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SENATE BILL NO. 597

Offered January 11, 2006

A *BILL to amend the Code of Virginia by adding a section numbered 58.1-3716.1, relating to the local license tax on sellers of fuels.*

Patron—Watkins

Referred to 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 58.1-3716.1 as follows:****§ 58.1-3716.1. Local license tax on sellers of fuels.**

Notwithstanding the license tax rates set forth in §§ 58.1-3706, 58.1-3716, or any other provision of this chapter, the tax or fee imposed on any distributor as defined in § 58.1-2201 shall be computed as follows:

1. If such distributor was not in business in the county, city, or town for the entire 24 months of the base year and the immediately preceding base year, the tax or fee imposed under this chapter shall be computed using the tax rate for such distributor as set forth in § 58.1-3706 or 58.1-3716 or the fee imposed under § 58.1-3703, as applicable.

2. If such distributor was subject to the license fee set forth in § 58.1-3703 in the county, city, or town for the base year that precedes the current base year, the tax or fee imposed under this chapter shall be computed using the tax rate for such distributor as set forth in § 58.1-3706 or 58.1-3716 or the fee imposed under § 58.1-3703, as applicable.

3. In all other cases:

a. If the gross receipts of such distributor for the base year is equal to or exceeds the gross receipts of such distributor for the immediately preceding base year, the tax under this chapter shall be computed using the tax rate for such distributor as set forth in § 58.1-3706 or 58.1-3716, as applicable, provided that in no case shall the tax exceed 105% of the tax for the immediately preceding year.

b. If the gross receipts of such distributor for the base year is less than the gross receipts of such distributor for the immediately preceding base year, the tax under this chapter shall be computed using the tax rate for such distributor as set forth in § 58.1-3706 or 58.1-3716, as applicable, provided that in no case shall the tax be less than 95% of the tax for the immediately preceding year.

INTRODUCED

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