

25107145D

HOUSE BILL NO. 1969

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 to amend and reenact §§ 58.1-609.6 and 58.1-609.10 of the Code of Virginia, relating to taxation; extension of expiring retail sales and use tax exemption sunsets; certain printed materials; prescription medicines and drugs purchased by veterinarians; aircraft components.

Be it enacted by the General Assembly of Virginia:**1. That §§ 58.1-609.6 and 58.1-609.10 of the Code of Virginia are amended and reenacted as follows:
§ 58.1-609.6. Media-related exemptions.**

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

1. Leasing, renting, or licensing of copyright audio or video tapes; and films for public exhibition at motion picture theaters or by licensed radio and television stations.

2. (i) Broadcasting equipment and parts and accessories thereto and towers used or to be used by commercial radio and television companies, wired or land-based wireless cable television systems, common carriers or video programmers using an open video system or other video platform provided by telephone common carriers, or concerns that are under the regulation and supervision of the Federal Communications Commission and (ii) amplification, transmission, distribution, and network equipment used or to be used by wired or land-based wireless (a) cable television systems, (b) open video systems, or (c) telephone common carriers.

3. Any publication issued daily; or regularly at average intervals not exceeding three months; and advertising supplements and any other printed matter ultimately distributed with or as part of such publications; however, newsstand sales of the same are taxable. As used in this subdivision, the term "newsstand sales" shall not include sales of back copies of publications by the publisher or his agent.

4. Catalogs, letters, brochures, reports, and similar printed materials, except administrative supplies, the envelopes, containers, and labels used for packaging and mailing same, and paper furnished to a printer for fabrication into such printed materials, when stored for 12 months or less in the Commonwealth and distributed for use ~~without~~ outside the Commonwealth. As used in this subdivision, "administrative supplies" includes; ~~but is not limited to~~; letterhead, envelopes, and other stationery; and invoices, billing forms, payroll forms, price lists, time cards, computer cards, and similar supplies. Notwithstanding the provisions of subdivision 5 or the definition of "advertising" contained in § 58.1-602, (i) any advertising business located outside the Commonwealth ~~which~~ that purchases printing from a printer within the Commonwealth shall not be deemed the user or consumer of the printed materials when such purchases would have been exempt under this subdivision; and (ii) from July 1, 1995, through June 30, 2002, and beginning July 1, 2002, and ending July 1, 2025 2028, any advertising business ~~which~~ that purchases printing from a printer within the Commonwealth shall not be deemed the user or consumer of the printed materials when such purchases would have been exempt under subdivision 3 or this subdivision, provided that the advertising agency shall certify to the Tax Commissioner, upon request, that such printed material was distributed outside the Commonwealth and such certification shall be retained as a part of the transaction record and shall be subject to further review by the Tax Commissioner.

5. Advertising as defined in § 58.1-602.

6. Beginning July 1, 1995, and ending July 1, 2027:

a. (i) The lease, rental, license, sale, other transfer, or use of any audio or video tape, film, or other audiovisual work where the transferee or user acquires or has acquired the work for the purpose of licensing, distributing, broadcasting, commercially exhibiting, or reproducing the work or using or incorporating the work into another such work; (ii) the provision of production services or fabrication in connection with the production of any portion of such audiovisual work, including; ~~but not limited to~~; scriptwriting, photography, sound, musical composition, special effects, animation, adaptation, dubbing, mixing, editing, cutting, and provision of production facilities or equipment; or (iii) the transfer or use of tangible personal property, including; ~~but not limited to~~; scripts, musical scores, storyboards, artwork, film, tapes, and other media, incident to the performance of such services or fabrication; however, audiovisual works and incidental tangible personal property described in clauses (i) and (iii) shall be subject to tax as otherwise provided in this chapter to the extent of the value of their tangible components prior to their use in the production of any audiovisual work and prior to their enhancement by any production service; and

b. Equipment and parts and accessories thereto used or to be used in the production of such audiovisual works.

7. Beginning July 1, 1998, and ending July 1, 2022, textbooks and other educational materials withdrawn

60 from inventory at book-publishing distribution facilities for free distribution to professors and other
61 individuals who have an educational focus.

62 **§ 58.1-609.10. Miscellaneous exemptions.**

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

65 1. Artificial or propane gas, firewood, coal or home heating oil used for domestic consumption. "Domestic
66 consumption" means the use of artificial or propane gas, firewood, coal or home heating oil by an individual
67 purchaser for other than business, commercial or industrial purposes. The Tax Commissioner shall establish
68 by regulation a system for use by dealers in classifying individual purchases for domestic or nondomestic use
69 based on the principal usage of such gas, wood, coal or oil. Any person making a nondomestic purchase and
70 paying the tax pursuant to this chapter who uses any portion of such purchase for domestic use may, between
71 the first day of the first month and the fifteenth day of the fourth month following the year of purchase, apply
72 for a refund of the tax paid on the domestic use portion.

