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HOUSE BILL NO. 2006

Offered January 13, 2025

Prefiled January 7, 2025

A BILL to amend and reenact §§ 58.1-603.1, as it is currently effective and as it may become effective, 58.1-603.2, 58.1-604.01, as it is currently effective and as it may become effective, 58.1-605.1, 58.1-606.1, and 58.1-611.1 of the Code of Virginia, relating to sales and use tax; food purchased for human consumption and essential personal hygiene products.

Patron—McNamara

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-603.1, as it is currently effective and as it may become effective, 58.1-603.2, 58.1-604.01, as it is currently effective and as it may become effective, 58.1-605.1, 58.1-606.1, and 58.1-611.1 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-603.1. (For contingent expiration dates, see Acts 2013, c. 766, and Acts 2020, c. 1235) Additional state sales tax in certain counties and cities.

A. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each county and city located in a Planning District established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title 15.2 that (i) as of January 1, 2013, has a population of 1.5 million or more as shown by the most recent United States Census, has not less than 1.2 million motor vehicles registered therein, and has a total transit ridership of not less than 15 million riders per year across all transit systems within the Planning District or (ii) as shown by the most recent United States Census meets the population criteria set forth in clause (i) and also meets the vehicle registration and ridership criteria set forth in clause (i), a retail sales tax at the rate of 0.70 percent. In any case in which the tax is imposed pursuant to clause (ii) such tax shall be effective beginning on the July 1 immediately following the calendar year in which all of the criteria have been met.

B. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each county and city located in Planning District 15 established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title 15.2 a retail sales tax at the rate of 0.70 percent. In no case shall an additional sales tax be imposed pursuant to both clause (ii) of subsection A and this subsection.

C. The tax imposed pursuant to subsections A and B shall not be levied upon food purchased for human consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax shall be added to the rate of the state sales tax imposed pursuant to § 58.1-603 in each such county and city and shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. No discount under § 58.1-622 shall be allowed for the tax imposed under this section. Such tax shall be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as provided for the state sales tax under § 58.1-603.

D. The revenue generated and collected pursuant to the tax authorized under this section, less the applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller into special funds established by law. In the case of Planning District 8, the revenue generated and collected therein shall be deposited into the fund established in § 33.2-2509. In the case of Planning District 23, the revenue generated and collected therein shall be deposited into the fund established in § 33.2-2600. In the case of Planning District 15, the revenue generated and collected therein shall be deposited into the fund established in § 33.2-3701. For additional planning districts that may become subject to this section, funds shall be established by appropriate legislation.

§ 58.1-603.1. (For contingent effective date, see Acts 2020, c. 1235; for contingent expiration date, see Acts 2013, c. 766) Additional state sales tax in certain counties and cities.

In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each county and city located in a Planning District established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title 15.2 that (i) as of January 1, 2013, has a population of 1.5 million or more as shown by the most recent United States Census, has not less than 1.2 million motor vehicles registered therein, and has a total transit ridership of not less than 15 million riders per year across all transit systems within the Planning District or (ii) as shown by the most recent United States Census meets the population criteria set forth in clause (i) and also meets the vehicle registration and ridership criteria set forth in clause (i), a retail sales tax at the rate of 0.70 percent. In any case in which the tax is imposed pursuant to clause (ii) such tax shall be effective beginning on the July 1 immediately following the calendar year in which all of the criteria have been met. Such tax shall not be levied upon food purchased for human consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax shall be added to the rate of the state sales tax

1/28/25 10:11

59 imposed pursuant to § 58.1-603 in each such county and city and shall be subject to all the provisions of this  
 60 chapter and the rules and regulations published with respect thereto. No discount under § 58.1-622 shall be  
 61 allowed for the tax imposed under this section. Such tax shall be administered and collected by the Tax  
 62 Commissioner in the same manner and subject to the same penalties as provided for the state sales tax under  
 63 § 58.1-603.

