

082510600

HOUSE BILL NO. 1561

Offered January 18, 2008

A BILL to amend and reenact § 58.1-3703 of the Code of Virginia, relating to local license taxes; exemptions for new businesses.

Patron—Lingamfelter

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3703 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3703. Counties, cities and towns may impose local license taxes and fees; limitation of authority.

A. The governing body of any county, city or town may charge a fee for issuing a license in an amount not to exceed \$100 for any locality with a population greater than 50,000, \$50 for any locality with a population of 25,000 but no more than 50,000 and \$30 for any locality with a population smaller than 25,000. For purposes of this section, population may be based on the most current final population estimates of the Weldon Cooper Center for Public Service of the University of Virginia. Such governing body may levy and provide for the assessment and collection of county, city or town license taxes on businesses, trades, professions, occupations and callings and upon the persons, firms and corporations engaged therein within the county, city or town subject to the limitations in (i) subsection C and (ii) subsection A of § 58.1-3706, provided such tax shall not be assessed and collected on any amount of gross receipts of each business upon which a license fee is charged. Any county, city or town with a population greater than 50,000 shall reduce the fee to an amount not to exceed \$50 by January 1, 2000. The ordinance imposing such license fees and levying such license taxes shall include the provisions of § 58.1-3703.1.

B. Any county, city or town by ordinance may exempt in whole or in part from the license tax:

1. ~~(i) the~~ The design, development or other creation of computer software for lease, sale or license and ~~(ii) private~~ ;

2. Private businesses and industries entering into agreements for the establishment, installation, renovation, remodeling, or construction of satellite classrooms for grades kindergarten through three on a site owned by the business or industry and leased to the school board at no costs pursuant to § 22.1-26.1; and

3. Any business that has not previously been licensed in the locality, for the first five years that the business operates in the locality. Any business that receives such an exemption that ceases operating in the locality within the first five years shall be liable for the license tax in an amount as if such business had not received the exemption.

C. No county, city, or town shall impose a license fee or levy any license tax:

1. On any public service corporation or any motor carrier, common carrier, or other carrier of passengers or property formerly certified by the Interstate Commerce Commission or presently registered for insurance purposes with the Surface Transportation Board of the United States Department of Transportation, Federal Highway Administration, except as provided in § 58.1-3731 or as permitted by other provisions of law;

2. For selling farm or domestic products or nursery products, ornamental or otherwise, or for the planting of nursery products, as an incident to the sale thereof, outside of the regular market houses and sheds of such county, city or town, provided such products are grown or produced by the person offering them for sale;

3. Upon the privilege or right of printing or publishing any newspaper, magazine, newsletter or other publication issued daily or regularly at average intervals not exceeding three months, provided the publication's subscription sales are exempt from state sales tax, or for the privilege or right of operating or conducting any radio or television broadcasting station or service;

4. On a manufacturer for the privilege of manufacturing and selling goods, wares and merchandise at wholesale at the place of manufacture;

5. On a person engaged in the business of severing minerals from the earth for the privilege of selling the severed mineral at wholesale at the place of severance, except as provided in §§ 58.1-3712 and 58.1-3713;

6. Upon a wholesaler for the privilege of selling goods, wares and merchandise to other persons for resale unless such wholesaler has a definite place of business or store in such county, city or town. This subdivision shall not be construed as prohibiting any county, city or town from imposing a local license

INTRODUCED

HB1561

59 tax on a peddler at wholesale pursuant to § 58.1-3718;

60 7. Upon any person, firm or corporation for engaging in the business of renting, as the owner of
61 such property, real property other than hotels, motels, motor lodges, auto courts, tourist courts, travel
62 trailer parks, lodging houses, rooming houses and boardinghouses; however, any county, city or town
63 imposing such a license tax on January 1, 1974, shall not be precluded from the levy of such tax by the
64 provisions of this subdivision;

65 8. —Repealed.]