73 2. An occasional sale, as defined in § 58.1-602. A nonprofit organization that is eligible to be granted an
74 exemption on its purchases pursuant to § 58.1-609.11, and that is otherwise eligible for the exemption
75 pursuant to this subdivision, shall be exempt pursuant to this subdivision on its sales of (i) food, prepared
76 food and meals and (ii) tickets to events that include the provision of food, prepared food and meals, so long
77 as such sales take place on fewer than 24 occasions in a calendar year.

78 3. Tangible personal property for future use by a person for taxable lease or rental as an established
79 business or part of an established business, or incidental or germane to such business, including a
80 simultaneous purchase and taxable leaseback.

81 4. Delivery of tangible personal property outside the Commonwealth for use or consumption outside of
82 the Commonwealth. Delivery of goods destined for foreign export to a factor or export agent shall be deemed
83 to be delivery of goods for use or consumption outside of the Commonwealth.

84 5. Tangible personal property purchased with food coupons issued by the U.S. Department of Agriculture
85 under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for
86 Women, Infants, and Children.

87 6. Tangible personal property purchased for use or consumption in the performance of maintenance and
88 repair services at Nuclear Regulatory Commission-licensed nuclear power plants located outside the
89 Commonwealth.

90 7. Beginning July 1, 1997, and ending July 1, 2006, a professional's provision of original, revised, edited,
91 reformatted or copied documents, including but not limited to documents stored on or transmitted by
92 electronic media, to its client or to third parties in the course of the professional's rendition of services to its
93 clientele.

94 8. School lunches sold and served to pupils and employees of schools and subsidized by government;
95 school textbooks sold by a local board or authorized agency thereof; and school textbooks sold for use by
96 students attending a college or other institution of learning, when sold (i) by such institution of learning or (ii)
97 by any other dealer, when such textbooks have been certified by a department or instructor of such institution
98 of learning as required textbooks for students attending courses at such institution.

99 9. Medicines, drugs, hypodermic syringes, artificial eyes, contact lenses, eyeglasses, eyeglass cases, and
100 contact lens storage containers when distributed free of charge, all solutions or sterilization kits or other
101 devices applicable to the wearing or maintenance of contact lenses or eyeglasses when distributed free of
102 charge, and hearing aids dispensed by or sold on prescriptions or work orders of licensed physicians, dentists,
103 optometrists, ophthalmologists, opticians, audiologists, hearing aid dealers and fitters, advanced practice
104 registered nurses, physician assistants, and veterinarians; controlled drugs purchased for use by a licensed
105 physician, optometrist, licensed advanced practice registered nurse, or licensed physician assistant in his
106 professional practice, regardless of whether such practice is organized as a sole proprietorship, partnership, or
107 professional corporation, or any other type of corporation in which the shareholders and operators are all
108 licensed physicians, optometrists, licensed advanced practice registered nurses, or licensed physician
109 assistants engaged in the practice of medicine, optometry, or nursing; medicines and drugs purchased for use
110 or consumption by a licensed hospital, nursing home, clinic, or similar corporation not otherwise exempt
111 under this section; and samples of prescription drugs and medicines and their packaging distributed free of
112 charge to authorized recipients in accordance with the federal Food, Drug, and Cosmetic Act (21 U.S.C.A. §
113 301 et seq., as amended).

114 10. Wheelchairs and parts therefor, braces, crutches, prosthetic devices, orthopedic appliances, catheters,
115 urinary accessories, other durable medical equipment and devices, and related parts and supplies specifically
116 designed for those products; and insulin and insulin syringes, and equipment, devices or chemical reagents
117 that may be used by a diabetic to test or monitor blood or urine, when such items or parts are purchased by or
118 on behalf of an individual for use by such individual. Durable medical equipment is equipment that (i) can
119 withstand repeated use, (ii) is primarily and customarily used to serve a medical purpose, (iii) generally is not
120 useful to a person in the absence of illness or injury, and (iv) is appropriate for use in the home.

121 11. Drugs and supplies used in hemodialysis and peritoneal dialysis.

122 12. Special equipment installed on a motor vehicle when purchased by an individual with a disability to
123 enable such individual to operate the motor vehicle.

