

# 2026 SESSION

INTRODUCED

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INTRODUCED

HB900

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4 **HOUSE BILL NO. 900**  
5 Offered January 14, 2026  
6 Prefiled January 13, 2026  
7 A BILL to amend and reenact §§ 33.2-358, 33.2-371, 33.2-1524, 33.2-1524.1, 33.2-1526.1, 33.2-3401,  
8 33.2-3402, 33.2-3403, 33.2-3502, 46.2-774, 58.1-602, 58.1-603, as it is currently effective and as it may  
9 become effective, 58.1-609.5, 58.1-609.11, 58.1-612, 58.1-623, 58.1-647, and 58.1-648 of the Code of  
10 Virginia; to amend the Code of Virginia by adding in Article 2 of Chapter 19 of Title 33.2 a section  
11 numbered 33.2-1904.1, by adding in Article 11 of Chapter 19 of Title 33.2 a section numbered 33.2-1937,  
12 by adding in Chapter 24 of Title 33.2 a section numbered 33.2-2402, by adding in Chapter 7 of Title 46.2  
13 a section numbered 46.2-775, by adding sections numbered 58.1-603.3 and 58.1-612.3, and by adding in  
14 Chapter 17 of Title 58.1 an article numbered 13, consisting of a section numbered 58.1-1749; and to  
15 amend Chapter 766 of the Acts of Assembly of 2013 by adding a nineteenth enactment, relating to sales  
and use tax on taxable services and digital personal property; taxes levied in certain transportation  
districts; funding for transportation.

16 Patron—Sullivan

17 Committee Referral Pending

18 Be it enacted by the General Assembly of Virginia:

19 1. That § 33.2-358, 33.2-371, 33.2-1524, 33.2-1524.1, 33.2-1526.1, 33.2-3401, 33.2-3402, 33.2-3403,  
20 33.2-3502, 46.2-774, 58.1-602, 58.1-603, as it is currently effective and as it may become effective,  
21 58.1-609.5, 58.1-609.11, 58.1-612, 58.1-623, 58.1-647, and 58.1-648 of the Code of Virginia are amended  
22 and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 19 of Title  
23 33.2 a section numbered 33.2-1904.1, by adding in Article 11 of Chapter 19 of Title 33.2 a section  
24 numbered 33.2-1937, by adding in Chapter 24 of Title 33.2 a section numbered 33.2-2402, by adding in  
25 Chapter 7 of Title 46.2 a section numbered 46.2-775, by adding sections numbered 58.1-603.3 and  
26 58.1-612.3, and by adding in Chapter 17 of Title 58.1 an article numbered 13, consisting of a section  
27 numbered 58.1-1749 as follows:

28 **§ 33.2-358. Allocation of funds to programs.**

29 A. The Board shall allocate each year from all funds made available for highway purposes such amount as  
30 it deems reasonable and necessary for the maintenance of roads within the Interstate System, the primary  
31 state highway system, and the secondary state highway system and for city and town street maintenance  
32 payments made pursuant to § 33.2-319 and payments made to counties that have withdrawn or elect to  
33 withdraw from the secondary state highway system pursuant to § 33.2-366.

34 B. After funds are set aside for administrative and general expenses and pursuant to other provisions in  
35 this title that provide for the disposition of funds prior to allocation for construction programs, and after  
36 allocation is made pursuant to subsection A, the Board shall allocate all remaining funds, including funds  
37 apportioned pursuant to 23 U.S.C. § 104, or any successor programs, as follows:

38 1. *Thirty Twenty-seven and one-half* percent of the remaining funds to state of good repair purposes as set  
39 forth in § 33.2-369;

40 2. *Twenty Eighteen* percent of the remaining funds to the high-priority projects program established  
41 pursuant to § 33.2-370;

42 3. *Twenty Eighteen* percent of the remaining funds to the highway construction district grant programs  
43 established pursuant to § 33.2-371;

44 4. *Twenty Twenty-six and one-half* percent of the remaining funds to the Interstate Operations and  
45 Enhancement Program established pursuant to § 33.2-372; and

46 5. Ten percent of the remaining funds to the Virginia Highway Safety Improvement Program established  
47 pursuant to § 33.2-373.

48 C. The funds allocated in subsection B shall not include the following funds: Congestion Mitigation Air  
49 Quality funds apportioned to the state pursuant to 23 U.S.C. § 104(b)(4), or any successor program, and any  
50 state matching funds; Surface Transportation Block Grant set-aside for Transportation Alternatives pursuant  
51 to 23 U.S.C. § 213, or any successor program, and any state matching funds; Surface Transportation Block  
52 Grant Program funds subject to 23 U.S.C. § 133(d)(1)(A)(i), or any successor program, and any state  
53 matching funds; and funds received pursuant to federal programs established by the federal government after  
54 June 30, 2020, with specific rules that include major restrictions on the types of projects that may be funded,  
55 excluding restrictions on the location of projects with regard to highway functional or administrative  
56 classification or population, provided such funds are under the control of the Board.

57 D. In addition, the Board, from funds appropriated for such purpose in the general appropriation act, shall

59 allocate additional funds to the Cities of Newport News, Norfolk, and Portsmouth and the County of Warren  
60 in such manner and apportion such funds among such localities as the Board may determine, unless otherwise  
61 provided in the general appropriation act. The localities shall use such funds to address highway maintenance  
62 and repair needs created by or associated with port operations in those localities.

63 E. Notwithstanding the provisions of this section, the General Assembly may, through the general  
64 appropriation act, permit the Governor to increase the amounts to be allocated to highway maintenance,  
65 highway construction, either or both.

66 **§ 33.2-371. Highway construction district grant programs.**

67 A. As used in this section:

68 "Land area" means the total land area of the counties within a highway construction district reduced by  
69 the area of any military reservations and state or national parks or forests within its boundaries and such other  
70 similar areas and facilities of five square miles in area or more, as may be determined by the Board.

71 "Population" means the population according to the latest U.S. census or the latest population estimates  
72 made by the Weldon Cooper Center for Public Service of the University of Virginia, whichever is more  
73 recent.

74 B. The Board shall establish a grant program in each highway construction district to fund projects and  
75 strategies that address a need in the Statewide Transportation Plan developed pursuant to § 33.2-353 and for  
76 purposes set forth in subsection D.

77 C. The Board shall solicit candidate projects and strategies from local governments for consideration in  
78 the applicable highway construction district's grant program. Candidate projects and strategies shall be  
79 screened, evaluated, and selected by the Board according to the process established pursuant to subsection B  
80 of § 33.2-214.1 but shall be within a highway construction district and not outside such highway construction  
81 district. Candidate projects and strategies from localities within a highway construction district shall be  
82 scored against projects and strategies within the same highway construction district. Only those candidate  
83 projects and strategies submitted by a locality shall be funded.

84 D. *From funds available for each district where funding is made available pursuant to §§ 46.2-775 and*  
85 *58.1-2299.20, the Board shall award up to 15 percent for transit capital and operating support for transit*  
86 *agencies providing service within such district. No agency that receives funds directly from either the*  
87 *Hampton Roads Transportation Accountability Commission pursuant to Chapter 26 (§ 33.2-2600 et seq.), the*  
88 *Central Virginia Transportation Authority pursuant to Chapter 37 (§ 33.2-3700 et seq.), or a transportation*  
89 *district established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall receive funds pursuant to this*  
90 *subsection.*

91 E. Funds allocated to this program under § 33.2-358 shall be distributed to each highway construction  
92 district for that district's grant program as follows:

93 1. Thirty percent based on the ratio of the population of the cities and towns eligible to receive payments  
94 pursuant to § 33.2-319 within a highway construction district to the total population of the cities and towns  
95 eligible to receive payments pursuant to § 33.2-319 within the Commonwealth;

96 2. Twenty-eight percent based on the ratio of vehicle miles traveled on primary highways within the  
97 highway construction district to the total vehicle miles traveled on primary highways in the Commonwealth;

98 3. Twenty-four percent based on the ratio of the population of counties within a highway construction  
99 district to the total population of all counties within the Commonwealth;

100 4. Ten percent based on the ratio of the number of primary lane-miles in the highway construction district  
101 to the total number of primary lane-miles within the Commonwealth;

102 5. Six percent based on the ratio of the land area of counties within the highway construction district to the  
103 total land area of counties within the Commonwealth; and

104 6. Two percent based on a primary need factor based on addressing the largest under-allocation to  
105 highway construction districts relative to primary needs.

106 E. F. Projects awarded funds under a grant program established by this section may be administered by  
107 the local government pursuant to § 33.2-228 or by the Department.

108 **§ 33.2-1524. Commonwealth Transportation Fund.**

109 A. There is hereby created in the Department of the Treasury a special nonreverting fund to be known as  
110 the Commonwealth Transportation Fund (the Fund). The Fund shall be established on the books of the  
111 Comptroller. Any moneys remaining in the Fund at the end of the year shall not revert to the general fund but  
112 shall remain in the Fund. The Fund shall consist of all funds appropriated to the Fund and all funds dedicated  
113 to the Fund pursuant to law, including:

114 1. Revenues pursuant to §§ 58.1-2289 and 58.1-2701;

115 2. Revenues pursuant to subsections A and G of § 58.1-638 and § 58.1-638.3;

116 3. Tolls and other revenues derived from the projects financed or refinanced pursuant to this title that are  
117 payable into the state treasury and tolls and other revenues derived from other transportation projects, which  
118 may include upon the request of the applicable appointed local governing body, as soon as their obligations  
119 have been satisfied, such tolls and revenue derived for transportation projects pursuant to the Chesapeake Bay  
120 Bridge and Tunnel District and Commission established in Chapter 22 (§ 33.2-2200 et seq.) and to the

121 Richmond Metropolitan Transportation Authority established in Chapter 29 (§ 33.2-2900 et seq.), or if the  
 122 appointed local governing body requests refunding or advanced refunding by the Board and such refunding or  
 123 advanced refunding is approved by the General Assembly. Such funds shall be held in separate subaccounts  
 124 of the Commonwealth Transportation Fund to the extent required by law or the Board;

125 4. Revenues pursuant to § 58.1-2425;

126 5. Revenues pursuant to subdivisions A 1 through 12 of § 46.2-694 and §§ 46.2-694.1, 46.2-697, and  
 127 46.2-697.2, except where provided elsewhere in such sections and excluding revenues deposited into a  
 128 special fund for the Department of Motor Vehicles pursuant to § 46.2-686;

129 6. Revenues pursuant to § 58.1-1741;

130 7. Revenues pursuant to § 58.1-815.4;

131 8. Revenues from § 58.1-2249;

132 9. Such other funds as may be appropriated by the General Assembly from time to time and designated for  
 133 the Commonwealth Transportation Fund;

134 10. All interest, dividends, and appreciation that may accrue to the Transportation Trust Fund established  
 135 pursuant to § 33.2-1524.1 and the Highway Maintenance and Operating Fund established pursuant to  
 136 § 33.2-1530;

137 11. All amounts required by contract to be paid over to the Commonwealth Transportation Fund;

138 12. Concession payments paid to the Commonwealth by a private entity pursuant to the Public-Private  
 139 Transportation Act of 1995 (§ 33.2-1800 et seq.); and

140 13. Revenues pursuant to § 58.1-2531.

141 B. Funds in the Fund shall be distributed as follows:

142 1. Of the funds from subdivisions A 1, 2, 4 through 8, and 13: (i) 54 47 percent to the Highway  
 143 Maintenance and Operating Fund established pursuant to § 33.2-1530 and (ii) 49 53 percent to the  
 144 Transportation Trust Fund established pursuant to § 33.2-1524.1;

145 2. The funds from subdivisions A 3 and 12 shall be deposited into the Transportation Trust Fund  
 146 established pursuant to § 33.2-1524.1;

147 3. Of the funds from subdivision A 10: (i) two-thirds shall be deposited in the Virginia Transportation  
 148 Infrastructure Bank established pursuant to Article 1 (§ 33.2-1500 et seq.) and (ii) one-third shall be  
 149 deposited into the Transportation Partnership Opportunity Fund established pursuant to § 33.2-1529.1.

