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**HOUSE BILL NO. 2544**

Offered January 13, 2025

Prefiled January 10, 2025

A *BILL to amend and reenact §§ 46.2-694, as it is currently effective and as it may become effective, 58.1-608.3, and 58.1-609.3 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 8 of Title 58.1 a section numbered 58.1-818 and by adding a section numbered 58.1-2295.2, relating to codification of tax preferences in effect pursuant to the appropriation act.*

Patron—Watts

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 46.2-694, as it is currently effective and as it may become effective, 58.1-608.3, and 58.1-609.3 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 8 of Title 58.1 a section numbered 58.1-818 and by adding a section numbered 58.1-2295.2 as follows:**

**§ 46.2-694. (Contingent expiration date) Fees for vehicles designed and used for transportation of passengers; weights used for computing fees; burden of proof.**

A. The annual registration fees for motor vehicles, trailers, and semitrailers designed and used for the transportation of passengers on the highways in the Commonwealth are:

1. a. Twenty-three dollars for each private passenger car if the passenger car weighs 4,000 pounds or less, provided that it is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire, or is not operated under a lease without a chauffeur; however, the fee provided under this subdivision shall apply to a private passenger car that weighs 4,000 pounds or less and is used as a TNC partner vehicle as defined in § 46.2-2000.

b. Thirty-three dollars for each motor home if the motor home weighs 4,000 pounds or less, provided that it is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire, or is not operated under a lease without a chauffeur.

2. a. Twenty-eight dollars for each private passenger car that weighs more than 4,000 pounds, provided that it is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire, or is not operated under a lease without a chauffeur; however, the fee provided under this subdivision shall apply to a private passenger car that weighs more than 4,000 pounds and is used as a TNC partner vehicle as defined in § 46.2-2000.

b. Thirty-eight dollars for each motor home if the motor home weighs more than 4,000 pounds, provided that it is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire, or is not operated under a lease without a chauffeur.

3. Thirty cents per 100 pounds or major fraction thereof for a private motor vehicle other than a motorcycle with a normal seating capacity of more than 10 adults, including the driver, if the private motor vehicle is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire or is not operated under a lease without a chauffeur. In no case shall the fee be less than \$23 if the vehicle weighs 4,000 pounds or less or \$28 if the vehicle weighs more than 4,000 pounds.

4. Thirty cents per 100 pounds or major fraction thereof for a school bus. In no case shall the fee be less than \$23 if the vehicle weighs 4,000 pounds or less or \$28 if the vehicle weighs more than 4,000 pounds.

5. Twenty-three dollars for each trailer or semitrailer designed for use as living quarters for human beings.

6. Thirteen dollars plus \$0.30 per 100 pounds or major fraction thereof for each motor vehicle, trailer, or semitrailer used as a common carrier of passengers, operating either intrastate or interstate. Interstate common carriers of interstate passengers may elect to be licensed and pay the fees prescribed in subdivision 7 on submission to the Commissioner of a declaration of operations and equipment as he may prescribe. An additional \$5 shall be charged if the motor vehicle weighs more than 4,000 pounds.

7. Thirteen dollars plus \$0.70 per 100 pounds or major fraction thereof for each motor vehicle, trailer, or semitrailer used as a common carrier of interstate passengers if election is made to be licensed under this subsection. An additional \$5 shall be charged if the motor vehicle weighs more than 4,000 pounds. In lieu of the foregoing fee of \$0.70 per 100 pounds, a motor carrier of passengers, operating two or more vehicles both within and outside the Commonwealth and registered for insurance purposes with the Surface Transportation Board of the U.S. Department of Transportation, Federal Highway Administration, may apply to the Commissioner for prorated registration. Upon the filing of such application, in such form as the Commissioner may prescribe, the Commissioner shall apportion the registration fees provided in this subsection so that the total registration fees to be paid for such vehicles of such carrier shall be that

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59 proportion of the total fees, if there were no apportionment, that the total number of miles traveled by such  
60 vehicles of such carrier within the Commonwealth bears to the total number of miles traveled by such  
61 vehicles within and outside the Commonwealth. Such total mileage in each instance is the estimated total  
62 mileage to be traveled by such vehicles during the license year for which such fees are paid, subject to the  
63 adjustment in accordance with an audit to be made by representatives of the Commissioner at the end of such  
64 license year, the expense of such audit to be borne by the carrier being audited. Each vehicle passing into or  
65 through Virginia shall be registered and licensed in Virginia and the annual registration fee to be paid for  
66 each such vehicle shall not be less than \$33. For the purpose of determining such apportioned registration  
67 fees, only those motor vehicles, trailers, or semitrailers operated both within and outside the Commonwealth  
68 shall be subject to inclusion in determining the apportionment provided for herein.

69 8. Thirteen dollars plus \$0.80 per 100 pounds or major fraction thereof for each motor vehicle, trailer or  
70 semitrailer kept or used for rent or for hire or operated under a lease without a chauffeur for the transportation  
71 of passengers. An additional fee of \$5 shall be charged if the vehicle weighs more than 4,000 pounds. This  
72 subdivision does not apply to vehicles used as common carriers or as TNC partner vehicles as defined in §  
73 46.2-2000.

