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HOUSE BILL NO. 1743  
AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Finance and Appropriations  
on February 11, 2025)  
(Patron Prior to Substitute—Delegate Watts)

*A BILL directing the Department of Taxation to convene a work group to review the local license tax deduction in Virginia for receipts attributable to out-of-state business; report.*

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

*1. § 1. That the Department of Taxation shall convene a work group to review the local license tax deduction in Virginia for receipts attributable to out-of-state business, including a review of (i) current policy and methodology of the deduction set forth in subdivision B 2 of § 58.1-3732 of the Code of Virginia; (ii) any concerns regarding the existing laws governing such deduction; (iii) any potential impacts of amending the law to determine such deduction based upon the facts and circumstances of the taxpayer's business operations, without regard to the amount of income, receipts, or revenue ultimately computed as taxable under the methodology used by the state or country to which such receipts are attributable, including any potential revenue impacts to localities, potential administrative complexities, and potential complexities for taxpayers; and (iv) any impact to such deduction from other existing provisions of law. The work group shall consist of representatives of the Virginia Municipal League, the Virginia Association of Counties, the Commissioners of the Revenue Association of Virginia, and the Virginia Chamber of Commerce and any other key business representatives as determined by the Department of Taxation. The Department of Taxation shall submit a report of the findings and recommendations, if any, of the work group to the Joint Subcommittee on Tax Policy by October 1, 2025.*