds in excess of \$12.1 million which are available for allocation by the Virginia Aviation Board from the Commonwealth Transportation Fund, shall be allocated as follows: sixty percent to MWAA, up to a maximum annual amount of two million dollars, and forty percent to air carrier airports as provided in subdivision A 3 a. Except for adjustments due to changes in enplaned passengers, no air carrier airport sponsor, excluding MWAA, shall receive less funds identified under subdivision A 3 a than it received in fiscal year 1994-95.

Of the remaining amount:

a. Forty percent of the funds shall be allocated to air carrier airports, except airports owned or leased by MWAA, based upon the percentage of enplanements for each airport to total enplanements at all air carrier airports, except airports owned or leased by MWAA. No air carrier airport sponsor, however, shall receive less than \$50,000 nor more than \$2 million per year from this provision.

b. Forty percent of the funds shall be allocated by the Aviation Board for air carrier and reliever

237 airports on a discretionary basis, except airports owned or leased by MWA
238 c. Twenty percent of the funds shall be allocated by the Aviation Board for general aviation airports
239 on a discretionary basis.

240 4. There is hereby created in the Department of the Treasury a special nonreverting fund which shall
241 be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Mass
242 Transit Fund.

243 a. The Commonwealth Mass Transit Fund shall be established on the books of the Comptroller and
244 any funds remaining in such Fund at the end of the biennium shall not revert to the general fund but
245 shall remain in the Fund. Interest earned on such funds shall be credited to the Fund. Funds may be
246 paid to any local governing body, transportation district commission or public service corporation for the
247 purposes hereinafter specified.

248 b. The amounts allocated pursuant to this section may be used to support a maximum of fifty percent
249 of the public transportation administrative costs and up to eighty percent of the costs of ridesharing
250 programs borne by the locality. These amounts may be used to support up to ninety-five percent of the
251 local or nonfederal share of capital project costs for public transportation and ridesharing equipment,
252 facilities, and associated costs. Capital costs may include debt service payments on local or agency
253 transit bonds. Further, these amounts may be used to support a maximum of ninety-five percent of the
254 costs borne by the locality for the purchase of fuels, lubricants, tires and maintenance parts and supplies
255 for public transportation. The term "borne by the locality" shall mean the local share eligible for state
256 assistance consisting of costs in excess of the sum of fares and other operating revenues plus federal
257 assistance received by the locality.

258 c. Commonwealth Mass Transit Fund revenue shall be allocated by the Commonwealth
259 Transportation Board as follows:

260 (1) Funds for special programs, which shall include ridesharing, experimental transit, and technical
261 assistance, shall not exceed 1.5 percent of the Fund.

262 (2) The Board may allocate these funds to any locality or planning district commission to finance up
263 to eighty percent of the local share of all costs associated with the development, implementation, and
264 continuation of ridesharing programs.

265 (3) Funds allocated for experimental transit projects may be paid to any local governing body,
266 transportation district commission, or public corporation or may be used directly by the Department of
267 Rail and Public Transportation for the following purposes:

268 (a) To finance up to ninety-five percent of the capital costs related to the development,
269 implementation and promotion of experimental public transportation and ridesharing projects approved
270 by the Board.

271 (b) To finance up to ninety-five percent of the operating costs of experimental mass transportation
272 and ridesharing projects approved by the Board for a period of time not to exceed twelve months.

273 (c) To finance up to ninety-five percent of the cost of the development and implementation of any
274 other project designated by the Board where the purpose of such project is to enhance the provision and
275 use of public transportation services.

276 d. Funds allocated for public transportation promotion and operation studies may be paid to any local
277 governing body, planning district commission, transportation district commission, or public transit
278 corporation, or may be used directly by the Department of Rail and Public Transportation for the
279 following purposes and aid of public transportation services:

280 (1) At the approval of the Board to finance a program administered by the Department of Rail and
281 Public Transportation designed to promote the use of public transportation and ridesharing throughout
282 Virginia.