64 The revenue generated and collected pursuant to the tax authorized under this section, less the applicable  
 65 portion of any refunds to taxpayers, shall be deposited by the Comptroller into special funds established by  
 66 law. In the case of Planning District 8, the revenue generated and collected therein shall be deposited into the  
 67 fund established in § 33.2-2509. In the case of Planning District 23, the revenue generated and collected  
 68 therein shall be deposited into the fund established in § 33.2-2600. For additional Planning Districts that may  
 69 become subject to this section, funds shall be established by appropriate legislation.

70 **§ 58.1-603.2. (For contingent expiration date, see Acts 2018, c. 850) Additional state sales and use**  
 71 **tax in certain counties and cities of historic significance; Historic Triangle Marketing Fund.**

72 A. For purposes of this section:

73 "Historic Triangle" means all of the City of Williamsburg and the Counties of James City and York.

74 "Historic Triangle Recreational Facilities Authority" means a regional government entity created by the  
 75 City of Williamsburg and the Counties of James City and York for the purpose of developing and managing  
 76 recreational facilities for the benefit of such localities' residents and visitors.

77 B. In addition to the sales tax imposed pursuant to §§ 58.1-603 and 58.1-603.1, there is hereby levied and  
 78 imposed in the Historic Triangle a retail sales tax at the rate of one percent. ~~Such tax shall not be levied upon~~  
 79 ~~food purchased for human consumption and essential personal hygiene products, as such terms are defined in~~  
 80 ~~§ 58.1-611.1.~~ Such tax shall be added to the rate of the state sales tax imposed pursuant to §§ 58.1-603 and  
 81 58.1-603.1 in each such county and city and shall be subject to all the provisions of this chapter and the rules  
 82 and regulations published with respect thereto. No discount under § 58.1-622 shall be allowed for the tax  
 83 imposed under this section. Such tax shall be administered and collected by the Tax Commissioner in the  
 84 same manner and subject to the same penalties as provided for the state sales tax under § 58.1-603.

85 C. In addition to the use tax imposed pursuant to §§ 58.1-604 and 58.1-604.01, there is hereby levied and  
 86 imposed in the Historic Triangle a retail use tax at the rate of one percent. ~~Such tax shall not be levied upon~~  
 87 ~~food purchased for human consumption and essential personal hygiene products, as such terms are defined in~~  
 88 ~~§ 58.1-611.1.~~ Such tax shall be added to the rate of the state use tax imposed pursuant to §§ 58.1-604 and  
 89 58.1-604.01 in each such county and city and shall be subject to all the provisions of this chapter and the  
 90 rules and regulations published with respect thereto. No discount under § 58.1-622 shall be allowed for the  
 91 tax imposed under this section. Such tax shall be administered and collected by the Tax Commissioner in the  
 92 same manner and subject to the same penalties as provided for the state use tax under § 58.1-604.

93 D. The revenue generated and collected pursuant to the tax authorized under this section, less the  
 94 applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller as follows:

95 1. Fifty percent of the revenues shall be deposited into the Historic Triangle Marketing Fund created  
 96 pursuant to subsection F and used for the purposes set forth therein; and

97 2. Fifty percent of the revenues shall be deposited into a special fund hereby created on the books of the  
 98 Comptroller under the name "Collections of Historic Triangle Sales Tax" and distributed to the locality in  
 99 which the sales or use tax was collected. The revenues received by a locality pursuant to this subsection shall  
 100 not be used to reduce the funding dedicated by the recipient localities to regional tourism promotion and  
 101 product development.

102 E. 1. The revenues received by a locality pursuant to subsection D shall not be used to reduce such  
 103 locality's funding dedicated to regional tourism promotion and product development. In meeting the  
 104 requirements of this subsection, each locality shall annually allocate the following minimum amounts, to be  
 105 distributed as provided in subdivision 2:

- 106 a. The City of Williamsburg shall allocate at least \$800,000;
- 107 b. James City County shall allocate at least \$740,000; and
- 108 c. York County shall allocate at least \$438,600.

