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**HOUSE BILL NO. 1709**

Offered January 10, 2007

Prefiled December 15, 2006

*A BILL to amend and reenact § 58.1-320 of the Code of Virginia and to repeal Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1 of the Code of Virginia, relating to replacing car tax relief reimbursements to localities with a portion of the state income tax.*

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Patron—Lingamfelter

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Referred to Committee on Appropriations

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**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-320 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-320. Imposition of tax.

A. A tax is hereby annually imposed on the Virginia taxable income for each taxable year of every individual as follows:

Two percent on income not exceeding \$3,000;

Three percent on income in excess of \$3,000, but not in excess of \$5,000;

Five percent on income in excess of \$5,000, but not in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five percent on income in excess of \$5,000 but not in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989;

Five percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning January 1, 1990;

Five and three-quarters percent on income in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989; and

Five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990.

B. For taxable years beginning on and after January 1, 2007, an amount equal to 0.75% of the taxable individual income reported annually by the Department of Taxation shall be distributed to every county and city whose personal property tax rate on motor vehicles is no greater than \$0.01 per \$100 of assessed value, based on each county's and city's share of total Virginia taxable income. Such distributions shall be made no later than September 1 of the year in which the taxes are collected for the immediately preceding year. Localities shall appropriate one-half of any such funds for secondary road maintenance and the remaining one-half for education.

**2. That Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1 of the Code of Virginia is repealed.**

INTRODUCED

HB1709