150 C. From funds available pursuant to subsection B, (i) \$40 million annually shall be deposited into the  
 151 Route 58 Corridor Development Fund pursuant to § 33.2-2300, (ii) \$40 million annually shall be deposited  
 152 into the Northern Virginia Transportation District Fund pursuant to § 33.2-2400, and (iii) \$80 million  
 153 annually shall be deposited into the Special Structure Fund pursuant to § 33.2-1532, though the amount  
 154 deposited shall be adjusted annually based on the greater of (a) the change in the United States Average  
 155 Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor  
 156 Statistics of the U.S. Department of Labor or (b) zero. Such deposits may be made in one or more  
 157 installments.

158 **§ 33.2-1524.1. Transportation Trust Fund.**

159 There is hereby created in the Department of Treasury a special nonreverting fund to be known as the  
 160 Transportation Trust Fund, consisting of funds distributed from the Commonwealth Transportation Fund  
 161 pursuant to § 33.2-1524. The revenues deposited pursuant to subdivision B 1 of § 33.2-1524 shall be  
 162 distributed during the year to result in the following:

163 1. For construction programs pursuant to § 33.2-358, 53 51.2 percent;

164 2. To the Commonwealth Mass Transit Fund established pursuant to § 33.2-1526, 23 26 percent;

165 3. To the Commonwealth Rail Fund established pursuant to § 33.2-1526.4, 7.5 8 percent;

166 4. To the Commonwealth Port Fund established pursuant to § 33.2-1526.5, 2.5 percent;

167 5. To the Commonwealth Aviation Fund established pursuant to § 33.2-1526.6, 1.5 percent;

168 6. To the Commonwealth Space Flight Fund established pursuant to § 33.2-1526.7, one 0.8 percent;

169 7. To the Priority Transportation Fund established pursuant to § 33.2-1527, 10.5 9 percent; and

170 8. To a special fund within the Commonwealth Transportation Fund in the state treasury, one percent to  
 171 be used to meet the necessary expenses of the Department of Motor Vehicles.

172 **§ 33.2-1526.1. Use of the Commonwealth Mass Transit Fund.**

173 A. All funds deposited pursuant to § 33.2-1524.1 into the Commonwealth Mass Transit Fund (the Fund),  
 174 established pursuant to § 33.2-1526, shall be allocated as set forth in this section.

175 B. From funds available pursuant to subsection D, up to \$50 million shall be allocated to the Washington  
 176 Metropolitan Area Transit Authority as matching funds to federal and other funds provided by the Federal  
 177 Transit Administration, the District of Columbia, and the State of Maryland. However, such funds shall only  
 178 be provided if the District of Columbia and the State of Maryland each provide an amount equal to one-third  
 179 of the funding provided by the Federal Transit Administration to the Washington Metropolitan Area Transit  
 180 Authority. The funds provided by the Commonwealth shall not exceed the funds provided by the District of  
 181 Columbia or the State of Maryland.

182 C. The Board may establish policies for the implementation of this section, including the determination of

183 the state share of operating, capital, and administrative costs related to mass transit. For purposes of this  
184 section, capital costs may include debt service payments on local or agency transit bonds. Funds may be paid  
185 to any local governing body, transportation district commission, or public service corporation for the  
186 purposes as set forth in this section. No funds from the Fund shall be allocated without a local match from the  
187 recipient.

188 D. Each year the Director of the Department of Rail and Public Transportation shall make  
189 recommendations to the Board for the allocation of funds from the Fund. Such recommendations, and the  
190 final allocations approved by the Board, shall adhere to the following, except as provided in subsection E:

191 1. ~~Twenty-four and one-half~~ *Twenty-three* percent of the funds shall be allocated to support operating  
192 costs of transit providers and shall be distributed by the Board on the basis of service delivery factors, based  
193 on effectiveness and efficiency as established by the Board. Such measures and their relative weight shall be  
194 evaluated every three years and shall be finalized 6 months prior to the fiscal year of implementation. The  
195 Washington Metropolitan Area Transit Authority (WMATA) and the commuter rail system jointly operated  
196 by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock  
197 Transportation Commission (PRTC), established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall not be  
198 eligible for an allocation of funds pursuant to this subdivision.

199 2. ~~Seventeen~~ *Twelve and one-half* percent of the funds shall be allocated for capital purposes and  
200 distributed utilizing the transit capital prioritization process established by the Board pursuant to  
201 § 33.2-214.4. WMATA and the commuter rail system jointly operated by NVTC and PRTC, established  
202 pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall not be eligible for an allocation of funds pursuant to this  
203 subdivision.

204 3. ~~Three and one-half~~ *Four* percent of funds may be allocated to NVTC for distribution to the commuter  
205 rail system jointly operated by NVTC and PRTC, established pursuant to Chapter 19 (§ 33.2-1900 et seq.),  
206 for operating and capital purposes. ~~The amount of funds distributed pursuant to this subdivision and the~~  
207 ~~selection of systems receiving funds pursuant to this subdivision shall be based on service delivery factors~~  
208 ~~including effectiveness and efficiency as established by the Board. Such measures and their relative weight~~  
209 ~~shall be evaluated every three years and shall be finalized six months prior to the fiscal year of~~  
210 ~~implementation. Any funds remaining after such distribution shall be redistributed to subdivision 2.~~

211 4. ~~Forty-six and one-half~~ *Fifty-five and one-half* percent of the funds shall be allocated to the NVTC for  
212 distribution to WMATA for capital purposes and operating assistance, as determined by the Commission. ~~All~~  
213 ~~allocations pursuant to this subdivision shall not exceed 50 percent of the total operating and capital~~  
214 ~~assistance required to be provided by NVTC or other Virginia entities in the approved WMATA budget. If~~  
215 ~~the default allocation pursuant to this subdivision exceeds an amount equal to 50 percent of the total~~  
216 ~~operating and capital assistance required to be provided by NVTC or other Virginia entities in the approved~~  
217 ~~WMATA budget, the remaining funds shall be redistributed to subdivision 2. No contributions made to~~  
218 ~~WMATA pursuant to § 33.2-3401 by the Commonwealth or NVTC shall be relevant for the purposes of~~  
219 ~~administering this subdivision.~~

220 5. *Six Three* percent of the funds shall be allocated by the Board for the Transit Ridership Incentive  
221 Program established pursuant to § 33.2-1526.3.

222 6. ~~Two and one-half~~ *Two* percent of the funds shall be allocated for special programs, including  
223 ridesharing, transportation demand management programs, experimental transit, public transportation  
224 promotion, operation studies, and technical assistance, and may be allocated to any local governing body,  
225 planning district commission, transportation district commission, or public transit corporation. Remaining  
226 funds may also be used directly by the Department of Rail and Public Transportation to (i) finance a program  
227 administered by the Department of Rail and Public Transportation designed to promote the use of public  
228 transportation and ridesharing throughout the Commonwealth or (ii) finance up to 80 percent of the cost of  
229 development and implementation of projects with a purpose of enhancing the provision and use of public  
230 transportation services.

231 E. The Board may consider the transfer of funds from subdivisions D 2 and 6 to subdivision D 1 in times  
232 of statewide economic distress or statewide special need.

233 F. The Department of Rail and Public Transportation may reserve a balance of up to five percent of the  
234 Fund revenues in order to ensure stability in providing operating and capital funding to transit entities from  
235 year to year, provided that such balance shall not exceed five percent of revenues in a given biennium.

236 G. The Board may allocate up to 3.5 percent of the funds set aside for the Fund to support costs of project  
237 development, project administration, and project compliance incurred by the Department of Rail and Public  
238 Transportation in implementing rail, public transportation, and congestion management grants and programs.

239 H. Funds allocated to the Northern Virginia Transportation Commission (NVTC) for WMATA pursuant  
240 to subdivision D 4 shall be credited to the Counties of Arlington, Fairfax, and Loudoun and the Cities of  
241 Alexandria, Fairfax, and Falls Church. Funds allocated pursuant to this subsection shall be credited as  
242 follows:

243 1. Local obligations for debt service for WMATA rail transit bonds apportioned to each locality using  
244 WMATA's capital formula shall be paid first by NVTC, which shall use 95 percent state aid for these

245 payments.

246 2. The remaining funds shall be apportioned to reflect WMATA's allocation formulas by using the related  
 247 WMATA-allocated subsidies and relative shares of local transit subsidies. Capital costs shall include 20  
 248 percent of annual local bus capital expenses. Local transit subsidies and local capital costs of Loudoun  
 249 County shall not be included. Hold harmless protections and obligations for NVTC's jurisdictions agreed to  
 250 by NVTC on November 5, 1998, shall remain in effect be included.

251 I. Appropriations from the Fund are intended to provide a stable and reliable source of revenue, as defined  
 252 by P.L. 96-184.

253 J. Notwithstanding any other provision of law, funds allocated to WMATA may be disbursed by the  
 254 Department of Rail and Public Transportation directly to WMATA or to any other transportation entity that  
 255 has an agreement to provide funding to WMATA.

256 K. ~~In any year that the total Virginia operating assistance in the approved WMATA budget increases by  
 257 more than three percent from the total operating assistance in the prior year's approved WMATA budget, the  
 258 Board shall withhold an amount equal to 35 percent of the funds available under subdivision D 4. The  
 259 following items shall not be included in the calculation of any WMATA budget increase: (i) any service,  
 260 equipment, or facility that is required by any applicable law, rule, or regulation; (ii) any capital project  
 261 approved by the WMATA Board before or after the effective date of this provision; (iii) any payments or  
 262 obligations of any kind arising from or related to legal disputes or proceedings between or among WMATA  
 263 and any other person or entity; and (iv) any service increases approved by the WMATA Board. The Board  
 264 shall distribute to WMATA all funds required pursuant to subdivision D 4 if:~~

265 1. *The WMATA Board of Directors adopts a policy to establish a methodology for determining the  
 266 measurement of Metrorail and Metrobus annual unit cost growth using mode-specific operating costs and  
 267 vehicle revenue hours. Such policy shall determine a baseline year and associated data from which annual  
 268 unit cost growth will be measured. Baseline operating cost and vehicle revenue data shall be actual and for  
 269 the most recent year and may be preliminary and not yet audited by the Federal Transit Administration's  
 270 National Transit Database;*

271 2. *Beginning no later than the WMATA proposed budget for Fiscal Year 2028, WMATA annually  
 272 publishes the results of the annual unit cost growth calculation as described in the policy adopted pursuant to  
 273 subdivision 1, detailing the year-over-year operating expenses and vehicle revenue hours by mode for rail  
 274 and bus and percentage growth increase from the prior year; and*

275 3. *Beginning in Fiscal Year 2029, the approved WMATA budget's unit cost of rail or bus service does not  
 276 grow more than three percent.*

277 *However, if the approved WMATA budget's unit cost of rail or bus service grows more than three percent  
 278 from the previous year, the Board shall withhold an amount equal to 35 percent of the funds available under  
 279 subdivision D 4 for such year. If the WMATA Board of Directors fails to adopt such a policy pursuant to  
 280 subdivision 1, the Board shall withhold an amount equal to 35 percent of the funds available under  
 281 subdivision D 4 for Fiscal Year 2028 and for every subsequent fiscal year in which such a policy has not  
 282 been adopted.*

283 L. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 4 if (i) any  
 284 alternate directors participate or take action at an official WMATA Board meeting or committee meeting as  
 285 Board directors for a WMATA compact member when both directors appointed by that same WMATA  
 286 compact member are present at the WMATA Board meeting or committee meeting or (ii) the WMATA  
 287 Board of Directors has not adopted bylaws that would prohibit such participation by alternate directors.

288 M. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 4 unless (i)  
 289 WMATA has adopted a detailed capital improvement program covering the current fiscal year and, at a  
 290 minimum, the next five fiscal years, and at least one public hearing on such capital improvement program has  
 291 been held in a locality embraced by the Northern Virginia Transportation Commission (NVTC), and (ii)  
 292 WMATA has adopted or updated a strategic plan within the preceding 36 months five years, and at least one  
 293 public hearing on such plan or updated plan has been held in a locality embraced by NVTC.

294 The strategic plan shall require (a) an assessment of state of good repair needs; (b) a review of the  
 295 performance of fixed-route bus service, including schedules, route design, connectivity, and vehicle sizes; (c)  
 296 an evaluation of opportunities to improve operating efficiency of the transit network, including reliability of  
 297 trips and travel speed; (d) an examination and identification of opportunities to share services where multiple  
 298 transit providers' services overlap; and (e) an examination of opportunities to improve service in underserved  
 299 areas.