109 2. As determined by agreement among the City of Williamsburg and the Counties of James City and  
 110 York, the amounts allocated under subdivision 1 shall be appropriated so that each of the recipients identified  
 111 in this subdivision receive the following minimum amounts:

- 112 a. The Williamsburg Tourism Council shall receive at least \$126,600;
- 113 b. The Greater Williamsburg Chamber of Commerce shall receive at least \$402,000; and
- 114 c. The Historic Triangle Recreational Facilities Authority shall receive at least \$1,450,000.

115 F. 1. There is hereby created in the state treasury a special nonreverting fund to be known as the Historic  
 116 Triangle Marketing Fund, referred to in this section as "the Fund," to be managed and administered by the  
 117 Williamsburg Tourism Council. The Fund shall be established on the books of the Comptroller. All revenues  
 118 generated pursuant to this section shall be paid into the state treasury and credited to the Fund. Interest earned  
 119 on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,

120 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in  
 121 the Fund. Moneys in the Fund shall be used solely for the purposes of marketing, advertising, and promoting  
 122 the Historic Triangle area as an overnight tourism destination, with the intent to attract visitors from a  
 123 sufficient distance so as to require an overnight stay of at least one night, as set forth in this subsection.  
 124 Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by  
 125 the Comptroller upon written request signed by the Secretary of Finance.

126 2. The Williamsburg Tourism Council (the Council) is established as an advisory board in the legislative  
 127 branch of state government. The Council shall consist of members as follows: one member of the James City  
 128 County Board of Supervisors, one member of the York County Board of Supervisors; one member of the  
 129 Williamsburg City Council, one representative of the Colonial Williamsburg Foundation, one representative  
 130 of the Jamestown-Yorktown Foundation, one representative of Busch Gardens Williamsburg, one  
 131 representative of the Jamestown Rediscovery Foundation, one representative of the Williamsburg Hotel and  
 132 Motel Association, and one representative of the Williamsburg Area Restaurant Association. The Chair of the  
 133 Greater Williamsburg Chamber of Commerce and the Chief Executive Officer of the Virginia Tourism  
 134 Corporation shall serve as ex officio, nonvoting members of the Council.

135 3. The Council shall establish the Historic Triangle Office of Marketing and Promotion (the Office) to  
 136 administer a program of marketing, advertising, and promotion to attract visitors to the Historic Triangle area,  
 137 as required by this subsection. The Council shall use moneys in the Fund to fund the pay for necessary  
 138 expenses of the Office and to fund the activities of the Office. The Office shall be overseen by a professional  
 139 with extensive experience in marketing or advertising and in the tourism industry. The Office shall be  
 140 responsible for (i) developing and implementing, in consultation with the Council, long-term and short-term  
 141 strategic plans for advertising and promoting the numerous facilities, venues, and attractions devoted to  
 142 education, historic preservation, amusement, entertainment, and dining in the Historic Triangle as a cohesive  
 143 and unified travel destination for local, national, and international travelers; (ii) assisting, upon request, with  
 144 the coordination of cross-advertising and cross-marketing efforts between various tourism venues and  
 145 destinations in the Historic Triangle region; (iii) identifying strategies for both increasing the number of  
 146 overnight visitors to the region and increasing the average length of stay of tourists in the region; and (iv)  
 147 performing any other function related to the promotion of the Historic Triangle region as may be identified by  
 148 the Council.

149 4. The Council shall report annually on its long-term and short-term strategic plans and the  
 150 implementation of such plans; marketing efforts; metrics regarding tourism in the Historic Triangle region;  
 151 use of the funds in the Fund; and any other details relevant to the work of the Council and the Office. Such  
 152 report shall be delivered no later than December 1 of each year to the managers or chief executive officers of  
 153 the City of Williamsburg and the Counties of James City and York, and to the Chairmen of the House  
 154 Committees on Finance and Appropriations and the Senate Committee on Finance and Appropriations.