74 9. Twenty-three dollars for a taxicab or other vehicle which is kept for rent or hire operated with a  
75 chauffeur for the transportation of passengers, and which operates or should operate under permits issued by  
76 the Department as required by law. An additional fee of \$5 shall be charged if the vehicle weighs more than  
77 4,000 pounds. This subdivision does not apply to vehicles used as common carriers or as TNC partner  
78 vehicles as defined in § 46.2-2000.

79 10. Fourteen dollars for a motorcycle, with or without a sidecar. To this fee shall be added a surcharge of  
80 \$3 which shall be distributed as provided in § 46.2-1191.

81 10a. Twelve dollars for a moped, to be paid into the state treasury and set aside as a special fund to be  
82 used to meet the expenses of the Department.

83 10b. Fourteen dollars for an autocycle.

84 11. Twenty-three dollars for a bus used exclusively for transportation to and from church school, for the  
85 purpose of religious instruction, or church, for the purpose of divine worship. If the empty weight of the  
86 vehicle exceeds 4,000 pounds, the fee shall be \$28.

87 12. Thirteen dollars plus \$0.70 per 100 pounds or major fraction thereof for other passenger-carrying  
88 vehicles.

89 13. An additional fee of ~~\$4.25~~ \$6.25 per year shall be charged and collected at the time of registration of  
90 each pickup or panel truck and each motor vehicle under subdivisions 1 through 12. All funds collected from  
91 \$4 \$6 of the ~~\$4.25~~ \$6.25 fee shall be paid into the state treasury and shall be set aside as a special fund to be  
92 used only for emergency medical services purposes. The moneys in the special emergency medical services  
93 fund shall be distributed as follows:

94 a. Two percent shall be distributed to the State Department of Health to provide funding to the Virginia  
95 Association of Volunteer Rescue Squads to be used solely for the purpose of conducting volunteer  
96 recruitment, retention, and training activities;

97 b. Thirty percent shall be distributed to the State Department of Health to support (i) emergency medical  
98 services training programs (excluding advanced life support classes); (ii) advanced life support training; (iii)  
99 recruitment and retention programs (all funds for such support shall be used to recruit and retain volunteer  
100 emergency medical services personnel only, including public awareness campaigns, technical assistance  
101 programs, and similar activities); (iv) emergency medical services system development, initiatives, and  
102 priorities based on needs identified by the State Emergency Medical Services Advisory Board; (v) local,  
103 regional, and statewide performance contracts for emergency medical services to meet the objectives  
104 stipulated in § 32.1-111.3; (vi) technology and radio communication enhancements; and (vii) improved  
105 emergency preparedness and response. Any funds set aside for distribution under this provision and  
106 remaining undistributed at the end of any fiscal year shall revert to the Rescue Squad Assistance Fund;

107 c. Thirty-two percent shall be distributed to the Rescue Squad Assistance Fund;

108 d. Ten percent shall be available to the State Department of Health's Office of Emergency Medical  
109 Services for use in emergency medical services; and

110 e. Twenty-six percent shall be returned by the Comptroller to the locality wherein such vehicle is  
111 registered, to provide funding for training of volunteer or salaried emergency medical services personnel of  
112 nonprofit emergency medical services agencies that hold a valid license issued by the Commissioner of  
113 Health and for the purchase of necessary equipment and supplies for use in such locality for emergency  
114 medical services provided by nonprofit emergency medical services agencies that hold a valid license issued  
115 by the Commissioner of Health.

116 All revenues generated by the remaining \$0.25 of the ~~\$4.25~~ \$6.25 fee approved by the 2008 Session of the  
117 General Assembly shall be deposited into the Rescue Squad Assistance Fund and used only to pay for the  
118 costs associated with the certification and recertification training of emergency medical services personnel.

119 The Comptroller shall clearly designate on the warrant, check, or other means of transmitting these funds

120 that such moneys are only to be used for purposes set forth in this subdivision. Such funds shall be in addition  
 121 to any local appropriations and local governing bodies shall not use these funds to supplant local funds. Each  
 122 local governing body shall report annually to the Board of Health on the use of the funds returned to it  
 123 pursuant to this section. In any case in which the local governing body grants the funds to a regional  
 124 emergency medical services council to be distributed to the nonprofit emergency medical services agency  
 125 that holds a valid license issued by the Commissioner of Health, the local governing body shall remain  
 126 responsible for the proper use of the funds. If, at the end of any fiscal year, a report on the use of the funds  
 127 returned to the locality pursuant to this section for that year has not been received from a local governing  
 128 body, any funds due to that local governing body for the next fiscal year shall be retained until such time as  
 129 the report has been submitted to the Board.

130 B. All motor vehicles, trailers, and semitrailers registered as provided in subsection B of § 46.2-646 shall  
 131 pay a registration fee equal to one-twelfth of all fees required by subsection A of this section or § 46.2-697  
 132 for such motor vehicle, trailer, or semitrailer, computed to the nearest cent, multiplied by the number of  
 133 months in the registration period for such motor vehicles, trailers, and semitrailers.