283 (2) To finance up to fifty percent of the local share of public transportation operations planning and
284 technical study projects approved by the Board.

285 e. At least 73.5 percent of the Fund shall be distributed to each transit property in the same
286 proportion as its operating expenses bear to the total statewide operating expenses and shall be spent for
287 the purposes specified in subdivision 4 b.

288 f. The remaining twenty-five percent shall be distributed for capital purposes on the basis of
289 ninety-five percent of the nonfederal share for federal projects and ninety-five percent of the total costs
290 for nonfederal projects. In the event that total capital funds available under this paragraph are
291 insufficient to fund the complete list of eligible projects, the funds shall be distributed to each transit
292 property in the same proportion that such capital expenditure bears to the statewide total of capital
293 projects.

294 5. Funds for Metro shall be paid by the Northern Virginia Transportation Commission to the
295 Washington Metropolitan Area Transit Authority (WMATA) and be a credit to the Counties of
296 Arlington and Fairfax and the Cities of Alexandria, Falls Church and Fairfax in the following manner:

297 a. Local payments of WMATA rail transit bonds shall be paid first and apportioned to each locality

298 using the WMATA capital formula.

299 b. The remaining funds shall be apportioned by calculating twenty-five percent of the capital and
300 operating costs and seventy-five percent of the capital and operating subsidies applied to each locality.
301 Capital costs may include twenty percent of annual local bus capital expenses.

302 Appropriations from the Commonwealth Mass Transit Fund are intended to provide a stable and
303 reliable source of revenue as defined by Public Law 96-184.

304 B. The sales and use tax revenue generated by a one percent sales and use tax shall be distributed
305 among the counties and cities of this Commonwealth in the manner ~~hereafter in this section~~ provided in
306 *subsections C and D*.

307 C. The localities' share of the net revenue distributable under this section among the counties and
308 cities shall be apportioned by the Comptroller and distributed among them by warrants of the
309 Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month
310 during which the net revenue was received into the state treasury. The distribution of the localities' share
311 of such net revenue shall be computed with respect to the net revenue received into the state treasury
312 during each month, and such distribution shall be made as soon as practicable after the close of each
313 such month.

314 D. The net revenue so distributable among the counties and cities shall be apportioned and
315 distributed upon the basis as certified to the Comptroller by the Department of Education, of the number
316 of children in each county and city according to the most recent statewide census of school population
317 taken by the Department of Education pursuant to § 22.1-284, as adjusted in the manner hereinafter
318 provided. No special school population census, other than a statewide census, shall be used as the basis
319 of apportionment and distribution except that in any calendar year in which a statewide census is not
320 reported, the Department of Education shall adjust such school population figures by the same percent of
321 annual change in total population estimated for each locality by The Center for Public Service. The
322 revenue so apportionable and distributable is hereby appropriated to the several counties and cities for
323 maintenance, operation, capital outlays, debt and interest payments, or other expenses incurred in the
324 operation of the public schools, which shall be considered as funds raised from local resources. In any
325 county, however, wherein is situated any incorporated town constituting a school division, the county
326 treasurer shall pay into the town treasury for maintenance, operation, capital outlays, debt and interest
327 payments, or other expenses incurred in the operation of the public schools, the proper proportionate
328 amount received by him in the ratio that the school population of such town bears to the school
329 population of the entire county. If the school population of any city or of any town constituting a school
330 division is increased by the annexation of territory since the last preceding school population census,
331 such increase shall, for the purposes of this section, be added to the school population of such city or
332 town as shown by the last such census and a proper reduction made in the school population of the
333 county or counties from which the annexed territory was acquired.

334 E. *The net revenue generated by (i) the one and one-half percent sales and use tax rate increase and*
335 *(ii) the two percent motor vehicle sales and use tax rate increase, both enacted by the 1998 Session of*
336 *the General Assembly, shall be apportioned and distributed among the eligible localities of the*
337 *Commonwealth as follows:*

338 1. *As used in this subsection:*

339 "Base amount" means the product obtained by multiplying (i) the eligible locality's local revenue by
340 (ii) 0.166 if the eligible locality is a county, 0.127 if the eligible locality is a city, or 0.053 if the
341 eligible locality is a town.