155 **§ 58.1-604.01. (For contingent expiration dates, see Acts 2013, c. 766, and Acts 2020, c. 1235)**  
 156 **Additional state use tax in certain counties and cities.**

157 A. In addition to the use tax imposed pursuant to § 58.1-604, there is hereby levied and imposed in each  
 158 county and city located in a Planning District established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title  
 159 15.2 that (i) as of January 1, 2013, has a population of 1.5 million or more, as shown by the most recent  
 160 United States Census, has not less than 1.2 million motor vehicles registered therein, and has a total transit  
 161 ridership of not less than 15 million riders per year across all transit systems within the Planning District or  
 162 (ii) as shown by the most recent United States Census meets the population criteria set forth in clause (i) and  
 163 also meets the vehicle registration and ridership criteria set forth in clause (i), a retail use tax at the rate of  
 164 0.70 percent. In any case in which the tax is imposed pursuant to clause (ii) such tax shall be effective  
 165 beginning on the July 1 immediately following the calendar year in which all of the criteria have been met.

166 B. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each  
 167 county and city located in Planning District 15 established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of  
 168 Title 15.2 a retail use tax at the rate of 0.70 percent. In no case shall an additional use tax be imposed  
 169 pursuant to both clause (ii) of subsection A and this subsection.

170 C. The tax imposed pursuant to subsections A and B shall ~~not be levied upon food purchased for human~~  
 171 ~~consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax~~  
 172 ~~shall~~ be added to the rate of the state use tax imposed pursuant to § 58.1-604 in such county and city and shall  
 173 be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. No  
 174 discount under § 58.1-622 shall be allowed for the tax described under this section. Such tax shall be  
 175 administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as  
 176 provided for the state use tax under § 58.1-604.

177 D. The revenue generated and collected pursuant to the tax authorized under this section, less the  
 178 applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller into special funds  
 179 established by law. In the case of Planning District 8, the revenue generated and collected therein shall be  
 180 deposited into the fund established in § 33.2-2509. In the case of Planning District 23, the revenue generated

181 and collected therein shall be deposited into the fund established in § 33.2-2600. In the case of Planning  
 182 District 15, the revenue generated and collected therein shall be deposited into the fund established in §  
 183 33.2-3701. For any additional planning districts that may become subject to this section, funds shall be  
 184 established by appropriate legislation.

185 **§ 58.1-604.01. (For contingent effective date, see Acts 2020, c. 1235; for contingent expiration date,**  
 186 **see Acts 2013, c. 766) Additional state use tax in certain counties and cities.**

187 In addition to the use tax imposed pursuant to § 58.1-604, there is hereby levied and imposed in each  
 188 county and city located in a Planning District established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title  
 189 15.2 that (i) as of January 1, 2013, has a population of 1.5 million or more, as shown by the most recent  
 190 United States Census, has not less than 1.2 million motor vehicles registered therein, and has a total transit  
 191 ridership of not less than 15 million riders per year across all transit systems within the Planning District or  
 192 (ii) as shown by the most recent United States Census meets the population criteria set forth in clause (i) and  
 193 also meets the vehicle registration and ridership criteria set forth in clause (i), a retail use tax at the rate of  
 194 0.70 percent. In any case in which the tax is imposed pursuant to clause (ii) such tax shall be effective  
 195 beginning on the July 1 immediately following the calendar year in which all of the criteria have been met.  
 196 ~~Such tax shall not be levied upon food purchased for human consumption and essential personal hygiene~~  
 197 ~~products, as such terms are defined in § 58.1-611.1.~~ Such tax shall be added to the rate of the state use tax  
 198 imposed pursuant to § 58.1-604 in such county and city and shall be subject to all the provisions of this  
 199 chapter and the rules and regulations published with respect thereto. No discount under § 58.1-622 shall be  
 200 allowed for the tax described under this section. Such tax shall be administered and collected by the Tax  
 201 Commissioner in the same manner and subject to the same penalties as provided for the state use tax under §  
 202 58.1-604.