134 C. The manufacturer's shipping weight or scale weight shall be used for computing all fees required by  
 135 this section to be based upon the weight of the vehicle.

136 D. The applicant for registration bears the burden of proof that the vehicle for which registration is sought  
 137 is entitled by weight, design, and use to be registered at the fee tendered by the applicant to the Commissioner  
 138 or to his authorized agent.

139 **§ 46.2-694. (Contingent effective date) Fees for vehicles designed and used for transportation of**  
 140 **passengers; weights used for computing fees; burden of proof.**

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 142 transportation of passengers on the highways in the Commonwealth are:

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 145 and is not kept or used for rent or for hire, or is not operated under a lease without a chauffeur; however, the  
 146 fee provided under this subdivision shall apply to a private passenger car or motor home that weighs 4,000  
 147 pounds or less and is used as a TNC partner vehicle as defined in § 46.2-2000.

148 2. Twenty-eight dollars for each private passenger car or motor home that weighs more than 4,000  
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 163 common carriers of interstate passengers may elect to be licensed and pay the fees prescribed in subdivision 7  
 164 on submission to the Commissioner of a declaration of operations and equipment as he may prescribe. An  
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242 proper use of the funds. If, at the end of any fiscal year, a report on the use of the funds returned to the  
 243 locality pursuant to this section for that year has not been received from a local governing body, any funds  
 244 due to that local governing body for the next fiscal year shall be retained until such time as the report has  
 245 been submitted to the Board.

246 B. All motor vehicles, trailers, and semitrailers registered as provided in subsection B of § 46.2-646 shall  
 247 pay a registration fee equal to one-twelfth of all fees required by subsection A of this section or § 46.2-697  
 248 for such motor vehicle, trailer, or semitrailer, computed to the nearest cent, multiplied by the number of  
 249 months in the registration period for such motor vehicles, trailers, and semitrailers.

250 C. The manufacturer's shipping weight or scale weight shall be used for computing all fees required by  
 251 this section to be based upon the weight of the vehicle.

252 D. The applicant for registration bears the burden of proof that the vehicle for which registration is sought  
 253 is entitled by weight, design, and use to be registered at the fee tendered by the applicant to the Commissioner  
 254 or to his authorized agent.

255 **§ 58.1-608.3. Entitlement to certain sales tax revenues.**

256 A. As used in this section, the following words and terms have the following meanings, unless some other  
 257 meaning is plainly intended:

258 "Bonds" means any obligations of a municipality for the payment of money.

259 "Cost," as applied to any public facility or to extensions or additions to any public facility, includes: (i) the  
 260 purchase price of any public facility acquired by the municipality or the cost of acquiring all of the capital  
 261 stock of the corporation owning the public facility and the amount to be paid to discharge any obligations in  
 262 order to vest title to the public facility or any part of it in the municipality; (ii) expenses incident to  
 263 determining the feasibility or practicability of the public facility; (iii) the cost of plans and specifications,  
 264 surveys and estimates of costs and of revenues; (iv) the cost of all land, property, rights, easements and  
 265 franchises acquired; (v) the cost of improvements, property or equipment; (vi) the cost of engineering, legal  
 266 and other professional services; (vii) the cost of construction or reconstruction; (viii) the cost of all labor,  
 267 materials, machinery and equipment; (ix) financing charges; (x) interest before and during construction and  
 268 for up to one year after completion of construction; (xi) start-up costs and operating capital; (xii) payments by  
 269 a municipality of its share of the cost of any multijurisdictional public facility; (xiii) administrative expense;  
 270 (xiv) any amounts to be deposited to reserve or replacement funds; and (xv) other expenses as may be  
 271 necessary or incident to the financing of the public facility. Any obligation or expense incurred by the public  
 272 facility in connection with any of the foregoing items of cost may be regarded as a part of the cost.

273 "Municipality" means any county, city, town, authority, commission, or other public entity.

274 "Public facility" means (i) any auditorium, coliseum, convention center, or conference center, which is  
 275 owned by a Virginia county, city, town, authority, or other public entity and where exhibits, meetings,  
 276 conferences, conventions, seminars, or similar public events may be conducted; (ii) any hotel which is owned  
 277 by a foundation whose sole purpose is to benefit a baccalaureate public institution of higher education in the  
 278 Commonwealth and which is attached to and is an integral part of such facility, together with any lands  
 279 reasonably necessary for the conduct of the operation of such events; (iii) any hotel which is attached to and  
 280 is an integral part of such facility; (iv) any hotel that is adjacent to a convention center owned by a public  
 281 entity and where the hotel owner enters into a public-private partnership whereby the locality contributes  
 282 infrastructure, real property, or conference space; (v) a sports complex consisting of a minor league baseball  
 283 stadium and related tournament, training, and parking facilities, where a municipality owns a component of  
 284 the sports complex; or (vi) any outdoor amphitheater, provided that a locality owns, wholly or partly, and  
 285 contributes to financing the construction of such amphitheater. However, such public facility must be located  
 286 in the City of Chesapeake, City of Fredericksburg, City of Hampton, City of Lynchburg, City of Newport  
 287 News, City of Norfolk, City of Portsmouth, City of Richmond, City of Roanoke, City of Salem, City of  
 288 Staunton, City of Suffolk, City of Virginia Beach, City of Winchester, or Town of Wise. Any property, real,  
 289 personal, or mixed, which is necessary or desirable in connection with any such auditorium, coliseum,  
 290 convention center, sports complex, or conference center, including, without limitation, facilities for food  
 291 preparation and serving, parking facilities, and office space, is encompassed within this definition. However,  
 292 structures commonly referred to as "shopping centers" or "malls" shall not constitute a public facility  
 293 hereunder. A public facility shall not include residential condominiums, townhomes, or other residential  
 294 units. In addition, only a new public facility, or a public facility which will undergo a substantial and  
 295 significant renovation or expansion, shall be eligible under subsection C. A new public facility is one whose  
 296 construction began after December 31, 1991. A substantial and significant renovation entails a project whose  
 297 cost is at least 50 percent of the original cost of the facility being renovated and shall have begun after  
 298 December 31, 1991. A substantial and significant expansion entails an increase in floor space of at least 50  
 299 percent over that existing in the preexisting facility and shall have begun after December 31, 1991; or an  
 300 increase in floor space of at least 10 percent over that existing in a public facility that qualified as such under  
 301 this section and was constructed after December 31, 1991.