342 "Distributable revenue" means the net revenue generated by (i) the one and one-half percent sales
343 and use tax rate increase and (ii) the two percent motor vehicle sales and use tax rate increase, both
344 enacted by the 1998 Session of the General Assembly.

345 "Eligible locality" means a county, city or town whose governing body has adopted an ordinance
346 fixing the rate of the tangible personal property tax levied in the locality at one cent per one hundred
347 dollars of assessed value on all classifications of tangible personal property, pursuant to § 58.1-3001.1
348 or § 58.1-3005.1. A locality shall not be an eligible locality until a certified copy of such ordinance has
349 been provided to the Tax Commissioner, and he has determined that the ordinance complies with the
350 provisions of this subsection and § 58.1-3001.1 or § 58.1-3005.1.

351 "Local revenue" means the total revenue received by a locality from local sources for the fiscal year
352 ending June 30, 1996, as set forth in exhibit B of the comparative report of local government revenues
353 and expenditures for the fiscal year ending June 30, 1996, prepared by the Auditor of Public Accounts
354 pursuant to § 15.2-2510.

355 "Surplus revenue" means the amount, if any, by which the distributable revenues exceed the total of
356 the base amounts for all eligible localities.

357 2. *To each eligible locality shall be distributed annually an amount equal to the base amount plus*
358 *the eligible locality's pro rata share of surplus revenue. An eligible locality's pro rata share of surplus*
359 *revenue shall be equal to the same proportion of the surplus revenue that the eligible locality's base*

360 amount bears to the total of the base amounts of all eligible localities.

361 3. If an eligible locality collects revenue attributable to tangible personal property tax rates levied
362 prior to the effective date of the ordinance reducing such rates pursuant to § 58.1-3001.1 or
363 § 58.1-3005.1, the amount to be distributed to such eligible locality for such calendar year shall be
364 reduced by an amount equal to such tangible personal property tax revenue collections in the year that
365 are attributable to the higher tax rates.

366 4. If the total of the base amounts for all eligible localities in less than the distributable revenue for
367 any year, the amount to be distributed to each eligible locality shall be reduced by the locality's pro
368 rata share of the shortfall in distributable revenue. An eligible locality's pro rata share of the shortfall
369 in distributable revenue shall be equal to the same proportion of the shortfall in distributable revenue
370 that the eligible locality's base amount bears to the total of the base amounts of all eligible localities.

371 5. The eligible localities' shares of the distributable revenue shall be apportioned by the Comptroller
372 and distributed among them by warrants of the Comptroller drawn on the Treasurer of Virginia as soon
373 as practicable after the close of the fiscal year ending June 30, 1999, and subsequent fiscal years. The
374 distribution of the localities' shares of distributable revenue shall be computed with respect to the
375 distributable revenue received into the state treasury during the preceding fiscal year.

376 6. The Tax Commissioner shall determine whether a locality is an eligible locality as soon as
377 practicable after the close of each fiscal year. The Tax Commissioner, as soon as practicable after the
378 close of each fiscal year, shall provide the Comptroller with a list of eligible localities, which shall
379 identify the amount by which any distribution to an eligible locality is required to be reduced as
380 provided in subdivision E 3.

381 E F. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall be
382 corrected and adjustments made in the distribution for the next quarter or for subsequent quarters.

383 F G. The term "net revenue," as used in this section, means the gross revenue received into the
384 general fund or the Transportation Trust Fund of the state treasury under the preceding sections of this
385 chapter, less refunds to taxpayers.

386 § 58.1-2402. Levy.

387 A. There is hereby levied, in addition to all other taxes and fees of every kind now imposed by law,
388 a tax upon the sale or use of motor vehicles in Virginia, other than (i) vehicles with a gross vehicle
389 weight rating or gross combination weight rating of 26,001 pounds or more; or (ii) a sale to or use by a
390 person for rental as an established business or part of an established business or incidental or germane to
391 such business.