203 The revenue generated and collected pursuant to the tax authorized under this section, less the applicable  
 204 portion of any refunds to taxpayers, shall be deposited by the Comptroller into special funds established by  
 205 law. In the case of Planning District 8, the revenue generated and collected therein shall be deposited into the  
 206 fund established in § 33.2-2509. In the case of Planning District 23, the revenue generated and collected  
 207 therein shall be deposited into the fund established in § 33.2-2600. For any additional Planning Districts that  
 208 may become subject to this section, funds shall be established by appropriate legislation.

209 **§ 58.1-605.1. Additional local sales tax in certain localities; use of revenues for construction or**  
 210 **renovation of schools.**

211 A. 1. In addition to the sales tax authorized under § 58.1-605, a qualifying locality may levy a general  
 212 retail sales tax at a rate not to exceed one percent as determined by its governing body to provide revenue  
 213 solely for capital projects for the construction or renovation of schools in each such locality. Such tax shall be  
 214 added to the rates of the state and local sales tax imposed by this chapter and shall be subject to all the  
 215 provisions of this chapter and the rules and regulations published with respect thereto. No discount under §  
 216 58.1-622 shall be allowed on this local sales tax.

217 2. Any tax imposed pursuant to this section shall expire (i) if the capital projects for the construction or  
 218 renovation of schools are to be financed by bonds or loans, on the date by which such bonds or loans shall be  
 219 repaid or (ii) if the capital projects for the construction or renovation of schools are not to be financed by  
 220 bonds or loans, on a date chosen by the governing body and specified in any resolution passed pursuant to the  
 221 provisions of subdivision B 1. Such expiration date shall not be more than 20 years after the date of the  
 222 resolution passed pursuant to the provisions of subdivision B 1.

223 B. 1. This tax may be levied only if the tax is approved in a referendum within the qualifying locality held  
 224 in accordance with § 24.2-684 and initiated by a resolution of the local governing body. Such resolution shall  
 225 state (i) if the capital projects for the construction or renovation of schools are to be financed by bonds or  
 226 loans, the date by which such bonds or loans shall be repaid or (ii) if the capital projects for the construction  
 227 or renovation of schools are not to be financed by bonds or loans, a specified date on which the sales tax shall  
 228 expire.

229 2. The clerk of the circuit court shall publish notice of the referendum in a newspaper of general  
 230 circulation in the qualifying locality once a week for three consecutive weeks prior to the election. The  
 231 question on the ballot for the referendum shall include language stating (i) that the revenues from the sales  
 232 tax shall be used solely for capital projects for the construction or renovation of schools and (ii) the date on  
 233 which the sales tax shall expire.

234 C. The governing body of the qualifying locality, if it elects to impose a local sales tax under this section  
 235 after approval at a referendum as provided in subsection B shall do so by the adoption of an ordinance stating  
 236 its purpose and referring to this section and providing that such ordinance shall be effective on the first day of  
 237 a month at least 120 days after its adoption. Such ordinance shall state the date on which the sales tax shall  
 238 expire. A certified copy of such ordinance shall be forwarded to the Tax Commissioner so that it will be  
 239 received within five days after its adoption.

240 D. Any local sales tax levied under this section shall be administered and collected by the Tax  
 241 Commissioner in the same manner and subject to the same exemptions and penalties as provided for the state

242 sales tax; however, the local sales tax levied under this section shall not be levied on food purchased for  
243 human consumption or essential personal hygiene products, as such terms are defined in § 58.1-611.1.

244 E. All local sales tax moneys collected by the Tax Commissioner under this section shall be paid into the  
245 state treasury to the credit of a special fund that is hereby created on the Comptroller's books for each  
246 qualifying locality under the name "Collections of Additional Local Sales Taxes in \_\_\_\_ (INSERT NAME  
247 OF THE QUALIFYING LOCALITY)." Each fund shall be administered as provided in § 58.1-605. A  
248 separate fund shall be created for each qualifying locality. Only local sales tax moneys collected in that  
249 qualifying locality shall be deposited in that locality's fund.