302 "Sales tax revenues" means *revenue generated by the 2.025 percent unrestricted sales and use tax under*

303 *the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.)* such tax collections realized under the Virginia  
 304 Retail Sales and Use Tax Act (§ 58.1-600 et seq.); as limited herein. "Sales tax revenues" does not include the  
 305 revenue generated by (i) the 0.5 percent sales and use tax increase enacted by the 1986 Special Session of the  
 306 General Assembly which shall be paid to the Commonwealth Transportation Fund established pursuant to §  
 307 33.2-1524; (ii) the 1.0 percent of the state sales and use tax revenue distributed among the counties and cities  
 308 of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school age population; or (iii)  
 309 any sales and use tax revenues generated by increases or allocation changes imposed by the 2013 Session of  
 310 the General Assembly.

311 B. Notwithstanding the definition of "public facility" in subsection A, a development project that meets  
 312 the requirements for a "development of regional impact" set forth herein shall be deemed to be a public  
 313 facility under the provisions of this section. The locality in which the public facility is located shall be  
 314 entitled to all sales tax revenues generated by transactions taking place at such public facility solely to pay the  
 315 cost of any bonds issued to pay the cost, or portion thereof, of such public facility pursuant to subsection C.  
 316 For purposes of this subsection, the development of regional impact must be located in the City of Bristol.

317 For purposes of this subsection, a "development of regional impact" means a development project (i)  
 318 towards which the locality contributes infrastructure or real property as part of a public-private partnership  
 319 with the developer that is equal to at least 20 percent of the aggregate cost of development, (ii) that is  
 320 reasonably expected to require a capital investment of at least \$50 million, (iii) that is reasonably expected to  
 321 generate at least \$5 million annually in state sales and use tax revenue from sales within the development, (iv)  
 322 that is reasonably expected to attract at least one million visitors annually, (v) that is reasonably expected to  
 323 create at least 2,000 permanent jobs, (vi) that is located in a locality that had a rate of unemployment at least  
 324 three percentage points higher than the statewide average in November 2011, and (vii) that is located in a  
 325 locality that is adjacent to a state that has adopted a Border Region Retail Tourism Development District Act.  
 326 Within 30 days from the date of notification by a locality that it intends to contribute infrastructure or real  
 327 property as part of a public-private partnership with the developer of a development of regional impact, the  
 328 Department of Taxation shall review the findings of the locality with respect to clauses (i) through (vi) and  
 329 shall file a written report with the Chairmen of the House Committee on Finance, the House Committee on  
 330 Appropriations, and the Senate Committee on Finance and Appropriations.

331 C. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1, 1996, (ii)  
 332 on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but before July 1, 2001,  
 333 (iv) on or after July 1, 2000, but before July 1, 2003, (v) on or after July 1, 2001, but before July 1, 2005, (vi)  
 334 on or after July 1, 2004, but before July 1, 2007, (vii) on or after July 1, 2009, but before July 1, 2012, (viii)  
 335 on or after January 1, 2011, but prior to July 1, 2015, or (ix) on or after January 1, 2013, but prior to July 1,  
 336 2024, to pay the cost, or portion thereof, of any public facility shall be entitled to all sales tax revenues  
 337 generated by transactions taking place in such public facility. In the case of a public facility described in  
 338 clause (v) of the definition of public facility, all such sales tax revenues shall be applied solely to repayment  
 339 of the bonds issued to pay the cost, or portion thereof, of the municipality-owned component of the sports  
 340 complex. Such entitlement shall continue for the lifetime of such bonds, or any refinancing or refunding  
 341 thereof, but in no event shall such entitlement exceed 35 years from the initial date that any bonds were  
 342 issued to pay the cost, or a portion thereof, of any public facility, and all such sales tax revenues shall be  
 343 applied to repayment of the bonds. The State Comptroller shall remit such sales tax revenues to the  
 344 municipality on a quarterly basis, subject to such reasonable processing delays as may be required by the  
 345 Department of Taxation to calculate the actual net sales tax revenues derived from the public facility. The  
 346 State Comptroller shall make such remittances to eligible municipalities, as provided herein, notwithstanding  
 347 any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). No such  
 348 remittances shall be made until construction is completed and, in the case of a renovation or expansion, until  
 349 the governing body of the municipality has certified that the renovation or expansion is completed; however,  
 350 in the case of any public facility consisting of more than one building or structure, such remittances shall be  
 351 made on a quarterly basis beginning with the first quarter in which any sales tax revenue is generated by  
 352 transactions taking place at any building or structure within such public facility, whether or not construction  
 353 of all or any portion, phase, building, or structure of such public facility has been completed.