124 13. Special typewriters and computers and related parts and supplies specifically designed for those
125 products used by individuals with disabilities to communicate when such equipment is prescribed by a
126 licensed physician.

127 14. a. (i) Any nonprescription drugs and proprietary medicines purchased for the cure, mitigation,
128 treatment, or prevention of disease in human beings and (ii) any samples of nonprescription drugs and
129 proprietary medicines distributed free of charge by the manufacturer, including packaging materials and
130 constituent elements and ingredients.

131 b. The terms "nonprescription drugs" and "proprietary medicines" shall be defined pursuant to regulations
132 promulgated by the Department of Taxation. The exemption authorized in this subdivision shall not apply to
133 cosmetics.

134 15. Tangible personal property withdrawn from inventory and donated to (i) an organization exempt from
135 taxation under § 501(c)(3) of the Internal Revenue Code or (ii) the Commonwealth, any political subdivision
136 of the Commonwealth, or any school, agency, or instrumentality thereof.

137 16. Tangible personal property purchased by nonprofit churches that are exempt from taxation under §
138 501(c)(3) of the Internal Revenue Code, or whose real property is exempt from local taxation pursuant to the
139 provisions of § 58.1-3606, for use (i) in religious worship services by a congregation or church membership
140 while meeting together in a single location and (ii) in the libraries, offices, meeting or counseling rooms or
141 other rooms in the public church buildings used in carrying out the work of the church and its related
142 ministries, including kindergarten, elementary and secondary schools. The exemption for such churches shall
143 also include baptistries; bulletins, programs, newspapers and newsletters that do not contain paid advertising
144 and are used in carrying out the work of the church; gifts including food for distribution outside the public
145 church building; food, disposable serving items, cleaning supplies and teaching materials used in the
146 operation of camps or conference centers by the church or an organization composed of churches that are
147 exempt under this subdivision and which are used in carrying out the work of the church or churches; and
148 property used in caring for or maintaining property owned by the church including, but not limited to,
149 mowing equipment; and building materials installed by the church, and for which the church does not
150 contract with a person or entity to have installed, in the public church buildings used in carrying out the work
151 of the church and its related ministries, including, but not limited to worship services; administrative rooms;
152 and kindergarten, elementary, and secondary schools.

153 17. Medical products and supplies, which are otherwise taxable, such as bandages, gauze dressings,
154 incontinence products and wound-care products, when purchased by a Medicaid recipient through a
155 Department of Medical Assistance Services provider agreement.

156 18. Beginning July 1, 2007, and ending July 1, 2012, multifuel heating stoves used for heating an
157 individual purchaser's residence. "Multifuel heating stoves" are stoves that are capable of burning a wide
158 variety of alternative fuels, including, but not limited to, shelled corn, wood pellets, cherry pits, and olive
159 pits.

160 19. Fabrication of animal meat, grains, vegetables, or other foodstuffs when the purchaser (i) supplies the
161 foodstuffs and they are consumed by the purchaser or his family, (ii) is an organization exempt from taxation
162 under § 501(c)(3) or (c)(4) of the Internal Revenue Code, or (iii) donates the foodstuffs to an organization
163 exempt from taxation under § 501(c)(3) or (c)(4) of the Internal Revenue Code.

164 20. Beginning July 1, 2018, and ending July 1, ~~2025~~ 2030, parts, engines, and supplies used for
165 maintaining, repairing, or reconditioning aircraft or any aircraft's avionics system, engine, or component
166 parts. This exemption shall not apply to tools and other equipment not attached to or that does not become a
167 part of the aircraft. For purposes of this subdivision, "aircraft" shall include both manned and unmanned
168 systems. However, for manned systems, "aircraft" shall include only aircraft with a maximum takeoff weight
169 of at least 2,400 pounds.

170 21. A gun safe with a selling price of \$1,500 or less. For purposes of this subdivision, "gun safe" means a
171 safe or vault that is (i) commercially available, (ii) secured with a digital or dial combination locking
172 mechanism or biometric locking mechanism, and (iii) designed for the storage of a firearm or of ammunition
173 for use in a firearm. "Gun safe" does not include a glass-faced cabinet. Any discount, coupon, or other credit
174 offered by the retailer or a vendor of the retailer to reduce the final price to the customer shall be taken into
175 account in determining the selling price for purposes of this exemption.

176 22. Beginning July 1, 2022, and ending July 1, ~~2025~~ 2028, prescription medicines and drugs purchased by
177 veterinarians and administered or dispensed to patients within a veterinarian-client-patient relationship as
178 defined in § 54.1-3303.