300 N. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 4 unless  
 301 WMATA prepares and submits a proposed detailed annual operating budget and any proposed capital  
 302 expenditures and projects for the following fiscal year to the Board by April 1 of each year. The budget shall  
 303 include information on expenditures, indebtedness, pensions and other liabilities, and other information as  
 304 prescribed by the Board. Additionally such funds shall be withheld if the Commonwealth's and Northern  
 305 Virginia Transportation Commission's representatives to the WMATA Board of Directors and the WMATA  
 306 General Manager fail to annually address the Commonwealth Transportation Board regarding the WMATA

307 budget, system performance, and utilization of the Commonwealth's investment in the WMATA system.

308 O. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 3 unless the  
309 commuter rail system jointly operated by Northern Virginia Transportation Commission and the Potomac and  
310 Rappahannock Transportation Commission, established pursuant to Chapter 19 (§ 33.2-1900 et seq.), submits  
311 a detailed annual operating budget and any proposed capital expenditures and projects for the following fiscal  
312 year to the Board by ~~February~~ March 1 of each year. The operating plan and budget shall include information  
313 on expenditures, indebtedness, *service delivery factors including effectiveness and efficiency*, and other  
314 information as prescribed by the Board.

315 **§ 33.2-1904.1. Distribution of revenues from the Northern Virginia Transportation District Regional  
316 Fund.**

317 A. *There is hereby created in the state treasury a special nonreverting fund for the benefit of the localities  
318 within the Northern Virginia Transportation District to be known as the Northern Virginia Transportation  
319 District Regional Fund (the Fund). The Fund shall be established on the books of the Comptroller. All  
320 revenues dedicated to the Fund pursuant to §§ 46.2-775, 58.1-603.3, and 58.1-1749 that are attributable to  
321 revenues generated in any county or city located within the Northern Virginia Transportation District shall  
322 be paid into the state treasury and credited to the Fund as set forth in this section and shall be used for public  
323 transportation purposes.*

324 B. *Two percent of the annual Fund revenues shall be distributed to the Northern Virginia Transportation  
325 Commission for technical assistance, planning, and design to advance transit projects that benefit the  
326 Northern Virginia Transportation District.*

327 C. *Beginning in fiscal year 2028:*

328 1. *A total of \$136 million shall be deposited by the Comptroller into the Washington Metropolitan Area  
329 Transit Authority (WMATA) Capital Fund established pursuant to § 33.2-3401. For each fiscal year after  
330 2028, such amount to be deposited into the WMATA Capital Fund pursuant to this subdivision shall be equal  
331 to 103 percent of the amount deposited in the preceding fiscal year. Any revenue generated in excess of the  
332 amount distributed to the WMATA for capital purposes pursuant to subdivision B 1 of § 33.2-3401 shall be  
333 credited to this amount.*

334 2. *A total of \$9.1 million shall be deposited by the Comptroller into the Commuter Rail Operating and  
335 Capital Fund established pursuant to § 33.2-3500. For each fiscal year after 2028, such amount to be  
336 deposited into the Commuter Rail Operating and Capital Fund pursuant to this subdivision shall be equal to  
337 103 percent of the amount deposited in the preceding fiscal year.*

338 D. *Any revenue generated pursuant to the laws described in subsection A in excess of the amounts  
339 distributed pursuant to subsections B and C shall remain in the Fund and held in trust accounts for each  
340 county and city located within such district for public transportation purposes. The amount in each trust  
341 account shall be determined on a pro rata basis in proportion to the revenues generated and attributable to  
342 such county or city.*

343 **§ 33.2-1937. Other transportation districts with unique needs.**

344 The General Assembly finds that transportation districts that (i) have a population of 800,000 or more, as  
345 shown by the most recent United States census, (ii) have not less than one million motor vehicles registered  
346 therein, and (iii) have a total transit ridership of not less than four million riders per year across all transit  
347 systems within the transportation district and that jointly operate with another transportation district a  
348 commuter rail service have unique transportation needs.

349 **§ 33.2-2402. Potomac and Rappahannock Transportation Commission Regional Fund.**

350 A. *There is hereby created in the state treasury a special nonreverting fund for the benefit of the localities  
351 embraced by the Potomac and Rappahannock Transportation Commission to be known as the Potomac and  
352 Rappahannock Transportation Commission Regional Fund (the Fund). The Fund shall be established on the  
353 books of the Comptroller. All revenues dedicated to the Fund pursuant to §§ 46.2-775 and 58.1-603.3 that  
354 are attributable to revenues generated in any county or city embraced by the Potomac and Rappahannock  
355 Transportation Commission shall be paid into the state treasury and credited to the Fund as set forth in this  
356 section and shall be used for public transportation purposes.*

357 B. *Beginning in fiscal year 2028, \$18.2 million shall be deposited by the Comptroller into the Commuter  
358 Rail Operating and Capital Fund established pursuant to § 33.2-3500. For each fiscal year after 2028, such  
359 amount to be deposited into the Commuter Rail Operating and Capital Fund pursuant to this subsection shall  
360 be equal to 103 percent of the amount deposited in the preceding fiscal year.*

361 C. *Any revenue generated pursuant to the laws described in subsection A in excess of the amounts  
362 distributed pursuant to subsection B shall remain in the Fund and be used for public transportation purposes  
363 in accordance with the Potomac and Rappahannock Transportation Commission's strategic plan for transit  
364 or adopted budget. The amount in each trust account shall be determined on a pro rata basis in proportion to  
365 the revenues generated and attributable to such county or city.*

366 **§ 33.2-3401. Washington Metropolitan Area Transit Authority Capital Fund.**

367 A. *There is hereby created in the state treasury a special nonreverting fund for the benefit of the Northern  
368 Virginia Transportation District to be known as the Washington Metropolitan Area Transit Authority Capital*

369 Fund. The Fund shall be established on the books of the Comptroller. All revenues dedicated to the Fund  
 370 pursuant to §§ 33.2-1904.1, 33.2-2400, 33.2-3404, 58.1-802.3, 58.1-1741, 58.1-1743, and 58.1-2299.20 shall  
 371 be paid into the state treasury and credited to the Fund as set forth in subsection B ~~and shall be used for the~~  
 372 ~~payment of capital purposes incurred, or to be incurred, by WMATA~~. Interest on moneys in the Fund shall  
 373 remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the  
 374 end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The Comptroller shall  
 375 disburse funds to WMATA on a monthly basis if NVTC has provided the certification required by subsection  
 376 B of § 33.2-3402.

377 *B. The amounts dedicated to the Fund shall be deposited monthly by the Comptroller into the Fund and  
 378 thereafter distributed by NVTC as soon as practicable for use by WMATA for capital purposes. The amount  
 379 distributed to WMATA for capital purposes shall not exceed:*

380 1. *For fiscal year 2027, \$154.5 million; and*

381 2. *For fiscal year 2028 and each fiscal year thereafter, the sum of (i) the amount referenced in subdivision  
 382 1 and (ii) \$136 million. Beginning in fiscal year 2029 and annually thereafter, the amount provided pursuant  
 383 to clause (ii) shall be adjusted by increasing the amount provided for the previous fiscal year by three  
 384 percent.*

385 1. ~~Within the Fund, there shall be established~~ NVTC shall establish a separate, segregated account into  
 386 which revenues dedicated to the Fund pursuant to §§ 33.2-2400 and 58.1-1741 shall be deposited (the  
 387 Restricted Account). Revenues deposited into the Restricted Account shall be available for use by WMATA  
 388 for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness  
 389 of WMATA.

390 2. ~~Within the Fund, there shall be established~~ NVTC shall establish a separate, segregated account into  
 391 which revenues dedicated to the Fund pursuant to §§ 33.2-3404, 58.1-802.3, 58.1-1743, 58.1-1749, and  
 392 58.1-2299.20 shall be deposited (the Non-Restricted Account). Revenues deposited into the Non-Restricted  
 393 Account shall be available for use by WMATA for capital purposes, including for the payment of, or security  
 394 for, debt service on bonds or other indebtedness of WMATA, or for any other WMATA capital purposes.

395 C. The amounts deposited into the Fund and the distribution and expenditure of such amounts shall not be  
 396 used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating  
 397 jurisdictions. Further, such revenues and moneys shall not be included in any computation of, or formula for,  
 398 a locality's ability to pay for public education, upon which appropriations of state revenues to local  
 399 governments for public education are determined.

400 *D. However, the \$136 million or adjusted amount thereafter shall not be provided to WMATA unless the  
 401 District of Columbia contributes at least \$173 million in 2027 and the State of Maryland contributes at least  
 402 \$152 million in 2027 to the WMATA, such amounts to be adjusted by three percent increases each year  
 403 thereafter.*

404 **§ 33.2-3402. NVTC oversight.**

405 A. In any year that funds are deposited into the Fund, the NVTC shall ~~request verify the publication of~~  
 406 certain documents and reports from WMATA to confirm the benefits of the WMATA system to persons  
 407 living, traveling, commuting, and working in the localities that the NVTC comprises. Such documents and  
 408 reports shall include:

409 1. WMATA's annual capital budget;

410 2. WMATA's annual independent financial audit;

411 3. WMATA's National Transit Data annual profile; ~~and~~

412 4. Single audit reports issued in accordance with the Uniform Administrative Requirements, Cost  
 413 Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200);

414 5. *In the annual budget or other regular reports to the WMATA Board of Directors, data describing the  
 415 performance and condition of the rail and bus systems including safety, reliability, ridership, cost savings  
 416 initiatives, financial performance, and the use of the funds provided from the Fund to improve the safety and  
 417 condition of the rapid heavy rail mass transportation system; and*

418 6. *By June 30, 2027, and contingent upon enactment of similar reporting requirements by the District of  
 419 Columbia and the State of Maryland, WMATA's reporting commitments under the DMV Moves Plan,  
 420 comprising the most recent 20-year capital plan, to be updated every five years, including analysis of  
 421 potential capital investments that reduce operating costs; funding or financial plans for major projects with  
 422 capital costs greater than \$300 million, adjusted with inflation; and an annual report to the Metropolitan  
 423 Washington Council of Governments on system performance, detailing progress toward DMV Moves goals  
 424 and objectives.*

425 B. NVTC shall be responsible for ~~coordinating the delivery verifying publication, either on the WMATA~~  
 426 ~~website or by other means,~~ of such documents and reports ~~with~~ by WMATA. Funding of the Commonwealth  
 427 to support WMATA pursuant to § 33.2-1526.1 shall be contingent on WMATA ~~providing publishing~~ the  
 428 documents and reports described in subsection A, and NVTC shall provide annual certification to the  
 429 Comptroller that such documents and reports have been ~~received published~~.

430 **§ 33.2-3403. NVTC report.**

431 By December 15 of each year that funds are deposited into the Fund, NVTC shall report to the Governor  
432 and, the General Assembly, and the Commonwealth Transportation Board on the performance and condition  
433 of WMATA. Such report shall contain, at a minimum, documentation of the following:

434 1. The safety and reliability of the rapid heavy rail mass transportation system and bus network An  
435 assessment of the data, trends, and information included in WMATA documents and reports as described in  
436 subsection A of § 33.2-3402; and

437 2. The financial performance of WMATA related to the operations of the rapid heavy rail mass  
438 transportation system, including farebox recovery, service per rider, and cost per service hour;

439 3. The financial performance of WMATA related to the operations of the bus mass transportation system,  
440 including farebox recovery, service per rider, and cost per service hour;

441 4. Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA  
442 operations;

443 5. Use of the funds provided from the Fund to improve the safety and condition of the rapid heavy rail  
444 mass transportation system; and

445 6. Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.

446 **§ 33.2-3502. Authority to issue bonds.**

447 The transportation districts described in subsection B of § 33.2-3500 may issue bonds and other evidences  
448 of debt as may be authorized by this section or other law. The provisions of Article 5 (§ 33.2-1920 et seq.) of  
449 Chapter 19 shall apply, mutatis mutandis, to the issuance of such bonds or other debt. The Authority may  
450 issue bonds or other debt in such amounts as it deems appropriate. The bonds may be supported by any funds  
451 available in the Fund, provided that the total amount of debt service for all outstanding bonds may not exceed  
452 66 percent of the revenues dedicated to the Fund pursuant to § 58.1-2299.20.