354 D. Nothing in this section shall be construed as authorizing the pledging of the faith and credit of the  
 355 Commonwealth of Virginia, or any of its revenues, for the payment of any bonds. Any appropriation made  
 356 pursuant to this section shall be made only from sales tax revenues derived from the public facility for which  
 357 bonds may have been issued to pay the cost, in whole or in part, of such public facility.

358 **§ 58.1-609.3. Commercial and industrial exemptions.**

359 The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not  
 360 apply to the following:

- 361 1. Personal property purchased by a contractor which is used solely in another state or in a foreign  
 362 country, which could be purchased by such contractor for such use free from sales tax in such other state or  
 363 foreign country, and which is stored temporarily in Virginia pending shipment to such state or country.
- 364 2. (i) Industrial materials for future processing, manufacturing, refining, or conversion into articles of

365 tangible personal property for resale where such industrial materials either enter into the production of or  
 366 become a component part of the finished product; (ii) industrial materials that are coated upon or impregnated  
 367 into the product at any stage of its being processed, manufactured, refined, or converted for resale; (iii)  
 368 machinery or tools or repair parts therefor or replacements thereof, fuel, power, energy, or supplies, used  
 369 directly in processing, manufacturing, refining, mining or converting products for sale or resale; (iv)  
 370 materials, containers, labels, sacks, cans, boxes, drums or bags for future use for packaging tangible personal  
 371 property for shipment or sale; or (v) equipment, printing or supplies used directly to produce a publication  
 372 described in subdivision 3 of § 58.1-609.6 whether it is ultimately sold at retail or for resale or distribution at  
 373 no cost. Machinery, tools and equipment, or repair parts therefor or replacements thereof, shall be exempt if  
 374 the preponderance of their use is directly in processing, manufacturing, refining, mining or converting  
 375 products for sale or resale. The provisions of this subsection do not apply to the drilling or extraction of oil,  
 376 gas, natural gas and coalbed methane gas. In addition, the exemption provided herein shall not be applicable  
 377 to any machinery, tools, and equipment, or any other tangible personal property used by a public service  
 378 corporation in the generation of electric power, except for raw materials that are inputs to production of  
 379 electricity, including fuel, or for machinery, tools, and equipment used to generate energy derived from  
 380 sunlight or wind. The exemption for machinery, tools, and equipment used to generate energy derived from  
 381 sunlight or wind shall expire June 30, 2027.

382 3. Tangible personal property sold or leased to a public service corporation engaged in business as a  
 383 common carrier of property or passengers by railway, for use or consumption by such common carrier  
 384 directly in the rendition of its public service.

385 4. Ships or vessels, or repairs and alterations thereof, used or to be used exclusively or principally in  
 386 interstate or foreign commerce; fuel and supplies for use or consumption aboard ships or vessels plying the  
 387 high seas, either in intercoastal trade between ports in the Commonwealth and ports in other states of the  
 388 United States or its territories or possessions, or in foreign commerce between ports in the Commonwealth  
 389 and ports in foreign countries, when delivered directly to such ships or vessels; or tangible personal property  
 390 used directly in the building, conversion or repair of the ships or vessels covered by this subdivision. This  
 391 exemption shall include dredges, their supporting equipment, attendant vessels, and fuel and supplies for use  
 392 or consumption aboard such vessels, provided the dredges are used exclusively or principally in interstate or  
 393 foreign commerce.

394 5. a. Tangible personal property purchased for use or consumption directly and exclusively in basic  
 395 research or research and development in the experimental or laboratory sense.

396 b. *Beginning July 1, 2018, tangible personal property purchased by a federally funded research and*  
 397 *development center sponsored by the U.S. Department of Energy.*

398 6. Notwithstanding the provisions of subdivision 20 of § 58.1-609.10, all tangible personal property sold  
 399 or leased to an airline operating in intrastate, interstate or foreign commerce as a common carrier providing  
 400 scheduled air service on a continuing basis to one or more Virginia airports at least one day per week, for use  
 401 or consumption by such airline directly in the rendition of its common carrier service.

402 7. Meals furnished by restaurants or food service operators to employees as a part of wages.

403 8. Tangible personal property including machinery and tools, repair parts or replacements thereof, and  
 404 supplies and materials used directly in maintaining and preparing textile products for rental or leasing by an  
 405 industrial processor engaged in the commercial leasing or renting of laundered textile products.