392 There shall also be levied a tax upon the rental of a motor vehicle in Virginia, without regard to
393 whether such vehicle is required to be licensed by the Commonwealth. However, such tax shall not be
394 levied upon a rental to a person for re-rental as an established business or part of an established
395 business, or incidental or germane to such business.

396 The amount of the tax to be collected shall be determined by the Commissioner by the application of
397 the following rates against the gross sales price or gross proceeds:

398 1. ~~Three~~Five percent of the sale price of each motor vehicle sold in Virginia; however, if such
399 vehicle is manufactured, converted or retrofitted to use clean special fuels, as defined in § 58.1-2101, as
400 a source of propulsion, the tax shall be ~~one~~three and one-half percent of the sale price of each motor
401 vehicle sold in Virginia. If such motor vehicle is a manufactured home as defined in § 36-85.3, the tax
402 shall be ~~three~~five percent of the sale price of each such manufactured home sold in the Commonwealth;
403 if such vehicle is a mobile office as defined in § 58.1-2401, the tax shall be ~~two~~four percent of the sale
404 price of each mobile office sold in the Commonwealth.

405 2. ~~Three~~Five percent of the sale price of each motor vehicle, or ~~three~~five percent of the sale price of
406 each manufactured home as defined in § 36-85.3, or ~~two~~four percent of the sale price of each mobile
407 office as defined in § 58.1-2401, not sold in Virginia but used or stored for use in the Commonwealth.
408 When any such motor vehicle or manufactured home is first used or stored for use in Virginia six
409 months or more after its acquisition, the tax shall be based on its current market value.

410 3. Four percent of the gross proceeds from the rental in Virginia of any motor vehicle, except those
411 with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more.

412 4. In addition to the tax levied pursuant to subdivision A 3, a tax of four percent of the gross
413 proceeds shall be levied on the rental in Virginia of any daily rental vehicle, whether or not such vehicle
414 is required to be licensed in the Commonwealth.

415 5. The minimum tax levied on the sale of any motor vehicle in the Commonwealth shall be
416 thirty-five dollars, except as provided by those exemptions defined in § 58.1-2403.

417 B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall
418 the same transaction be taxed more than once under either subdivision. A motor vehicle subject to the
419 tax imposed under subdivision A 3 shall be subject to the tax under either subdivision A 1 or A 2 when
420 it ceases to be used for rental as an established business or part of an established business, or incidental

421 or germane to such business.

422 C. Any motor vehicle, trailer or semitrailer exempt from this tax under subdivision 1 or 2 of
423 § 58.1-2403 shall be subject to the tax, based on the current market value when such vehicle is no
424 longer owned, rented or used by the United States government or any governmental agency, or the
425 Commonwealth of Virginia or any political subdivision thereof. Further, any motor vehicle, trailer or
426 semitrailer exempt from the tax imposed by this chapter under subdivision 11 of § 58.1-2403 or
427 §§ 46.2-663 through 46.2-674 shall be subject to the tax, based on the current market value, when such
428 vehicle is subsequently licensed to operate on the highways of this Commonwealth.

429 D. Any person who with intent to evade or to aid another person to evade the tax provided for
430 herein, falsely states the selling price of a vehicle on a bill of sale, assignment of title, application for
431 title, or any other document or paper submitted to the Commissioner pursuant to any provisions of this
432 title or Title 46.2, shall be guilty of a Class 3 misdemeanor.

433 E. Effective January 1, 1997, any amount designated as a "processing fee" and any amount charged
434 by a dealer for processing a transaction, which is required to be included on a buyer's order pursuant to
435 subdivision 10 of § 46.2-1530, shall be subject to the tax.

436 § 58.1-2425. Disposition of revenues.