250 F. As soon as practicable after the local sales tax moneys have been paid into the state treasury in any  
251 month for the preceding month, the Comptroller shall draw his warrant on the State Treasurer in the proper  
252 amount in favor of each qualifying locality, and such payments shall be charged to the account of the  
253 qualifying locality under its special fund created by this section. If errors are made in any such payment, or  
254 adjustments are otherwise necessary, whether attributable to refunds to taxpayers or to some other fact, the  
255 errors shall be corrected and adjustments made in the payments for the next two months as follows: one-half  
256 of the total adjustment shall be included in the payment for each of the next two months. In addition, the  
257 payment shall include a refund of amounts erroneously not paid to each qualifying locality and not previously  
258 refunded during the three years preceding the discovery of the error. A correction and adjustment in payments  
259 described in this subsection due to the misallocation of funds by the dealer shall be made within three years  
260 of the date of the payment error.

261 G. The revenues from this tax shall be used solely for capital projects for new construction or major  
262 renovation of schools in the qualifying locality, including bond and loan financing costs related to such  
263 construction or renovation.

264 **§ 58.1-606.1. Additional local use tax in certain localities; use of revenues for construction or**  
265 **renovation of schools.**

266 A. 1. The governing body of a qualifying locality may levy a use tax at the rate of such sales tax under §  
267 58.1-605.1 to provide revenue for capital projects for the construction or renovation of schools in such  
268 locality. Such tax shall be added to the rates of the state and local use tax imposed by this chapter and shall be  
269 subject to all the provisions of this chapter, and all amendments thereof, and the rules and regulations  
270 published with respect thereto, except that no discount under § 58.1-622 shall be allowed on a local use tax.

271 2. Any tax imposed pursuant to this section shall expire (i) if the capital projects for the construction or  
272 renovation of schools are to be financed by bonds or loans, on the date by which such bonds or loans shall be  
273 repaid or (ii) if the capital projects for the construction or renovation of schools are not to be financed by  
274 bonds or loans, on a date chosen by the governing body and specified in any resolution passed pursuant to the  
275 provisions of subsection B. Such expiration date shall not be more than 20 years after the date of the  
276 resolution passed pursuant to the provisions of subsection B.

277 B. The governing body of the qualifying locality, if it elects to impose a local use tax under this section  
278 may do so only if it has previously imposed the local sales tax authorized by § 58.1-605.1, by the adoption of  
279 an ordinance stating its purpose and referring to this section and providing that the local use tax shall become  
280 effective on the first day of a month at least 120 days after its adoption. Such ordinance shall state the date on  
281 which the use tax shall expire. A certified copy of such ordinance shall be forwarded to the Tax  
282 Commissioner so that it will be received within five days after its adoption.

283 C. Any local use tax levied under this section shall be administered and collected by the Tax  
284 Commissioner in the same manner and subject to the same exemptions and penalties as provided for the state  
285 use tax; however, the local use tax levied under this section shall not be levied on food purchased for human  
286 consumption or essential personal hygiene products, as such terms are defined in § 58.1-611.1.

287 D. The local use tax authorized by this section shall not apply to transactions to which the sales tax  
288 applies, the situs of which for state and local sales tax purposes is the locality of location of each place of  
289 business of every dealer paying the tax to the Commonwealth without regard to the locality of possible use by  
290 the purchasers. However, the local use tax authorized by this section shall apply to tangible personal property  
291 purchased outside the Commonwealth for use or consumption within the locality imposing the local use tax,  
292 or stored within the locality for use or consumption, where the property would have been subject to the sales  
293 tax if it had been purchased within the Commonwealth. The local use tax shall also apply to leases or rentals  
294 of tangible personal property where the place of business of the lessor is outside the Commonwealth and such  
295 leases or rentals are subject to the state tax. Moreover, the local use tax shall apply in all cases in which the  
296 state use tax applies.

