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SENATE BILL NO. 692

Offered January 8, 2020

Prefiled January 7, 2020

A *BILL to amend and reenact § 58.1-2295.1 of the Code of Virginia, relating to Interstate 81 Corridor; motor vehicle fuels sales tax.*

Patron—Obenshain

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-2295.1 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-2295.1. (Contingent expiration date) Levy of tax in Interstate 81 Corridor; payment of tax.**

A. In addition to all other taxes now imposed by law, there is hereby imposed a tax upon every distributor who engages in the business of selling fuels at wholesale to retail dealers for retail sale in any county or city in Planning District 3, 4, 5, 6, or 7, as established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title 15.2, *in which a portion of Interstate 81 is located.*

B. 1. The tax shall be imposed on each gallon of fuel, other than diesel fuel, sold by a distributor to a retail dealer for retail sale in any such county or city described in subsection A at a rate of 2.1 percent of the statewide average distributor price of a gallon of unleaded regular gasoline as determined by the Commissioner pursuant to subdivision C 1. For alternative fuels other than liquid alternative fuels, the Commissioner shall determine an equivalent tax rate based on gasoline gallon equivalency.

2. The tax shall be imposed on each gallon of diesel fuel sold by a distributor to a retail dealer for retail sale in any such county or city described in subsection A at a rate of 2.1 percent of the statewide average distributor price of a gallon of diesel fuel as determined by the Commissioner pursuant to subdivision C 2.

C. 1. To determine the statewide average distributor price of a gallon of unleaded regular gasoline, the Commissioner shall use the period from June 1 through November 30, inclusive, as the base period for such determination for the immediately following period beginning January 1 and ending June 30, inclusive. The Commissioner shall use the period from December 1 through May 31, inclusive, as the base period for the determination of the rate of tax for the immediately following period beginning July 1 and ending December 31, inclusive. In no case shall the statewide average distributor price of a gallon of unleaded regular gasoline determined for purposes of this section be less than the statewide average wholesale price of a gallon of unleaded regular gasoline on February 20, 2013, plus a distributor charge calculated by the Commissioner for that date.

2. To determine the statewide average distributor price of a gallon of diesel fuel, the Commissioner shall use the period from June 1 through November 30, inclusive, as the base period for such determination for the immediately following period beginning January 1 and ending June 30, inclusive. The Commissioner shall use the period from December 1 through May 31, inclusive, as the base period for the determination of the rate of tax for the immediately following period beginning July 1 and ending December 31, inclusive. In no case shall the statewide average distributor price of a gallon of diesel fuel determined for purposes of this section be less than the statewide average wholesale price of a gallon of diesel fuel on February 20, 2013, plus a distributor charge calculated by the Commissioner for that date.

D. The tax levied under this section shall be imposed at the time of sale by the distributor to the retail dealer.

E. The tax imposed by this section shall be paid by the distributor, but the distributor shall separately state the amount of the tax and add such tax to the price or charge. Thereafter, such tax shall be debt from the retail dealer to the distributor until paid and shall be recoverable at law in the same manner as other debts. No action at law or suit in equity under this chapter shall be maintained in the Commonwealth by any distributor who is not registered under § 58.1-2299.2 or is delinquent in the payment of taxes imposed under this chapter.

F. Nothing in this section shall be construed to exempt the imposition and remittance of tax pursuant to this section in a sale to a retail dealer in which the distributor and the retail dealer are the same person.

G. Notwithstanding any other provision of law, no tax shall be imposed by the provisions of subdivision A 2 of § 58.1-2295 on any fuel upon which a tax is paid pursuant to this section.

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