453 **§ 46.2-774. (For contingent expiration, see Acts 2020, cc. 1230 and 1275) Distribution of revenues.**

454 All revenues collected pursuant to this chapter, except those collected pursuant to § 46.2-775, shall be  
455 used first to pay for the direct cost of administration of this chapter by the Department, and then shall be  
456 deposited into the Commonwealth Transportation Fund established pursuant to § 33.2-1524.

457 **§ 46.2-775. Regional Highway Use Fee.**

458 A. There is hereby imposed an additional annual regional highway use fee on any motor vehicle  
459 registered in the Commonwealth under § 46.2-694 or 46.2-697 that is an alternative fuel vehicle and electric  
460 motor vehicle or a fuel-efficient vehicle. Such regional highway use fee shall be 29.34 percent of the amount  
461 of the highway use fee assessed pursuant to § 46.2-772 for such vehicle. The fee shall be collected by the  
462 Department in the same manner as the highway use fee pursuant to § 46.2-772, mutatis mutandis.

463 B. There is hereby established a regional mileage-based user fee program. The program shall be a  
464 voluntary program that allows owners of vehicles subject to the regional highway use fee pursuant to  
465 subsection A to pay a mileage-based fee in lieu of the regional highway use fee. Such program shall be  
466 administered in the same manner as the mileage-based user fee program created pursuant to § 46.2-773,  
467 mutatis mutandis.

468 C. All revenues collected pursuant to this section shall be used first to pay for the direct cost of the  
469 administration of this section by the Department, and then shall be deposited in the following manner:

470 1. For any vehicle that is principally garaged in any county or city that is a member of the Northern  
471 Virginia Transportation Commission, such funds shall be deposited into the Northern Virginia  
472 Transportation District Regional Fund created pursuant to § 33.2-1904.1.

473 2. For any vehicle that is principally garaged in any county or city that is a member of the Potomac and  
474 Rappahannock Transportation Commission, such funds shall be deposited into the Potomac and  
475 Rappahannock Transportation Commission Regional Fund created pursuant to § 33.2-2402.

476 3. For any vehicle that is principally garaged in any county or city that is subject to § 58.1-2299.20, but  
477 that is not subject to subdivisions 1 or 2, such funds shall be distributed in the same manner as in  
478 § 58.1-2299.20, mutatis mutandis.

479 4. For any vehicle that is not subject to subdivisions 1, 2, or 3, such funds shall be deposited into the  
480 Commonwealth Transportation Fund established pursuant to § 33.2-1524.

481 **§ 58.1-602. Definitions.**

482 As used in this chapter, unless the context clearly shows otherwise:

483 "Accommodations" means any room or rooms, lodgings, or accommodations in any hotel, motel, inn,  
484 tourist camp, tourist cabin, camping grounds, club, short-term rental, or any other place in which rooms,  
485 lodging, space, or accommodations are regularly furnished to transients for a consideration.  
486 "Accommodations" does not include rooms or space offered by a person in the business of providing  
487 conference rooms, meeting space, or event space if the person does not also offer rooms available for  
488 overnight sleeping.

489 "Accommodations fee" means the room charge less the discount room charge, if any, provided that the  
490 accommodations fee shall not be less than \$0.

491 "Accommodations intermediary" means any person other than an accommodations provider that (i)  
492 facilitates the sale of an accommodation and (ii) either (a) charges a room charge to the customer, and

493 charges an accommodations fee to the customer, which fee it retains as compensation for facilitating the sale;  
494 (b) collects a room charge from the customer; or (c) charges a fee, other than an accommodations fee, to the  
495 customer, which fee it retains as compensation for facilitating the sale. For purposes of this definition,  
496 "facilitates the sale" includes brokering, coordinating, or in any other way arranging for the purchase of the  
497 right to use accommodations via a transaction directly, including via one or more payment processors,  
498 between a customer and an accommodations provider.

499 "Accommodations intermediary" does not include a person:

500 1. If the accommodations are provided by an accommodations provider operating under a trademark, trade  
501 name, or service mark belonging to such person;

502 2. Who facilitates the sale of an accommodation if (i) the price paid by the customer to such person is  
503 equal to the price paid by such person to the accommodations provider for the use of the accommodations  
504 and (ii) the only compensation received by such person for facilitating the sale of the accommodation is a  
505 commission paid from the accommodations provider to such person; or

506 3. Who is licensed as a real estate licensee pursuant to Article 1 (§ 54.1-2100 et seq.) of Chapter 21 of  
507 Title 54.1, when acting within the scope of such license.

508 "Accommodations provider" means any person that furnishes accommodations to the general public for  
509 compensation. The term "furnishes" includes the sale of use or possession or the sale of the right to use or  
510 possess.

511 "Advertising" means the planning, creating, or placing of advertising in newspapers, magazines,  
512 billboards, broadcasting and other media, including, without limitation, the providing of concept, writing,  
513 graphic design, mechanical art, photography and production supervision. Any person providing advertising as  
514 defined in this section shall be deemed to be the user or consumer of all tangible personal property purchased  
515 for use in such advertising.

516 "Affiliate" means the same as such term is defined in § 58.1-439.18.

517 "Amplification, transmission, distribution, and network equipment" means production, distribution, and  
518 other equipment used to provide Internet-access services, such as computer and communications equipment  
519 and software used for storing, processing, and retrieving end-user subscribers' requests. A "network" includes  
520 modems, fiber optic cables, coaxial cables, radio equipment, routing equipment, switching equipment, a cable  
521 modem termination system, associated software, transmitters, power equipment, storage devices, servers,  
522 multiplexers, and antennas, which network is used to provide Internet service, regardless of whether the  
523 provider of such service is also a telephone common carrier or whether such network is also used to provide  
524 services other than Internet services.

525 "Business" includes any activity engaged in by any person, or caused to be engaged in by him, with the  
526 object of gain, benefit or advantage, either directly or indirectly.

527 "Cost price" means the actual cost of an item or article of tangible personal property computed in the same  
528 manner as the sales price as defined in this section without any deductions therefrom on account of the cost of  
529 materials used, labor, or service costs, transportation charges, or any expenses whatsoever.

530 "Custom program" means a computer program that is specifically designed and developed only for one  
531 customer. The combining of two or more prewritten programs does not constitute a custom computer  
532 program. A prewritten program that is modified to any degree remains a prewritten program and does not  
533 become custom.

534 "Digital code" means a code that permits an end user to obtain at a later date a digital subscription  
535 service, digital personal property, or both.

536 "Digital personal property" means property delivered electronically to an end user, including software,  
537 digital audio and audiovisual products, reading materials, and other data or applications, that the end user  
538 owns or has the ability to continually access, whether by downloading, streaming, or otherwise accessing the  
539 content, without having to pay an additional subscription or usage fee to the seller after paying the initial  
540 purchase price.

541 "Digital services" means the following services:

- 542 1. Software application;
- 543 2. Computer-related;
- 544 3. Website hosting and design;
- 545 4. Data storage; and
- 546 5. Digital subscription.

547 "Digital subscription service" means a service, including audio and visual streaming services, that for a  
548 fee allows the end user to access and use software, reading materials, or other digital data or applications  
549 for a defined period of time, and which products the end user does not own or have permanent access to  
550 outside of such period of time.

551 "Discount room charge" means the full amount charged by the accommodations provider to the  
552 accommodations intermediary, or an affiliate thereof, for furnishing the accommodations.

553 "Distribution" means the transfer or delivery of a taxable service or tangible personal property for use,  
554 consumption, or storage by the distributee, and the use, consumption, or storage of a taxable service or

555 tangible personal property by a person that has processed, manufactured, refined, or converted such *taxable*  
556 *service or tangible personal* property, but does not include the transfer or delivery of tangible personal  
557 property for resale or any use, consumption, or storage otherwise exempt under this chapter.

558 "End user" means any purchaser of a taxable service acquired or transferred electronically or tangible  
559 personal property for such purchaser's personal consumption or use, and not for the acquisition or transfer  
560 for resale or for use as a component part of or for the integration into a product transferred electronically.

561 "End user" does not include a person who receives by contract a product transferred electronically,  
562 including digital personal property or a digital subscription service, for further commercial broadcast,  
563 rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution, or exhibition of  
564 the product, in whole or in part, to another person.

565 "Gross proceeds" means the charges made or voluntary contributions received for the lease or rental of  
566 tangible personal property or for furnishing *taxable* services, computed with the same deductions, where  
567 applicable, as for sales price as defined in this section over the term of the lease, rental, service, or use, but  
568 not less frequently than monthly. "Gross proceeds" does not include finance charges, carrying charges,  
569 service charges, or interest from credit extended on the lease or rental of tangible personal property under  
570 conditional lease or rental contracts or other conditional contracts providing for the deferred payments of the  
571 lease or rental price.

572 "Gross sales" means the sum total of all retail sales of tangible personal property or *taxable* services as  
573 defined in this chapter, without any deduction, except as provided in this chapter. "Gross sales" does not  
574 include the federal retailers' excise tax or the federal diesel fuel excise tax imposed in § 4091 of the Internal  
575 Revenue Code if the excise tax is billed to the purchaser separately from the selling price of the article, or the  
576 Virginia retail sales or use tax, or any sales or use tax imposed by any county or city under § 58.1-605 or  
577 58.1-606.

578 "Import" and "imported" are words applicable to *taxable services or* tangible personal property imported  
579 into the Commonwealth from other states as well as from foreign countries, and "export" and "exported" are  
580 words applicable to *taxable services or* tangible personal property exported from the Commonwealth to other  
581 states as well as to foreign countries.

582 "In this Commonwealth" or "in the Commonwealth" means within the limits of the Commonwealth of  
583 Virginia and includes all territory within these limits owned by or ceded to the United States of America.

584 "Integrated process," when used in relation to semiconductor manufacturing, means a process that begins  
585 with the research or development of semiconductor products, equipment, or processes, includes the handling  
586 and storage of raw materials at a plant site, and continues to the point that the product is packaged for final  
587 sale and either shipped or conveyed to a warehouse. Without limiting the foregoing, any semiconductor  
588 equipment, fuel, power, energy, supplies, or other tangible personal property shall be deemed used as part of  
589 the integrated process if its use contributes, before, during, or after production, to higher product quality,  
590 production yields, or process efficiencies. Except as otherwise provided by law, "integrated process" does not  
591 mean general maintenance or administration.

592 "Internet" means, collectively, the myriad of computer and telecommunications facilities, which comprise  
593 the interconnected worldwide network of computer networks that employ the Transmission Control  
594 Protocol/Internet Protocol, or any predecessor or successor to such protocol, to communicate information of  
595 all kinds by wire or radio.

596 "Internet service" means a service that enables users to access content, information, and other services  
597 offered over the Internet.

598 "Lease or rental" means the leasing or renting of tangible personal property and the possession or use  
599 thereof by the lessee or renter for a consideration, without transfer of the title to such property.

600 "Manufacturing, processing, refining, or conversion" includes the production line of the plant starting with  
601 the handling and storage of raw materials at the plant site and continuing through the last step of production  
602 where the product is finished or completed for sale and conveyed to a warehouse at the production site, and  
603 also includes equipment and supplies used for production line testing and quality control. "Manufacturing"  
604 also includes the necessary ancillary activities of newspaper and magazine printing when such activities are  
605 performed by the publisher of any newspaper or magazine for sale daily or regularly at average intervals not  
606 exceeding three months.

607 The determination of whether any manufacturing, mining, processing, refining or conversion activity is  
608 industrial in nature shall be made without regard to plant size, existence or size of finished product inventory,  
609 degree of mechanization, amount of capital investment, number of employees or other factors relating  
610 principally to the size of the business. Further, "industrial in nature" includes, but is not limited to, those  
611 businesses classified in codes 10 through 14 and 20 through 39 published in the Standard Industrial  
612 Classification Manual for 1972 and any supplements issued thereafter.

613 "Modular building" means, but is not limited to, single and multifamily houses, apartment units,  
614 commercial buildings, and permanent additions thereof, comprised of one or more sections that are intended  
615 to become real property, primarily constructed at a location other than the permanent site, built to comply  
616 with the Virginia Industrialized Building Safety Law (§ 36-70 et seq.) as regulated by the Virginia

617 Department of Housing and Community Development, and shipped with most permanent components in  
 618 place to the site of final assembly. For purposes of this chapter, "modular building" does not include a mobile  
 619 office as defined in § 58.1-2401 or any manufactured building subject to and certified under the provisions of  
 620 the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. § 5401 et  
 621 seq.).

