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## 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.

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

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

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

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

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

§ 58.1-627. Bracket system for state tax.

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

\$0.00	to	\$0.14	no tax
.15	to	.42	1¢ tax
.43	to	.71	2¢ tax
.72	to	.99	3¢ tax
1.00	to	1.28	4¢ tax
1.29	to	1.57	5¢ tax
1.58	to	1.85	6¢ tax
1.86	to	2.14	7¢ tax
2.15	to	2.42	8¢ tax
2.43	to	2.71	9¢ tax
2.72	to	2.99	10¢ tax
3.00	to	3.28	11¢ tax
3.29	to	3.57	12¢ tax
3.58	to	3.85	13¢ tax
3.86	to	4.14	14¢ tax
4.15	to	4.42	15¢ tax
4.43	to	4.71	16¢ tax

4.72 to 5.00 17¢ tax

On transactions over five dollars, the tax shall be computed at three and one-half percent, one-half cent or more being treated as one cent. If a dealer 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.

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

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

\$0.00	to	\$0.11	no tax
.12	to	.33	1¢ tax
.34	to	.55	2¢ tax
.56	to	.77	3¢ tax
.78	to	.99	4¢ tax
1.00	to	1.22	5¢ tax
1.23	to	1.44	6¢ tax
1.45	to	1.66	7¢ tax
1.67	to	1.88	8¢ tax
1.89	to	2.11	9¢ tax
2.12	to	2.33	10¢ tax
2.34	to	2.55	11¢ tax
2.56	to	2.77	12¢ tax
2.78	to	2.99	13¢ tax
3.00	to	3.22	14¢ tax
3.23	to	3.44	15¢ tax
3.45	to	3.66	16¢ tax
3.67	to	3.88	17¢ tax
3.89	to	4.11	18¢ tax
4.12	to	4.33	19¢ tax
4.34	to	4.55	20¢ tax
4.56	to	4.77	21¢ tax

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

airports on a discretionary basis, except airports owned or leased by MWAA.

c. Twenty percent of the funds shall be allocated by the Aviation Board for general aviation airports on a discretionary basis.

4. 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 Mass Transit Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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*

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

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

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

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

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

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

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

§ 58.1-2402. Levy.

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

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

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

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

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

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

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

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

B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall the same transaction be taxed more than once under either subdivision. A motor vehicle subject to the tax imposed under subdivision A 3 shall be subject to the tax under either subdivision A 1 or A 2 when 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.*

**INTRODUCED**

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