406 9. Certified pollution control equipment and facilities as defined in § 58.1-3660, except for any equipment  
 407 that has not been certified to the Department of Taxation by a state certifying authority or subdivision  
 408 certifying authority pursuant to such section.

409 10. Parts, tires, meters and dispatch radios sold or leased to taxicab operators for use or consumption  
 410 directly in the rendition of their services.

411 11. High speed electrostatic duplicators or any other duplicators which have a printing capacity of 4,000  
 412 impressions or more per hour purchased or leased by persons engaged primarily in the printing or  
 413 photocopying of products for sale or resale.

414 12. From July 1, 1994, and ending July 1, 2024, raw materials, fuel, power, energy, supplies, machinery  
 415 or tools or repair parts therefor or replacements thereof, used directly in the drilling, extraction, or processing  
 416 of natural gas or oil and the reclamation of the well area. For the purposes of this section, the term "natural  
 417 gas" shall mean "gas," "natural gas," and "coalbed methane gas" as defined in § 45.2-1600. For the purposes  
 418 of this section, "drilling," "extraction," and "processing" shall include production, inspection, testing,  
 419 dewatering, dehydration, or distillation of raw natural gas into a usable condition consistent with commercial  
 420 practices, and the gathering and transportation of raw natural gas to a facility wherein the gas is converted  
 421 into such a usable condition. Machinery, tools and equipment, or repair parts therefor or replacements  
 422 thereof, shall be exempt if the preponderance of their use is directly in the drilling, extraction, refining, or  
 423 processing of natural gas or oil for sale or resale, or in well area reclamation activities required by state or  
 424 federal law.

425 13. Beginning July 1, 1997, (i) the sale, lease, use, storage, consumption, or distribution of an orbital or

426 suborbital space facility, space propulsion system, space vehicle, satellite, or space station of any kind  
427 possessing space flight capability, including the components thereof, irrespective of whether such facility,  
428 system, vehicle, satellite, or station is returned to this Commonwealth for subsequent use, storage or  
429 consumption in any manner when used to conduct spaceport activities; (ii) the sale, lease, use, storage,  
430 consumption or distribution of tangible personal property placed on or used aboard any orbital or suborbital  
431 space facility, space propulsion system, space vehicle, satellite or space station of any kind, irrespective of  
432 whether such tangible personal property is returned to this Commonwealth for subsequent use, storage or  
433 consumption in any manner when used to conduct spaceport activities; (iii) fuels of such quality not adapted  
434 for use in ordinary vehicles, being produced for, sold and exclusively used for space flight when used to  
435 conduct spaceport activities; (iv) the sale, lease, use, storage, consumption or distribution of machinery and  
436 equipment purchased, sold, leased, rented or used exclusively for spaceport activities and the sale of goods  
437 and services provided to operate and maintain launch facilities, launch equipment, payload processing  
438 facilities and payload processing equipment used to conduct spaceport activities.

439 For purposes of this subdivision, "spaceport activities" means activities directed or sponsored at a facility  
440 owned, leased, or operated by or on behalf of the Virginia Commercial Space Flight Authority.

441 The exemptions provided by this subdivision shall not be denied by reason of a failure, postponement or  
442 cancellation of a launch of any orbital or suborbital space facility, space propulsion system, space vehicle,  
443 satellite or space station of any kind or the destruction of any launch vehicle or any components thereof.

444 14. Semiconductor cleanrooms or equipment, fuel, power, energy, supplies, or other tangible personal  
445 property used primarily in the integrated process of designing, developing, manufacturing, or testing a  
446 semiconductor product, a semiconductor manufacturing process or subprocess, or semiconductor equipment  
447 without regard to whether the property is actually contained in or used in a cleanroom environment, touches  
448 the product, is used before or after production, or is affixed to or incorporated into real estate.

449 15. Semiconductor wafers for use or consumption by a semiconductor manufacturer.

450 16. Railroad rolling stock when sold or leased by the manufacturer thereof.

451 17. Computer equipment purchased or leased on or before June 30, 2011, used in data centers located in a  
452 Virginia locality having an unemployment rate above 4.9 percent for the calendar quarter ending November  
453 2007, for the processing, storage, retrieval, or communication of data, including but not limited to servers,  
454 routers, connections, and other enabling hardware when part of a new investment of at least \$75 million in  
455 such exempt property, when such investment results in the creation of at least 100 new jobs paying at least  
456 twice the prevailing average wage in that locality, so long as such investment was made in accordance with a  
457 memorandum of understanding with the Virginia Economic Development Partnership Authority entered into  
458 or amended between January 1, 2008, and December 31, 2008. The exemption shall also apply to any such  
459 computer equipment purchased or leased to upgrade, add to, or replace computer equipment purchased or  
460 leased in the initial investment. The exemption shall not apply to any computer software sold separately from  
461 the computer equipment, nor shall it apply to general building improvements or fixtures.