622 "Modular building manufacturer" means a person that owns or operates a manufacturing facility and is  
 623 engaged in the fabrication, construction and assembling of building supplies and materials into modular  
 624 buildings, as defined in this section, at a location other than at the site where the modular building will be  
 625 assembled on the permanent foundation and may or may not be engaged in the process of affixing the  
 626 modules to the foundation at the permanent site.

627 "Modular building retailer" means any person that purchases or acquires a modular building from a  
 628 modular building manufacturer, or from another person, for subsequent sale to a customer residing within or  
 629 outside of the Commonwealth, with or without installation of the modular building to the foundation at the  
 630 permanent site.

631 "Motor vehicle" means a "motor vehicle" as defined in § 58.1-2401, taxable under the provisions of the  
 632 Virginia Motor Vehicles Sales and Use Tax Act (§ 58.1-2400 et seq.) and upon the sale of which all  
 633 applicable motor vehicle sales and use taxes have been paid.

634 "Occasional sale" means a sale of *a taxable service or* tangible personal property not *provided*, held, or  
 635 used by a seller in the course of an activity for which it is required to hold a certificate of registration,  
 636 including the sale or exchange of all or substantially all the assets of any business and the reorganization or  
 637 liquidation of any business, provided that such sale or exchange is not one of a series of sales and exchanges  
 638 sufficient in number, scope and character to constitute an activity requiring the holding of a certificate of  
 639 registration.

640 "Open video system" means an open video system authorized pursuant to 47 U.S.C. § 573 and, for  
 641 purposes of this chapter only, also includes Internet service regardless of whether the provider of such service  
 642 is also a telephone common carrier.

643 "Person" includes any individual, firm, copartnership, cooperative, nonprofit membership corporation,  
 644 joint venture, association, corporation, estate, trust, business trust, trustee in bankruptcy, receiver, auctioneer,  
 645 syndicate, assignee, club, society, or other group or combination acting as a unit, body politic or political  
 646 subdivision, whether public or private, or quasi-public, and the plural of "person" means the same as the  
 647 singular.

648 "Prewritten program" means a computer program that is prepared, held or existing for general or repeated  
 649 sale or lease, including a computer program developed for in-house use and subsequently sold or leased to  
 650 unrelated third parties.

651 "Qualifying locality" means Charlotte County, Gloucester County, Halifax County, Henry County,  
 652 Mecklenburg County, Northampton County, Patrick County, Pittsylvania County, or the City of Danville.

653 "Railroad rolling stock" means locomotives, of whatever motive power, autocars, railroad cars of every  
 654 kind and description, and all other equipment determined by the Tax Commissioner to constitute railroad  
 655 rolling stock.

656 "Remote seller" means any dealer deemed to have sufficient activity within the Commonwealth to require  
 657 registration under § 58.1-613 under the criteria specified in subdivision C 10 or 11 of § 58.1-612 or any  
 658 software provider acting on behalf of such dealer.

659 "Retail sale" or a "sale at retail" means a sale to any person for any purpose other than for resale in the  
 660 form of *a taxable service or* tangible personal property ~~or services taxable under this chapter, and shall~~  
 661 ~~include~~ *includes* any such transaction as the Tax Commissioner upon investigation finds to be in lieu of a  
 662 sale. All sales for resale must be made in strict compliance with regulations applicable to this chapter. Any  
 663 dealer making a sale for resale ~~which~~ *that* is not in strict compliance with such regulations shall be personally  
 664 liable for payment of the tax.

665 The terms "retail sale" and a "sale at retail" specifically include the following: (i) the sale or charges for  
 666 any accommodations furnished to transients for less than 90 continuous days; (ii) sales of tangible personal  
 667 property to persons for resale when because of the operation of the business, or its very nature, or the lack of  
 668 a place of business in which to display a certificate of registration, or the lack of a place of business in which  
 669 to keep records, or the lack of adequate records, or because such persons are minors or transients, or because  
 670 such persons are engaged in essentially service businesses, or for any other reason there is likelihood that the  
 671 Commonwealth will lose tax funds due to the difficulty of policing such business operations; (iii) the  
 672 separately stated charge made for automotive refinishing repair materials that are permanently applied to or  
 673 affixed to a motor vehicle during its repair; and (iv) the separately stated charge for equipment available for  
 674 lease or purchase by a provider of satellite television programming to the customer of such programming.  
 675 Equipment sold to a provider of satellite television programming for subsequent lease or purchase by the  
 676 customer of such programming shall be deemed a sale for resale. The Tax Commissioner is authorized to  
 677 promulgate regulations requiring vendors of or sellers to such persons to collect the tax imposed by this  
 678 chapter on the cost price of such tangible personal property to such persons and may refuse to issue

679 certificates of registration to such persons. The terms "retail sale" and a "sale at retail" also specifically  
680 include the separately stated charge made for supplies used during automotive repairs whether or not there is  
681 transfer of title or possession of the supplies and whether or not the supplies are attached to the automobile.  
682 The purchase of such supplies by an automotive repairer for sale to the customer of such repair services shall  
683 be deemed a sale for resale.

684 The term "transient" does not include a purchaser of camping memberships, time-shares, condominiums,  
685 or other similar contracts or interests that permit the use of, or constitute an interest in, real estate, however  
686 created or sold and whether registered with the Commonwealth or not. Further, a purchaser of a right or  
687 license which entitles the purchaser to use the amenities and facilities of a specific real estate project on an  
688 ongoing basis throughout its term shall not be deemed a transient, provided, however, that the term or time  
689 period involved is for seven years or more.

690 The terms "retail sale" and "sale at retail" do not include a transfer of title to tangible personal property  
691 after its use as tools, tooling, machinery or equipment, including dies, molds, and patterns, if (i) at the time of  
692 purchase, the purchaser is obligated, under the terms of a written contract, to make the transfer and (ii) the  
693 transfer is made for the same or a greater consideration to the person for whom the purchaser manufactures  
694 goods.

695 "Retailer" means every person engaged in the business of making sales at retail, or for distribution, use,  
696 consumption, or storage to be used or consumed in the Commonwealth.

697 "Room charge" means the full retail price charged to the customer for the use of the accommodations  
698 before taxes. "Room charge" includes any fee charged to the customer and retained as compensation for  
699 facilitating the sale, whether described as an accommodations fee, facilitation fee, or any other name. The  
700 room charge shall be determined in accordance with 23VAC10-210-730 and the related rulings of the  
701 Department on the same.

702 "Sale" means any transfer of title or possession, or both, exchange, barter, lease or rental, conditional or  
703 otherwise, in any manner or by any means whatsoever, of tangible personal property and any rendition of a  
704 taxable service for a consideration, and includes the fabrication of tangible personal property for consumers  
705 who furnish, either directly or indirectly, the materials used in fabrication, and the furnishing, preparing, or  
706 serving for a consideration of any tangible personal property consumed on the premises of the person  
707 furnishing, preparing, or serving such tangible personal property. A transaction whereby the possession of  
708 property is transferred but the seller retains title as security for the payment of the price shall be deemed a  
709 sale.

710 "Sales price" means the total amount for which *taxable services or* tangible personal property ~~or services~~  
711 ~~are~~ is sold, including any *taxable* services that are a part of the sale, valued in money, whether paid in money  
712 or otherwise, and includes any amount for which credit is given to the purchaser, consumer, or lessee by the  
713 dealer, without any deduction therefrom on account of the cost of the property sold, the cost of materials  
714 used, labor or service costs, losses or any other expenses whatsoever. "Sales price" does not include (i) any  
715 cash discount allowed and taken; (ii) finance charges, carrying charges, service charges or interest from credit  
716 extended on sales of tangible personal property under conditional sale contracts or other conditional contracts  
717 providing for deferred payments of the purchase price; (iii) separately stated local property taxes collected;  
718 (iv) that portion of the amount paid by the purchaser as a discretionary gratuity added to the price of a meal;  
719 or (v) that portion of the amount paid by the purchaser as a mandatory gratuity or service charge added by a  
720 restaurant to the price of a meal, but only to the extent that such mandatory gratuity or service charge does  
721 not exceed 20 percent of the price of the meal. Where used articles are taken in trade, or in a series of trades  
722 as a credit or part payment on the sale of new or used articles, the tax levied by this chapter shall be paid on  
723 the net difference between the sales price of the new or used articles and the credit for the used articles.

724 "Semiconductor cleanrooms" means the integrated systems, fixtures, piping, partitions, flooring, lighting,  
725 equipment, and all other property used to reduce contamination or to control airflow, temperature, humidity,  
726 vibration, or other environmental conditions required for the integrated process of semiconductor  
727 manufacturing.

728 "Semiconductor equipment" means (i) machinery or tools or repair parts or replacements thereof; (ii) the  
729 related accessories, components, pedestals, bases, or foundations used in connection with the operation of the  
730 equipment, without regard to the proximity to the equipment, the method of attachment, or whether the  
731 equipment or accessories are affixed to the realty; (iii) semiconductor wafers and other property or supplies  
732 used to install, test, calibrate or recalibrate, characterize, condition, measure, or maintain the equipment and  
733 settings thereof; and (iv) equipment and supplies used for quality control testing of product, materials,  
734 equipment, or processes; or the measurement of equipment performance or production parameters regardless  
735 of where or when the quality control, testing, or measuring activity takes place, how the activity affects the  
736 operation of equipment, or whether the equipment and supplies come into contact with the product.

737 "Short-term rental" means the same as such term is defined in § 15.2-983.

738 "Storage" means any keeping or retention of tangible personal property for use, consumption or  
739 distribution in the Commonwealth, or for any purpose other than sale at retail in the regular course of  
740 business.

741        "*Streaming*" means a method of transmitting or receiving video and audio data over a computer network  
 742        as a steady, continuous flow, allowing playback to proceed while subsequent data is being received.

743        "*Tangible personal property*" means personal property that may be seen, weighed, measured, felt, or  
 744        touched, or is in any other manner perceptible to the senses. "*Tangible personal property*" does not include  
 745        stocks, bonds, notes, insurance or other obligations or securities. "*Tangible personal property*" includes (i)  
 746        telephone calling cards upon their initial sale, which shall be exempt from all other state and local utility  
 747        taxes, and (ii) manufactured signs, and (iii) *digital personal property*.

748        "*Taxable service*" means any of the following services used or consumed in the Commonwealth:

749        1. Admissions charged for attendance at any event or place of amusement or entertainment;

750        2. Charges to use any recreation, fitness, or sports facilities, including membership fees and dues;

751        3. Nonmedical personal services or counseling, including (i) hair care, nail care, skin care, cosmetology,  
 752        beauty, tanning, exercise, nutrition, weight control, sensory stimulation, or relaxation services or counseling  
 753        and (ii) piercing, tattooing, exfoliation, implants, and other cosmetic body modifications. Nonmedical  
 754        personal services or counseling does not include surgical procedures or separately billed services that are  
 755        required to be performed by or under the direction of a person licensed or certified by a board within the  
 756        Department of Health Professions, pursuant to Subtitle III (§ 54.1-2400 et seq.) of Title 54.1;

757        4. Dry cleaning and laundry services, and garment and shoe repairs and alterations;

758        5. Companion animal care, including grooming, boarding, walking, training, and feeding. Companion  
 759        animal care does not include veterinary medical procedures or separately billed services that are required to  
 760        be performed by or under the direction of a person licensed or certified by the Board of Veterinary Medicine  
 761        pursuant to Chapter 38 (§ 54.1-3800 et seq.) of Title 54.1;

762        6. Residential home repair or maintenance, including carpentry, painting, plumbing, electrical, and  
 763        HVAC, when the work performed does not require a state or local permit and is paid for directly by a  
 764        resident or homeowner;

765        7. Residential landscaping services, including landscaping design and maintenance, lawn services, or tree  
 766        removal, when paid for directly by a resident or homeowner;

767        8. Residential cleaning services, including housekeeping, rug cleaning, upholstery cleaning and dyeing,  
 768        window cleaning, power washing, and servicing of swimming pools, when paid for directly by a resident or  
 769        homeowner;

770        9. Vehicle and engine repair, maintenance, cleaning, painting, and remodeling;

771        10. Repairs or alterations to tangible personal property or the functioning thereof, including appliances,  
 772        electronics, computers, jewelry, watches, musical instruments, and art;

773        11. Delivery or shipping services, including wrapping and packing;

774        12. Storage of tangible personal property, including climate-controlled storage and self-storage;

775        13. Travel, event, and aesthetic planning services that are separately billed from the sale of product,  
 776        including travel agents, event planning, catering, and interior design services; and

777        14. Digital subscription services, including a digital code used to obtain a digital subscription service.