66 9. On or measured by receipts for management, accounting, or administrative services provided on a
67 group basis under a nonprofit cost-sharing agreement by a corporation which is an agricultural
68 cooperative association under the provisions of Article 2 (§ 13.1-312 et seq.) of Chapter 3 of Title 13.1,
69 or a member or subsidiary or affiliated association thereof, to other members of the same group. This
70 exemption shall not exempt any such corporation from such license or other tax measured by receipts
71 from outside the group;

72 10. On or measured by receipts or purchases by an entity which is a member of an affiliated group
73 of entities from other members of the same affiliated group. This exclusion shall not exempt affiliated
74 entities from such license or other tax measured by receipts or purchases from outside the affiliated
75 group. This exclusion also shall not preclude a locality from levying a wholesale merchant's license tax
76 on an affiliated entity on those sales by the affiliated entity to a nonaffiliated entity, notwithstanding the
77 fact that the wholesale merchant's license tax would be based upon purchases from an affiliated entity.
78 Such tax shall be based on the purchase price of the goods sold to the nonaffiliated entity. As used in
79 this subdivision, the term "sales by the affiliated entity to a nonaffiliated entity" means sales by the
80 affiliated entity to a nonaffiliated entity where goods sold by the affiliated entity or its agent are
81 manufactured or stored in the Commonwealth prior to their delivery to the nonaffiliated entity;

82 11. On any insurance company subject to taxation under Chapter 25 (§ 58.1-2500 et seq.) of this title
83 or on any agent of such company;

84 12. On any bank or trust company subject to taxation in Chapter 12 (§ 58.1-1200 et seq.) of this
85 title;

86 13. Upon a taxicab driver, if the locality has imposed a license tax upon the taxicab company for
87 which the taxicab driver operates;

88 14. On any blind person operating a vending stand or other business enterprise under the jurisdiction
89 of the Department for the Blind and Vision Impaired, or a nominee of the Department, as set forth in
90 § 51.5-98;

91 15. —Expired.]

92 16. —Repealed.]

93 17. On an accredited religious practitioner in the practice of the religious tenets of any church or
94 religious denomination. "Accredited religious practitioner" shall be defined as one who is engaged solely
95 in praying for others upon accreditation by such church or religious denomination;

96 18. (a) On or measured by receipts of a charitable nonprofit organization except to the extent the
97 organization has receipts from an unrelated trade or business the income of which is taxable under
98 Internal Revenue Code § 511 et seq. For the purpose of this subdivision, "charitable nonprofit
99 organization" means an organization which is described in Internal Revenue Code § 501 (c) (3) and to
100 which contributions are deductible by the contributor under Internal Revenue Code § 170, except that
101 educational institutions shall be limited to schools, colleges and other similar institutions of learning.

102 (b) On or measured by gifts, contributions, and membership dues of a nonprofit organization.
103 Activities conducted for consideration which are similar to activities conducted for consideration by
104 for-profit businesses shall be presumed to be activities that are part of a business subject to licensure.
105 For the purpose of this subdivision, "nonprofit organization" means an organization exempt from federal
106 income tax under Internal Revenue Code § 501 other than charitable nonprofit organizations;

107 19. On any venture capital fund or other investment fund, except commissions and fees of such
108 funds. Gross receipts from the sale and rental of real estate and buildings remain taxable by the locality
109 in which the real estate is located provided the locality is otherwise authorized to tax such businesses
110 and rental of real estate;

111 20. On total assessments paid by condominium unit owners for common expenses. "Common
112 expenses" and "unit owner" have the same meanings as in § 55-79.41; or

113 21. On or measured by receipts of a qualifying transportation facility directly or indirectly owned or
114 title to which is held by the Commonwealth or any political subdivision thereof or by the United States
115 as described in § 58.1-3606.1 and developed and/or operated pursuant to a concession under the
116 Public-Private Transportation Act of 1995 (§ 56-556 et seq.) or similar federal law.