437 A. All funds collected hereunder by the Commissioner shall be forthwith paid into the state treasury.
438 Except as otherwise provided in this section, these funds shall constitute special funds within the
439 Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the year shall
440 be available for use in subsequent years for the purposes set forth in this chapter, and any interest
441 income on such funds shall accrue to these funds. The revenue so derived, after refunds have been
442 deducted, is hereby allocated for the construction, reconstruction and maintenance of highways and the
443 regulation of traffic thereon and for no other purpose. However, (i) all funds collected pursuant to the
444 provisions of this chapter from mobile homes, as defined in § 46.2-100, shall be distributed to the city,
445 town, or county wherein such mobile home is to be situated as a dwelling, (ii) all funds collected from
446 the additional tax imposed by subdivision A 4 of § 58.1-2402 on the rental of daily rental vehicles shall
447 be distributed quarterly to the city, town, or county wherein such vehicle was delivered to the rentee,
448 and (iii) effective January 1, 1987, an amount equivalent to the net additional revenues generated by
449 enactments of the 1986 Special Session of the Virginia General Assembly which amended §§ 46.2-694,
450 46.2-697, 58.1-2401, 58.1-2402 and this section shall be distributed to and paid into the Transportation
451 Trust Fund, a special fund within the Commonwealth Transportation Fund, and are hereby appropriated
452 to the Commonwealth Transportation Board for transportation needs, and (iv) except as otherwise
453 provided in clause (iii) of this sentence, all moneys collected from the tax on the gross proceeds from
454 the rental in Virginia of any motor vehicle pursuant to subdivision A 3 of § 58.1-2402 at the tax rate in
455 effect on December 31, 1986, shall be paid by the Commissioner into the state treasury and shall be set
456 aside in a special fund within the Commonwealth Transportation Fund to be used to meet the expenses
457 of the Department of Motor Vehicles, and (v) *an amount equivalent to the net additional revenues
458 generated by enactment of the 1998 Session of the Virginia General Assembly amending, among other
459 sections, §§ 58.1-2402 and this section shall be distributed to eligible counties, cities, and towns of the
460 Commonwealth as provided in subsection E of § 58.1-638.*

461 B. As provided in subsection A of § 58.1-638, of the funds becoming part of the Transportation
462 Trust Fund pursuant to clause (iii) of subsection A of this section, an aggregate of 4.2 percent shall be
463 set aside as the Commonwealth Port Fund; an aggregate of 2.4 percent shall be set aside as the
464 Commonwealth Airport Fund; and an aggregate of 8.4 percent shall be set aside as the Commonwealth
465 Mass Transit Fund.

466 § 58.1-3001.1. *Maximum rate of tangible personal property tax fixed by eligible counties.*

467 A. *Notwithstanding the provisions of § 58.1-3001, the governing body of any county may, by
468 ordinance, elect to be an eligible locality as defined in subsection E of § 58.1-638. Such ordinance shall
469 fix the rate of the tangible personal property tax levied in the county at one cent per one hundred
470 dollars of assessed value on all classifications of tangible personal property.*

471 B. *The governing body shall transmit to the Tax Commissioner a certified copy of such ordinance no
472 later than thirty days following its adoption.*

473 C. *Following the fixing of the rate of the tangible personal property pursuant to an ordinance
474 adopted under this section, the governing body of the county shall not thereafter increase the rate of
475 such tax on any classification of tangible personal property.*

476 § 58.1-3005.1. *Maximum rate of tangible personal property tax fixed by eligible cities and towns.*

477 A. *Notwithstanding the provisions of § 58.1-3005, the council of any city or town may, by ordinance,
478 elect to be an eligible locality as defined in subsection E of § 58.1-638. Such ordinance shall fix the
479 rate of the tangible personal property tax levied in the city or town at one cent per one hundred dollars
480 of assessed value on all classifications of tangible personal property.*

481 B. *The council of the city or town shall transmit to the Tax Commissioner a certified copy of such
482 ordinance no later than thirty days following its adoption.*

483 C. Following the fixing of the rate of the tangible personal property pursuant to an ordinance
484 adopted under this section, the council of the city or town shall not thereafter increase the rate of such
485 tax on any classification of tangible personal property.