297 E. Out-of-state dealers who hold certificates of registration to collect the use tax from their customers for  
298 remittance to the Commonwealth shall, to the extent reasonably practicable, in filing their monthly use tax  
299 returns with the Tax Commissioner, break down their shipments into the Commonwealth by counties and  
300 cities so as to show the county or city of destination. If, however, the out-of-state dealer is unable accurately  
301 to assign any shipment to a particular county or city, the local use tax on the tangible personal property  
302 involved shall be remitted to the Commonwealth by such dealer without attempting to assign the shipment to

303 any county or city.

304 F. Local use tax revenue shall be deposited in the special fund established pursuant to subsection E of §  
305 58.1-605.1. The Comptroller shall distribute the revenue to the qualifying locality.

306 G. All revenue from this local use tax revenue shall be used solely for capital projects for new  
307 construction or major renovation of schools in the qualifying locality, including bond and loan financing  
308 costs related to such construction or renovation.

309 **§ 58.1-611.1. Exemption for food purchased for human consumption and essential personal hygiene**  
310 **products.**

311 A. Before January 1, 2023, the tax imposed by §§ 58.1-603 and 58.1-604 on food purchased for human  
312 consumption and essential personal hygiene products shall be one and one-half percent of the gross sales  
313 price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of  
314 one-half percent shall be distributed as provided in subsection A of § 58.1-638 and (ii) the revenue from the  
315 tax at the rate of one percent shall be distributed as provided in subsections B, C, and D of § 58.1-638.

316 B. 1. On and after January 1, 2023, *but before July 1, 2025*, and except for taxes imposed pursuant to §§  
317 58.1-605 and 58.1-606, no tax shall be imposed under this chapter, or pursuant to any authority granted under  
318 this chapter, on food purchased for human consumption or essential personal hygiene products.

319 ~~€~~ 2. Beginning February 1, 2023, an amount equal to the revenue that would have been distributed  
320 pursuant to clause (ii) of subsection A shall be distributed as provided in subsections B, C, and D of §  
321 58.1-638 based on the estimates of the population of cities and counties ages five to 19.

322 C. 1. *On and after July 1, 2025, no tax shall be imposed under this chapter, or pursuant to any authority*  
323 *granted under this chapter, on food purchased for human consumption or essential personal hygiene*  
324 *products.*

325 2. *Beginning July 1, 2025, an amount equal to the revenue that would have been distributed if the tax*  
326 *imposed pursuant to §§ 58.1-605 and 58.1-606 continued to be imposed on food purchased for human*  
327 *consumption and essential personal hygiene products shall be distributed among the cities and counties of*  
328 *the Commonwealth as provided in § 58.1-605. The amount received by each city or county shall be*  
329 *determined by its pro rata share of total sales and use tax collections in the month for which such distribution*  
330 *is made.*

331 D. 1. As used in this section, "food purchased for human consumption" has the same meaning as "food"  
332 defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted  
333 pursuant to that Act, except it shall not include seeds and plants which produce food for human consumption.  
334 For the purpose of this section, "food purchased for human consumption" shall not include food sold by any  
335 retail establishment where the gross receipts derived from the sale of food prepared by such retail  
336 establishment for immediate consumption on or off the premises of the retail establishment constitutes more  
337 than 80 percent of the total gross receipts of that retail establishment, including but not limited to motor fuel  
338 purchases, regardless of whether such prepared food is consumed on the premises of that retail establishment.  
339 For purposes of this section, "retail establishment" means each place of business for which any "dealer," as  
340 defined in § 58.1-612, is required to apply for and receive a certificate of registration pursuant to § 58.1-613.

341 2. As used in this section, "essential personal hygiene products" means (i) nondurable incontinence  
342 products such as diapers, disposable undergarments, pads, and bed sheets and (ii) menstrual cups and pads,  
343 pantyliners, sanitary napkins, tampons, and other products used to absorb or contain menstrual flow.  
344 "Essential personal hygiene products" does not include any item that is otherwise exempt pursuant to this  
345 chapter.