778        "*Taxable service*" includes any transaction for digital services where the purchaser or consumer of the  
 779        service is a business but does not include any service otherwise exempt under this chapter.

780        "*Transferred electronically*" means obtained by the purchaser by means other than tangible storage  
 781        media.

782        "*Use*" means the exercise of any right or power over tangible personal property incident to the ownership  
 783        thereof, except that it does not include the sale at retail of that property in the regular course of business.  
 784        "*Use*" does not include the exercise of any right or power, including use, distribution, or storage, over any  
 785        tangible personal property sold to a nonresident donor for delivery outside of the Commonwealth to a  
 786        nonresident recipient pursuant to an order placed by the donor from outside the Commonwealth via mail or  
 787        telephone. "*Use*" does not include any sale determined to be a gift transaction, subject to tax under  
 788        § 58.1-604.6.

789        "*Use tax*" refers to the tax imposed upon the use, consumption, distribution, and storage as defined in this  
 790        section.

791        "*Used directly*," when used in relation to manufacturing, processing, refining, or conversion, refers to  
 792        those activities that are an integral part of the production of a product, including all steps of an integrated  
 793        manufacturing or mining process, but not including ancillary activities such as general maintenance or  
 794        administration. When used in relation to mining, "*used directly*" refers to the activities specified in this  
 795        definition and, in addition, any reclamation activity of the land previously mined by the mining company  
 796        required by state or federal law.

797        "*Video programmer*" means a person that provides video programming to end-user subscribers.

798        "*Video programming*" means video and/or information programming provided by or generally considered  
 799        comparable to programming provided by a cable operator, including, but not limited to, Internet service.

800        **§ 58.1-603. (Contingent expiration date) Imposition of sales tax.**

801        There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by  
 802        law, a license or privilege tax upon every person who engages in the business of selling at retail or,

803 distributing, *leasing, renting, or furnishing taxable services or* tangible personal property in this  
804 Commonwealth; ~~or who rents or furnishes any of the things or services taxable under this chapter, or who~~  
805 stores for use or consumption in this Commonwealth any item or article of tangible personal property as  
806 defined in this chapter, ~~or who leases or rents such property within this Commonwealth,~~ in the amount of ~~4.3~~  
807 ~~four percent:~~

808 1. Of the gross sales price of each *taxable service or* item or article of tangible personal property when  
809 sold at retail ~~or, distributed, or furnished~~ in this Commonwealth.

810 2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or  
811 rental of such property is an established business, or part of an established business, or the same is incidental  
812 or germane to such business.

813 3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for  
814 use or consumption in this Commonwealth.

815 4. ~~(Effective until September 1, 2021) Of the gross proceeds derived from the sale or charges for rooms,~~  
816 ~~lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.~~

817 4. ~~(Effective September 1, 2021) Of the gross proceeds derived from the sale or charges for~~  
818 ~~accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.~~

819 5. ~~Of the gross sales of any services that are expressly stated as taxable within this chapter.~~

820 **§ 58.1-603. (Contingent effective date) Imposition of sales tax.**

821 There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by  
822 law, a license or privilege tax upon every person who engages in the business of selling at retail ~~or,~~  
823 distributing, *leasing, renting, or furnishing taxable services or* tangible personal property in this  
824 Commonwealth; ~~or who rents or furnishes any of the things or services taxable under this chapter, or who~~  
825 stores for use or consumption in this Commonwealth any item or article of tangible personal property as  
826 defined in this chapter, ~~or who leases or rents such property within this Commonwealth,~~ in the amount of  
827 three and one-half percent through midnight on July 31, 2004, and four percent beginning on and after  
828 August 1, 2004:

829 1. Of the gross sales price of each *taxable service or* item or article of tangible personal property when  
830 sold at retail ~~or, distributed, or furnished~~ in this Commonwealth.

831 2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or  
832 rental of such property is an established business, or part of an established business, or the same is incidental  
833 or germane to such business.

834 3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for  
835 use or consumption in this Commonwealth.

836 4. ~~(Effective until September 1, 2021) Of the gross proceeds derived from the sale or charges for rooms,~~  
837 ~~lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.~~

838 4. ~~(Effective September 1, 2021) Of the gross proceeds derived from the sale or charges for~~  
839 ~~accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.~~

840 5. ~~Of the gross sales of any services which are expressly stated as taxable within this chapter.~~

841 **§ 58.1-603.3. Additional state sales and use tax in transportation districts with unique needs.**

842 A. *In addition to the sales tax imposed pursuant to §§ 58.1-603, 58.1-603.1, and 58.1-603.2, there is*  
843 *hereby levied and imposed in any county or city:*

844 1. *That is a member of the Northern Virginia Transportation Commission, a retail sales tax at the rate of*  
845 *0.385 percent*

846 2. *That is embraced by the Northern Virginia Transportation Authority pursuant to § 33.2-2501 and not*  
847 *described in subdivision 1, a retail sales tax at the rate of 0.615 percent; and*

848 3. *That is a member of the Potomac and Rappahannock Transportation Commission, a retail sales tax at*  
849 *the rate of 0.2 percent.*

850 B. *The tax imposed pursuant to this section shall not be levied upon food purchased for human*  
851 *consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax*  
852 *shall be added to the rate of the state sales tax imposed pursuant to §§ 58.1-603, 58.1-603.1, and 58.1-603.2*  
853 *in each such county and city and shall be subject to all the provisions of this chapter and the rules and*  
854 *regulations published with respect thereto. No discount under § 58.1-622 shall be allowed for the tax*  
855 *imposed under this section. Such tax shall be administered and collected by the Tax Commissioner in the*  
856 *same manner and subject to the same penalties as provided for the state sales tax under § 58.1-603.*

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

859 1. *The revenue generated pursuant to subdivision A 1 shall be deposited into the Northern Virginia*  
860 *Transportation District Regional Fund created pursuant to § 33.2-1904.1;*

861 2. *The revenue generated and collected pursuant to subdivision A 2 shall be used for public*  
862 *transportation purposes by the locality in which such revenue was generated; and*

863 3. *The revenue generated and collected pursuant to subdivision A 3 shall be deposited into the Potomac*  
864 *and Rappahannock Transportation Commission Regional Fund created pursuant to § 33.2-2402.*

**§ 58.1-609.5. Taxable services exemptions.**

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

1. Professional, insurance, or personal service transactions which involve sales as inconsequential elements for which no separate charges are made; services rendered by repairmen for which a separate charge is made; and services not involving an exchange of tangible personal property which provide access to or use of the Internet and any other related electronic communication service, including software, data, content and other information services delivered electronically via the Internet. Professional services, including education or training, legal, financial, accounting and tax preparation, real estate, engineering, architectural, or insurance services.

2. An amount separately charged for labor or services rendered in installing, applying, remodeling, or repairing property sold or rented. Services performed by a person who does not receive more than \$2,500 per year in gross receipts for performance of such services.

3. Services that provide internet access service as that term is defined in § 58.1-647.

4. Transportation charges separately stated.

4. Separately stated charges for alterations to apparel, clothing and garments.

5. Charges for gift wrapping services performed by a nonprofit organization.

6. An amount separately charged for labor or services rendered in connection with the modification of prewritten programs as defined in § 58.1-602.

7. Custom programs as defined in § 58.1-602.

8. An amount separately charged for labor rendered in connection with diagnostic work for automotive repair and emergency roadside service for motor vehicles, as defined by § 46.2-100, regardless of whether there is a sale of a repair or replacement part or a shop supply charge.

9. 6. The sale or charges for any room or rooms, lodgings, or accommodations furnished to transients for more than 90 continuous days by any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space or accommodations are regularly furnished to transients for a consideration.

10. Beginning January 1, 1996, maintenance contracts, the terms of which provide for both repair or replacement parts and repair labor, shall be subject to tax upon one-half of the total charge for such contracts only. Persons providing maintenance pursuant to such a contract may purchase repair or replacement parts under a resale certificate of exemption. Warranty plans issued by an insurance company, which constitute insurance transactions, are subject to the provisions of subdivision 1 above.

7. Residential cleaning, home repair or maintenance, or landscaping services that are purchased by a homeowners' association or similar entity or by a landlord for the benefit of his tenant.

**§ 58.1-609.11. Exemptions for nonprofit entities.**

A. For purposes of this section, "nonprofit organization" or "nonprofit entity" means an entity that meets the requirements of subsection D. "Nonprofit organization" or "nonprofit entity" includes a single member limited liability company whose sole member is a nonprofit organization.

B. Any nonprofit organization that holds a valid certificate of exemption from the Department of Taxation, or any nonprofit church that holds a valid self-executing certificate of exemption, that exempts it from collecting or paying state and local retail sales or use taxes as of June 30, 2003, pursuant to § 58.1-609.4, 58.1-609.7, 58.1-609.8, 58.1-609.9, or 58.1-609.10, as such sections are in effect on June 30, 2003, shall remain exempt from the collection or payment of such taxes under the same terms and conditions as provided under such sections as such sections existed on June 30, 2003, until: (i) July 1, 2007, for such entities that were exempt under § 58.1-609.4; (ii) July 1, 2008, for such entities that were exempt under § 58.1-609.7; (iii) July 1, 2004, for the first one-half of such entities that were exempt under § 58.1-609.8, except churches, which will remain exempt under the same criteria and procedures in effect for churches on June 30, 2003; (iv) July 1, 2005, for the second one-half of such entities that were exempt under § 58.1-609.8; and (v) July 1, 2006, for such entities that were exempt under § 58.1-609.9 or under § 58.1-609.10. At the end of the applicable period of such exemptions, to maintain or renew an exemption for the period of time set forth in subsection G, each entity must follow the procedures set forth in subsection C and meet the criteria set forth in subsection D. Provided, however, that any entity that was exempt from collecting sales and use tax shall continue to be exempt from such collection, and any entity that was exempt from paying sales and use tax for the purchase of services, as of June 30, 2003, shall continue to be exempt from such payment, provided that it follows the other procedures set forth in subsection C and meets the criteria set forth in subsection D. Provided further, however, that an educational institution doing business in the Commonwealth which provides a face-to-face educational experience in American government and was exempt pursuant to subdivision 4 of § 58.1-609.4 from paying sales and use tax for the purchase of services, as of June 30, 2003, shall continue to be exempt from such payment, provided that it follows the other procedures set forth in subsection C and meets the criteria set forth in subsection D.

C. 1. On and after July 1, 2004, in addition to the organizations described in subsection B, and except as restricted in subdivision 2, the tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605

927 and 58.1-606 shall not apply to purchases of *taxable services* or tangible personal property for use or  
928 consumption by any nonprofit entity that, pursuant to this section, (i) files an appropriate application with the  
929 Department of Taxation, (ii) meets the applicable criteria, and (iii) is issued a certificate of exemption from  
930 the Department of Taxation for the period of time covered by the certificate.

931 2. If the entity that is exempt under this section is exempt from federal income tax under § 501(c)(19) of  
932 the Internal Revenue Code, or has annual gross receipts of less than \$5,000 and is organized for at least one  
933 of the purposes set forth in § 501(c)(19) of the Internal Revenue Code, then the exemption under this section  
934 for such entity shall not apply to purchases of *taxable services* or tangible personal property that are used  
935 primarily (i) for social and recreational activities for members or (ii) for providing insurance benefits to  
936 members or members' dependents.