462 18. a. Beginning July 1, 2010, and ending June 30, 2035, except as provided in subdivision 19, computer  
463 equipment or enabling software purchased or leased for the processing, storage, retrieval, or communication  
464 of data, including but not limited to servers, routers, connections, and other enabling hardware, including  
465 chillers and backup generators used or to be used in the operation of the equipment exempted in this  
466 paragraph, provided that such computer equipment or enabling software is purchased or leased for use in a  
467 data center, which includes any data center facilities located in the same locality as the data center that are  
468 under common ownership or affiliation of the data center operator, that (i) is located in a Virginia locality; (ii)  
469 results in a new capital investment on or after January 1, 2009, of at least \$150 million; and (iii) results in the  
470 creation on or after July 1, 2009, of at least 50 new jobs by the data center operator and the tenants of the data  
471 center, collectively, associated with the operation or maintenance of the data center provided that such jobs  
472 pay at least one and one-half times the prevailing average wage in that locality. The requirement of at least 50  
473 new jobs is reduced to 10 new jobs if the data center is located in a distressed locality at the time of the  
474 execution of a memorandum of understanding with the Virginia Economic Development Partnership  
475 Authority. Additionally, the requirement of a \$150 million capital investment shall be reduced to \$70 million  
476 for data centers that qualify for the reduced jobs requirement.

477 This exemption applies to the data center operator and the tenants of the data center if they collectively  
478 meet the requirements listed in this section. Prior to claiming such exemption, any qualifying person claiming  
479 the exemption, including a data center operator on behalf of itself and its tenants, must enter into a  
480 memorandum of understanding with the Virginia Economic Development Partnership Authority that at a  
481 minimum provides the details for determining the amount of capital investment made and the number of new  
482 jobs created, the timeline for achieving the capital investment and new job goals, the repayment obligations  
483 should those goals not be achieved, and any conditions under which repayment by the qualifying data center  
484 or data center tenant claiming the exemption may be required. In addition, the exemption shall apply to any  
485 such computer equipment or enabling software purchased or leased to upgrade, supplement, or replace  
486 computer equipment or enabling software purchased or leased in the initial investment. The exemption shall

487 not apply to any other computer software otherwise taxable under Chapter 6 of Title 58.1 that is sold or  
 488 leased separately from the computer equipment, nor shall it apply to general building improvements or other  
 489 fixtures.

490 b. For purposes of this subdivision 18, "distressed locality" means:

491 (1) From July 1, 2021, until July 1, 2023, any locality that had (i) an annual unemployment rate for  
 492 calendar year 2019 that was greater than the final statewide average unemployment rate for that calendar year  
 493 and (ii) a poverty rate for calendar year 2019 that exceeded the statewide average poverty rate for that year;  
 494 and

495 (2) From and after July 1, 2023, any locality that has (i) an annual unemployment rate for the most recent  
 496 calendar year for which such data is available that is greater than the final statewide average unemployment  
 497 rate for that calendar year and (ii) a poverty rate for the most recent calendar year for which such data is  
 498 available that exceeds the statewide average poverty rate for that year.

499 c. For so long as a data center operator is claiming an exemption pursuant to this subdivision 18, such  
 500 operator shall be required to submit an annual report to the Virginia Economic Development Partnership  
 501 Authority on behalf of itself and, if applicable, its participating tenants that includes their employment levels,  
 502 capital investments, average annual wages, qualifying expenses, and tax benefit, and such other information  
 503 as the Virginia Economic Development Partnership Authority determines is relevant, pursuant to procedures  
 504 developed by the Virginia Economic Development Partnership Authority. The annual report shall be  
 505 submitted by the data center operator in a format prescribed by the Virginia Economic Development  
 506 Partnership Authority. The Virginia Economic Development Partnership Authority shall share all information  
 507 collected with the Department.

508 The Department, in collaboration with the Virginia Economic Development Partnership Authority, shall  
 509 publish a biennial report on the exemption that shall include aggregate information on qualifying expenses  
 510 claimed under this exemption, the total value of the tax benefit, a return on investment analysis that includes  
 511 direct and indirect jobs created by data center investment, state and local tax revenues generated, and any  
 512 other information the Department and the Virginia Economic Development Partnership Authority deem  
 513 appropriate to demonstrate the costs and benefits of the exemption. The report shall not include, and the  
 514 Department and the Virginia Economic Development Partnership Authority shall not publish or disclose, any  
 515 such information if it is unaggregated or if such report or publication could be used to identify a business or  
 516 individual. The Department shall submit the report to the Chairmen of the Senate Committee on Finance and  
 517 Appropriations and the House Committees on Appropriations and Finance. The Virginia Economic  
 518 Development Partnership Authority may publish on its website and distribute annual information indicating  
 519 the job creation and ranges of capital investments made by a data center operator and, if applicable, its  
 520 participating tenants, in a format to be developed in consultation with data center operators.

521 19. a. Notwithstanding any provision of subdivision 18 to the contrary, the exemption set forth in  
 522 subdivision 18 may be extended for the purchase or lease of computer equipment or enabling software by or  
 523 on behalf of data center operators for use in data centers in the Commonwealth that are under common  
 524 ownership or affiliation with the data center operator as set forth in this subdivision 19. For purposes of this  
 525 subdivision 19, a data center operator shall be considered to own a data center if it is operated on behalf of  
 526 the data center operator pursuant to a long-term lease of at least ten years.