937 D. To qualify for the exemption under subsection C, a nonprofit entity must meet the applicable criteria  
938 under this subsection as follows:

939 1. a. The entity is exempt from federal income taxation (i) under § 501(c)(3) of the Internal Revenue  
940 Code; (ii) under § 501(c)(4) of the Internal Revenue Code and is organized for a charitable purpose; or (iii)  
941 under § 501(c)(19) of the Internal Revenue Code; or

942 b. The entity has annual gross receipts of less than \$5,000, and the entity is organized for at least one of  
943 the purposes set forth in § 501(c)(3) of the Internal Revenue Code, one of the charitable purposes set forth in  
944 § 501(c)(4) of the Internal Revenue Code, or one of the purposes set forth in § 501(c)(19) of the Internal  
945 Revenue Code; and

946 2. The entity is in compliance with all applicable state solicitation laws and, where applicable, provides  
947 appropriate verification of such compliance; and

948 3. The entity's annual general administrative costs, including salaries and fundraising, relative to its annual  
949 gross revenue, under generally accepted accounting principles, is not greater than 40 percent; and

950 4. If the entity's gross annual revenue was at least \$750,000 in the previous year, then the entity must  
951 provide a financial review performed by an independent certified public accountant. However, for any entity  
952 with gross annual revenue of at least \$1.5 million in the previous year, the Department may require that the  
953 entity provide a financial audit performed by an independent certified public accountant. If the Department  
954 specifically requires an entity with gross annual revenue of at least \$1.5 million in the previous year to  
955 provide a financial audit performed by an independent certified public accountant, then the entity shall  
956 provide such audit in order to qualify for the exemption under this section, which audit shall be in lieu of the  
957 financial review; and

958 5. If the entity filed a federal 990 or 990 EZ tax form, or the successor forms to such forms, with the  
959 Internal Revenue Service, then it must provide a copy of such form to the Department of Taxation; and

960 6. If the entity did not file a federal 990 or 990 EZ tax form, or the successor forms to such forms, with the  
961 Internal Revenue Service, then the entity must provide the following information:

962 a. A list of the Board of Directors or other responsible agents of the entity, composed of at least two  
963 individuals, with names and addresses where the individuals physically can be found; and

964 b. The location where the financial records of the entity are available for public inspection.

965 E. On and after July 1, 2004, in addition to the criteria set forth in subsection D, the Department of  
966 Taxation shall ask each entity for the total taxable purchases made in the preceding year, unless such records  
967 are not available through no fault of the entity. If the records are not available through no fault of the entity,  
968 then the entity must provide such information to the Department the following year. No information provided  
969 pursuant to this subsection (except the failure to provide available information) shall be a basis for the  
970 Department of Taxation to refuse to exempt an entity.

971 F. Any entity that is determined under subsections C, D, and E by the Department of Taxation to be  
972 exempt from paying sales and use tax shall also be exempt from collecting sales and use tax, at its election, if  
973 (i) the entity is within the same class of organization of any entity that was exempt from collecting sales and  
974 use tax on June 30, 2003, or (ii) the entity is organized exclusively to foster, sponsor, and promote physical  
975 education, athletic programs, and contests for youths in the Commonwealth.

976 G. The duration of each exemption granted by the Department of Taxation shall be no less than five years  
977 and no greater than seven years. During the period of such exemption, the failure of an exempt entity to  
978 maintain compliance with the applicable criteria set forth in subsection D shall constitute grounds for  
979 revocation of the exemption by the Department. At the end of the period of such exemption, to maintain or  
980 renew the exemption, each entity must provide the Department of Taxation the same information as required  
981 upon initial exemption and meet the same criteria.

982 H. For purposes of this section, the Department of Taxation and the Department of Agriculture and  
983 Consumer Services shall be allowed to share information when necessary to supplement the information  
984 required.

985 **§ 58.1-612. Tax collectible from dealers; "dealer" defined; jurisdiction.**

986 A. The tax levied by §§ 58.1-603 and 58.1-604 shall be collectible from all persons that are dealers, as  
987 defined in this section, and that have sufficient contact with the Commonwealth to qualify under (i)  
988 subsections B and C or (ii) subsections B and D.

**989**     B. As used in this chapter, "dealer" includes every person that:

**990**     1. Manufactures or produces *taxable services or* tangible personal property for sale at retail, for use, consumption, or distribution, or for storage to be used or consumed in this Commonwealth;

**991**     2. Imports or causes to be imported into this Commonwealth *taxable services or* tangible personal property from any state or foreign country, for sale at retail, for use, consumption, or distribution, or for storage to be used or consumed in this Commonwealth;

**992**     3. Sells at retail, or that offers for sale at retail, or that has in its possession for sale at retail, or for use, consumption, or distribution, or for storage to be used or consumed in this Commonwealth, *taxable services or* tangible personal property;

**993**     4. Has sold at retail, used, consumed, distributed, *furnished*, or stored for use or consumption in this Commonwealth, *taxable services or* tangible personal property and that cannot prove that the tax levied by this chapter has been paid on the sale at retail, the use, consumption, distribution, or storage of such *taxable services or* tangible personal property;

**994**     5. Leases or rents tangible personal property for a consideration, permitting the use or possession of such property without transferring title thereto;

**995**     6. Is the lessee or rentee of tangible personal property and that pays to the owner of such property a consideration for the use or possession of such property without acquiring title thereto;

**996**     7. As a representative, agent, or solicitor, of an out-of-state principal, solicits, receives and accepts orders from persons in this Commonwealth for future delivery and whose principal refuses to register as a dealer under § 58.1-613; or

**997**     8. Becomes liable to and owes this Commonwealth any amount of tax imposed by this chapter, whether it holds, or is required to hold, a certificate of registration under § 58.1-613.

**998**     C. A dealer shall be deemed to have sufficient activity within the Commonwealth to require registration under § 58.1-613 if it:

**999**     1. Maintains or has within this Commonwealth, directly or through an agent or subsidiary, an office, warehouse, or place of business of any nature;

**1000**     2. Solicits business in this Commonwealth by employees, independent contractors, agents or other representatives;

**1001**     3. Advertises in newspapers or other periodicals printed and published within this Commonwealth, on billboards or posters located in this Commonwealth, or through materials distributed in this Commonwealth by means other than the United States mail;

**1002**     4. Makes regular deliveries of tangible personal property within this Commonwealth by means other than common carrier. A person shall be deemed to be making regular deliveries hereunder if vehicles other than those operated by a common carrier enter this Commonwealth more than 12 times during a calendar year to deliver goods sold by him;

**1003**     5. Solicits business in this Commonwealth on a continuous, regular, seasonal, or systematic basis by means of advertising that is broadcast or relayed from a transmitter within this Commonwealth or distributed from a location within this Commonwealth;

**1004**     6. Solicits business in this Commonwealth by mail, if the solicitations are continuous, regular, seasonal, or systematic and if the dealer benefits from any banking, financing, debt collection, or marketing activities occurring in this Commonwealth or benefits from the location in this Commonwealth of authorized installation, servicing, or repair facilities;

**1005**     7. Is owned or controlled by the same interests which own or control a business located within this Commonwealth;

**1006**     8. Has a franchisee or licensee operating under the same trade name in this Commonwealth if the franchisee or licensee is required to obtain a certificate of registration under § 58.1-613;

**1007**     9. Owns tangible personal property that is for sale located in this Commonwealth, or that is rented or leased to a consumer in this Commonwealth, or offers tangible personal property, on approval, to consumers in this Commonwealth;

**1008**     10. Receives more than \$100,000 in gross revenue, or other minimum amount as may be required by federal law, from retail sales in the Commonwealth in the previous or current calendar year, provided that in determining the amount of a dealer's gross revenues, the sales made by all commonly controlled persons as defined in subsection D shall be aggregated; or

**1009**     11. Engages in 200 or more separate retail sales transactions, or other minimum amount as may be required by federal law, in the Commonwealth in the previous or current calendar year, provided that in determining the total number of a dealer's retail sales transactions, the sales made by all commonly controlled persons as defined in subsection D shall be aggregated.

**1010**     D. A dealer is presumed to have sufficient activity within the Commonwealth to require registration under § 58.1-613 (unless the presumption is rebutted as provided herein) if any commonly controlled person maintains a distribution center, warehouse, fulfillment center, office, or similar location within the Commonwealth that facilitates the delivery of tangible personal property sold by the dealer to its customers. The presumption in this subsection may be rebutted by demonstrating that the activities conducted by the

1051 commonly controlled person in the Commonwealth are not significantly associated with the dealer's ability to  
1052 establish or maintain a market in the Commonwealth for the dealer's sales. For purposes of this subsection, a  
1053 "commonly controlled person" means any person that is a member of the same "controlled group of  
1054 corporations," as defined in § 1563(a) of the Internal Revenue Code of 1954, as amended or renumbered, as  
1055 the dealer or any other entity that, notwithstanding its form of organization, bears the same ownership  
1056 relationship to the dealer as a corporation that is a member of the same "controlled group of corporations," as  
1057 defined in § 1563(a) of the Internal Revenue Code of 1954, as amended or renumbered.

1058 E. Notwithstanding any other provision of this section, the following shall not be considered to determine  
1059 whether a person that has contracted with a commercial printer for printing in the Commonwealth is a  
1060 "dealer" and whether such person has sufficient contact with the Commonwealth to be required to register  
1061 under § 58.1-613:

1062 1. The ownership or leasing by that person of tangible or intangible property located at the Virginia  
1063 premises of the commercial printer which is used solely in connection with the printing contract with the  
1064 person;

1065 2. The sale by that person of property of any kind printed at and shipped or distributed from the Virginia  
1066 premises of the commercial printer;

1067 3. Activities in connection with the printing contract with the person performed by or on behalf of that  
1068 person at the Virginia premises of the commercial printer; and

1069 4. Activities in connection with the printing contract with the person performed by the commercial printer  
1070 within Virginia for or on behalf of that person.

1071 F. In addition to the jurisdictional standards contained in subsections C and D, nothing contained in this  
1072 chapter other than in subsection E shall limit any authority that this Commonwealth may enjoy under the  
1073 provisions of federal law or an opinion of the United States Supreme Court to require the collection of sales  
1074 and use taxes by any dealer that regularly or systematically solicits sales within this Commonwealth.  
1075 Furthermore, nothing contained in subsection C shall require any broadcaster, printer, outdoor advertising  
1076 firm, advertising distributor, or publisher which broadcasts, publishes, or displays or distributes paid  
1077 commercial advertising in this Commonwealth which is intended to be disseminated primarily to consumers  
1078 located in this Commonwealth to report or impose any liability to pay any tax imposed under this chapter  
1079 solely because such broadcaster, printer, outdoor advertising firm, advertising distributor, or publisher  
1080 accepted such advertising contracts from out-of-state advertisers or sellers.

1081 **§ 58.1-612.3. Tax collectible from bundled transactions.**

1082 A. *For purposes of this section, a bundled transaction includes taxable services or tangible personal  
1083 property that is taxable under this chapter and consists of distinct and identifiable properties, services, or  
1084 both, sold for one nonitemized charge for which the tax treatment or tax rates of the distinct properties and  
1085 services are different.*

1086 B. *If the charge of a bundled transaction is attributable to taxable services or taxable property and  
1087 services that are not taxable or property that is not taxable, the portion of the charge attributable to the  
1088 nontaxable services or property shall be subject to tax unless the dealer is able to reasonably identify the  
1089 nontaxable portion from its books and records kept in the regular course of business.*

1090 C. *If the charge of a bundled transaction is attributable to taxable services or taxable property that are  
1091 subject to different tax rates under this chapter or Chapter 6.2 (§ 58.1-645 et seq.), the total price may be  
1092 treated as attributable to the products subject to tax at the highest tax rate unless the dealer is able to  
1093 reasonably identify the portion of such transaction that is subject to the lower tax rate from its books and  
1094 records kept in the regular course of business.*

1095 **§ 58.1-623. Sales or leases presumed subject to tax; exemption certificates.**

1096 A. All sales or leases are subject to the tax until the contrary is established. The burden of proving that a  
1097 sale, or distribution, of taxable services or tangible personal property or the lease, or storage of tangible  
1098 personal property is not taxable is upon the dealer unless he takes from the taxpayer a certificate to the effect  
1099 that the property is exempt under this chapter. However, the sale or distribution of cigarettes shall be subject  
1100 to the provisions of § 58.1-623.2 and require a cigarette exemption certificate issued pursuant to § 58.1-623.2.

1101 B. The certificate mentioned in this section shall relieve the person who takes such certificate from any  
1102 liability for the payment or collection of the tax, except upon notice from the Tax Commissioner that such  
1103 certificate is no longer acceptable. Such certificate shall be signed by and bear the name and address of the  
1104 taxpayer; shall indicate the number of the certificate of registration, if any, issued to the taxpayer; shall  
1105 indicate the general character of the taxable service or tangible personal property sold, distributed, leased, or  
1106 stored, or to be sold, distributed, leased, or stored under a blanket exemption certificate; and shall be  
1107 substantially in such form as the Tax Commissioner may prescribe. If an exemption pertains to a nonprofit  
1108 organization, other than a nonprofit church, that has qualified for a sales and use tax exemption under  
1109 § 58.1-609.11, the exemption certificate shall be valid until the scheduled expiration date stated on the  
1110 exemption certificate.

1111 C. If a taxpayer who gives a certificate under this section makes any use of the taxable service or tangible  
1112 personal property other than an exempt use or retention, demonstration, or display while holding the property

1113 for resale, distribution, or lease in the regular course of business, such use shall be deemed a taxable sale by  
 1114 the taxpayer as of the time the property or service is first used by him, and the cost of the *service or* property  
 1115 to him shall be deemed the sales price of such retail sale. If the sole use of the *service or* property other than  
 1116 retention, demonstration, or display in the regular course of business is the rental of the *service or* property  
 1117 while holding it for sale, distribution, or lease, the taxpayer may elect to pay the tax on the amount of the  
 1118 rental charged, rather than the cost of the *service or* property to him.

1119 D. If a taxpayer gives a certificate under this section with respect to the purchase of fungible goods and  
 1120 thereafter commingles these goods with other fungible goods not so purchased, but of such similarity that the  
 1121 identity of the constituent goods in the commingled mass cannot be determined, sales or distributions from  
 1122 the mass of commingled goods shall be deemed to be sales or distributions of the goods so purchased until a  
 1123 quantity of commingled goods equal to the quantity of purchased goods so commingled has been sold or  
 1124 distributed.

1125 E. If a taxpayer fails to give the dealer at the time of purchase an exemption certificate previously issued  
 1126 by the Department, no interest shall be paid on a subsequent refund claim for any period prior to the date the  
 1127 taxpayer makes a complete refund claim with the Department. This subsection shall not apply to transactions  
 1128 exempted under self-executing certificates of exemption not issued to a specific taxpayer by the Department.

1129 **§ 58.1-647. Definitions.**

1130 Terms used in this chapter shall have the same meanings as those used in Chapter 6 *of this title*  
 1131 (*§ 58.1-600 et seq.*), unless defined otherwise, as follows:

1132 "Cable service" means the one-way transmission to subscribers of (i) video programming as defined in 47  
 1133 U.S.C. § 522 (20) 522(20) or (ii) other programming service, and subscriber interaction, if any, which is  
 1134 required for the selection of such video programming or other programming service. Cable service does not  
 1135 include any video programming provided by a commercial mobile service provider as defined in 47 U.S.C. §  
 1136 332 (d) 332(d) and any direct-to-home satellite service as defined in 47 U.S.C. § 303 (v) 303(v).

1137 "Call-by-call basis" means any method of charging for telecommunications services where the price is  
 1138 measured by individual calls.

1139 "Coin-operated communications service" means a communications service paid for by means of inserting  
 1140 coins in a coin-operated telephone.

1141 "Communications services" means the electronic transmission, conveyance, or routing of voice, data,  
 1142 audio, video, or any other information or signals, including cable services, *and any other service utilizing any*  
 1143 *communications infrastructure, including international calling services, extended call area services, and*  
 1144 *internet application-based services*, to a point or between or among points, by or through any electronic,  
 1145 radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised,  
 1146 regardless of the protocol used for the transmission or conveyance. *The term "Communications services"*  
 1147 *includes, but is not limited to;* (i) the connection, movement, change, or termination of communications  
 1148 services; (ii) detailed billing of communications services; (iii) sale of directory listings in connection with a  
 1149 communications service; (iv) central office and custom calling features; (v) voice mail and other messaging  
 1150 services; *and* (vi) directory assistance; *and* (vii) *digital subscription services. With the exception of digital*  
 1151 *subscription services, "communications services" applies to any service described or listed in this definition,*  
 1152 *regardless of whether the customer is billed for such service on the basis of a subscription charge, a periodic*  
 1153 *charge, or a charge for actual usage, including such a fee for the use of an internet-based application,*  
 1154 *excluding the original cost of purchasing the application.*

1155 "Communications services provider" means every person who provides communications services to  
 1156 customers in the Commonwealth and is or should be registered with the Department as a provider.

1157 "Cost price" means the actual cost of the purchased communications service computed in the same  
 1158 manner as the sales price.

1159 "Customer" means the person who contracts with the seller of communications services. If the person who  
 1160 utilizes the communications services is not the contracting party, the person who utilizes the services on his  
 1161 own behalf or on behalf of an entity is the customer of such service. "Customer" does not include a reseller of  
 1162 communications services or the mobile communications services of a serving carrier under an agreement to  
 1163 serve the customer outside the communications service provider's licensed service area.

1164 "Customer channel termination point" means the location where the customer either inputs or receives the  
 1165 private communications service.

1166 "Digital subscription service" means a service, *including audio and visual streaming services, that for a*  
 1167 *fee allows the user to access and use software, reading materials, or other digital data or applications for a*  
 1168 *defined period of time, and which products the user does not own or have permanent access to outside of*  
 1169 *such period of time.*

1170 "Information service" means the offering of a capability for generating, acquiring, storing, transforming,  
 1171 processing, retrieving, using, or making available information via communications services for purposes  
 1172 other than the electronic transmission, conveyance, or routing.

1173 "Internet access service" means a service that enables users to access content, information, electronic mail,  
 1174 or other services offered over the Internet, and may also include access to proprietary content, information,

1175 and other services as part of a package of services offered to users. "Internet access service" does not include  
1176 telecommunications services, except to the extent telecommunications services are purchased, used, or sold  
1177 by a provider of Internet access to provide Internet access.

1178 "Place of primary use" means the street address representative of where the customer's use of the  
1179 communications services primarily occurs, which must be the residential street address or the primary  
1180 business street address of the customer. In the case of mobile communications services, the place of primary  
1181 use shall be within the licensed service area of the home service provider.

1182 "Postpaid calling service" means the communications service obtained by making a payment on a call-by-  
1183 call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, debit  
1184 card, or by a charge made to a telephone number that is not associated with the origination or termination of  
1185 the communications service.

1186 "Prepaid calling service" means the right to access exclusively communications services, which must be  
1187 paid for in advance and which enables the origination of calls using an access number or authorization code,  
1188 whether manually or electronically dialed, and that is sold in predetermined units or dollars that decrease in  
1189 number with use.

1190 "Private communications service" means a communications service that entitles the customer or user to  
1191 exclusive or priority use of a communications channel or group of channels between or among channel  
1192 termination points, regardless of the manner in which such channel or channels are connected, and includes  
1193 switching capacity, extension lines, stations, and any other associated services that are provided in connection  
1194 with the use of such channel or channels.

1195 "Retail sale" or a "sale at retail" means a sale of communications services for any purpose other than for  
1196 resale or for use as a component part of or for the integration into communications services to be resold in the  
1197 ordinary course of business.

1198 "Sales price" means the total amount charged in money or other consideration by a communications  
1199 services provider for the sale of the right or privilege of using communications services in the  
1200 Commonwealth, including any property or other services that are part of the sale. The sales price of  
1201 communications services shall not be reduced by any separately identified components of the charge that  
1202 constitute expenses of the communications services provider, including but not limited to, sales taxes on  
1203 goods or services purchased by the communications services provider, property taxes, taxes measured by net  
1204 income, and universal-service fund fees.

1205 "Service address" means, (i) the location of the telecommunications equipment to which a customer's call  
1206 is charged and from which the call originates or terminates, regardless of where the call is billed or paid. If  
1207 the location is not known in clause (i), "service address" means (ii) the origination point of the signal of the  
1208 telecommunications system or in information received by the seller from its service provider, where the  
1209 system used to transport such signals is not that of the seller. If the location is not known in clauses (i) and  
1210 (ii), the service address means (iii) the location of the customer's place of primary use.

1211 **§ 58.1-648. Imposition of sales tax; exemptions.**

1212 A. Beginning January 1, 2007, there is levied and imposed, in addition to all other taxes and fees of every  
1213 kind imposed by law, a sales or use tax on the customers of communications services in the amount of *5%*  
1214 *five percent* of the sales price of each communications service that is sourced to the Commonwealth in  
1215 accordance with § 58.1-649.

1216 B. The sales price on which the tax is levied shall not include charges for any of the following: (i) an  
1217 excise, sales, or similar tax levied by the United States or any state or local government on the purchase, sale,  
1218 use, or consumption of any communications service that is permitted or required to be added to the sales price  
1219 of such service, if the tax is stated separately; (ii) a fee or assessment levied by the United States or any state  
1220 or local government, including but not limited to, regulatory fees and emergency telephone surcharges, that is  
1221 required to be added to the price of service if the fee or assessment is separately stated; (iii) coin-operated  
1222 communications services; (iv) sale or recharge of a prepaid calling service; (v) provision of air-to-ground  
1223 radiotelephone services, as that term is defined in 47 C.F.R. § 22.99; (vi) a communications services  
1224 provider's internal use of communications services in connection with its business of providing  
1225 communications services; (vii) charges for property or other services that are not part of the sale of  
1226 communications services, if the charges are stated separately from the charges for communications services;  
1227 (viii) sales for resale; (ix) charges for communications services to the Commonwealth, any political  
1228 subdivision of the Commonwealth, and the federal government and any agency or instrumentality of the  
1229 federal government; and (x) charges for communications services to any customers on any federal military  
1230 bases or installations when a franchise fee or similar fee for access is payable to the federal government, or  
1231 any agency or instrumentality thereof, with respect to the same communications services.

1232 C. Communications services on which the tax is hereby levied shall not include the following: (i)  
1233 information services; (ii) installation or maintenance of wiring or equipment on a customer's premises; (iii)  
1234 the sale or rental of tangible personal property; (iv) the sale of advertising, including but not limited to,  
1235 directory advertising; (v) bad check charges; (vi) billing and collection services; (vii) Internet access service,  
1236 electronic mail service, electronic bulletin board service, or similar services that are incidental to Internet

1237 access, such as voice-capable e-mail *email* or instant messaging; (viii) digital products delivered  
1238 electronically personal property or digital services, as those terms are defined in § 58.1-602, such as  
1239 including software, downloaded music, ring tones ringtones, and reading materials; and (ix) over-the-air  
1240 radio and television service broadcast without charge by an entity licensed for such purposes by the Federal  
1241 Communications Commission. Also, those entities exempt from the tax imposed in accordance with the  
1242 provisions of Article 4 (§ 58.1-3812 et seq.) of Chapter 38 of Title 58.1, in effect on January 1, 2006, shall  
1243 continue to be exempt from the tax imposed in accordance with the provisions of this chapter.

1244 *Article 13.*

1245 *Retail Delivery Fees in Certain Transportation Districts.*

1246 **§ 58.1-1749. Transportation districts with unique needs; retail delivery fees.**

1247 A. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional retail  
1248 delivery fee in the amount of 20 cents for any retail delivery made in any county or city that is a member of  
1249 the Northern Virginia Transportation Commission. On and after July 1, 2027, such rates provided under this  
1250 section shall be adjusted annually based on the greater of (i) the change in the United States Average  
1251 Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor  
1252 Statistics for the U.S. Department of Labor for the previous year or (ii) zero.

1253 B. The tax imposed pursuant to subsection A shall not be levied upon food purchased for human  
1254 consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax  
1255 shall be added to the rate of the state sales tax imposed pursuant to § 58.1-603 in each such county and city  
1256 and shall be subject to all the provisions of this chapter and the rules and regulations published with respect  
1257 thereto. Such tax shall be administered and collected by the Tax Commissioner in the same manner and  
1258 subject to the same penalties as provided for the state sales tax under § 58.1-603 except as herein provided.

1259 C. No discount under § 58.1-622 shall be allowed for the tax imposed under this section.

1260 D. The revenue generated and collected from the tax imposed pursuant to this section shall be deposited  
1261 into the Northern Virginia Transportation District Regional Fund pursuant to § 33.2-1904.1.

1262 E. For additional transportation districts that may become subject to this section, funds shall be  
1263 established by appropriate legislation.

1264 **2. That Chapter 766 of the Acts of Assembly of 2013 is amended by adding a nineteenth enactment as  
1265 follows:**

1266 **19. That the provisions of the fourteenth enactment of this act shall not apply to any revenues  
1267 generated pursuant to § 58.1-603 of the Code of Virginia.**