527 b. To qualify for an extension pursuant to this subdivision 19, a data center operator shall enter into a  
 528 memorandum of understanding with the Virginia Economic Development Partnership Authority on or after  
 529 January 1, 2023, that at a minimum provides the details for determining the amount of capital investment  
 530 made and the number of new jobs created; the locality or localities in which the capital investment shall be  
 531 made and new jobs shall be created in order to qualify for the extension; and the timeline for making the  
 532 capital investment and creating the new jobs in each specified locality. A data center operator shall only be  
 533 required to enter into one memorandum of understanding pursuant to this subdivision 19 in order to qualify  
 534 for the extension pursuant to both subdivisions c and d.

535 c. If on or after January 1, 2023, but before July 1, 2035, a data center operator that has entered into a  
 536 memorandum of understanding pursuant to subdivision b (i) makes or causes to be made a capital investment  
 537 of at least \$35 billion in data centers in localities identified in a memorandum of understanding and (ii)  
 538 creates at least 1,000 new full-time jobs, as defined in § 59.1-284.42, at such data centers, of which at least  
 539 100 of such jobs shall pay at least one and one-half times the prevailing average wage in the Commonwealth,  
 540 the data center operator shall be eligible to continue to utilize the exemption set forth in subdivision 18  
 541 through June 30, 2040.

542 d. If on or after January 1, 2023, but before July 1, 2040, a data center operator that has entered into a  
 543 memorandum of understanding pursuant to subdivision b (i) makes a total capital investment of at least \$100  
 544 billion, inclusive of any investment made pursuant to subdivision c, in data centers in the localities identified  
 545 in such memorandum of understanding and (ii) creates a total of at least 2,500 new full-time jobs, as defined  
 546 in § 59.1-284.42, at such data centers, of which at least 100 of such jobs shall pay at least one and one-half  
 547 times the prevailing average wage in the Commonwealth, inclusive of any new full-time jobs created

548 pursuant to subdivision c, the data center operator shall be eligible to utilize the exemption set forth in  
549 subdivision 18 through June 30, 2050.

550 e. The extension provided in this subdivision 19 shall apply to the computer equipment or enabling  
551 software purchased or leased for use in the data centers subject to the capital investment and job requirements  
552 set forth herein, as well as to any such computer equipment or enabling software purchased or leased to  
553 upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the initial  
554 investment. The extension shall also apply to any computer equipment or software purchased or leased in  
555 data centers under common ownership or affiliation with the data center operator for which the data center  
556 operator entered into a memorandum of understanding with the Virginia Economic Development Partnership  
557 Authority to qualify for the exemption set forth in subdivision 18.

558 f. The reporting requirements set forth in subdivision 18 shall continue to apply to a data center operator  
559 for the duration of any extension granted pursuant to this subdivision 19.

560 20. If the preponderance of their use is in the manufacture of beer by a brewer licensed pursuant to  
561 subdivision 3 or 4 of § 4.1-206.1, (i) machinery, tools, and equipment, or repair parts therefor or replacements  
562 thereof, fuel, power, energy, or supplies; (ii) materials for future processing, manufacturing, or conversion  
563 into beer where such materials either enter into the production of or become a component part of the beer;  
564 and (iii) materials, including containers, labels, sacks, cans, bottles, kegs, boxes, drums, or bags for future  
565 use, for packaging the beer for shipment or sale.

566 21. If the preponderance of their use is in advanced recycling, as defined in § 58.1-439.7, (i) machinery,  
567 tools, and equipment, or repair parts therefor or replacements thereof, fuel, power, energy, or supplies; (ii)  
568 materials for processing, manufacturing, or conversion for resale where such materials either are recycled or  
569 recovered; and (iii) materials, including containers, labels, sacks, cans, boxes, drums, or bags used for  
570 packaging recycled or recovered material for shipment or resale.

571 **§ 58.1-818. Recordation tax fee.**

572 *In addition to all other taxes and fees imposed by this chapter, there is hereby imposed a \$20 fee on (i)*  
573 *every deed for which the tax imposed by this chapter is collected pursuant to subsection A of § 58.1-801 and*  
574 *subsection A of § 58.1-803 and (ii) every certificate of satisfaction admitted under § 55.1-345. The revenue*  
575 *generated from 50 percent of such fee shall be deposited to the general fund. The revenue generated from the*  
576 *other 50 percent of such fee shall be deposited to the Virginia Natural Resources Commitment Fund, a*  
577 *subfund of the Virginia Water Quality Improvement Fund, as established by § 10.1-2128. The funds deposited*  
578 *to such subfund shall be disbursed for the Virginia Agricultural Best Management Practices Cost-Share*  
579 *Program pursuant to § 10.1-2128.1.*

580 **§ 58.1-2295.2. Exemption for aviation fuel.**

581 *Notwithstanding any provision to the contrary, the tax imposed by this chapter shall not be imposed on*  
582 *aviation fuel, as that term is defined in § 58.1-2201.*

583 **2. That the provisions of this act are declarative of existing law to the extent that they codify the**  
584 **provisions of Chapter 2 of the Acts of Assembly of 2024, Special Session I.**