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1 **HOUSE BILL NO. 1199**

2 Offered January 14, 2026

3 Prefiled January 14, 2026

4 *A BILL to amend and reenact § 58.1-3703 of the Code of Virginia, relating to local license taxes; authority to*  
5 *exempt; businesses regulated by boards within the Department of Health Professions.*

6 Patron—Scott, P.A.

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That § 58.1-3703 of the Code of Virginia is amended and reenacted as follows:**10 **§ 58.1-3703. Counties, cities, and towns may impose local license taxes and fees; limitation of**  
11 **authority.**12 A. The governing body of any county, city or town may charge a fee for issuing a license in an amount  
13 not to exceed \$100 for any locality with a population greater than 50,000, \$50 for any locality with a  
14 population of 25,000 but no more than 50,000 and \$30 for any locality with a population smaller than 25,000.  
15 For purposes of this section, population may be based on the most current final population estimates of the  
16 Weldon Cooper Center for Public Service of the University of Virginia. Such governing body may levy and  
17 provide for the assessment and collection of county, city or town license taxes on businesses, trades,  
18 professions, occupations and callings and upon the persons, firms and corporations engaged therein within  
19 the county, city or town subject to the limitations in (i) subsection C and (ii) subsection A of § 58.1-3706,  
20 provided such tax shall not be assessed and collected on any amount of gross receipts of each business upon  
21 which a license fee is charged. Any county, city or town with a population greater than 50,000 shall reduce  
22 the fee to an amount not to exceed \$50 by January 1, 2000. The ordinance imposing such license fees and  
23 levying such license taxes shall include the provisions of § 58.1-3703.1.24 B. Any county, city, or town by ordinance may exempt in whole or in part from the license tax (i) the  
25 design, development, or other creation of computer software for lease, sale, or license **and**; (ii) private  
26 businesses and industries entering into agreements for the establishment, installation, renovation, remodeling,  
27 or construction of satellite classrooms for grades kindergarten through three on a site owned by the business  
28 or industry and leased to the school board at no costs pursuant to § 22.1-26.1; and (iii) **businesses, trades,**  
29 **professions, and occupations regulated by boards within the Department of Health Professions pursuant to**  
30 **Subtitle III (§ 54.1-2400 et seq.) of Title 54.1.**

31 C. No county, city, or town shall impose a license fee or levy any license tax:

32 1. On any public service corporation or any motor carrier, common carrier, or other carrier of passengers  
33 or property formerly certified by the Interstate Commerce Commission or presently registered for insurance  
34 purposes with the Surface Transportation Board of the United States Department of Transportation, Federal  
35 Highway Administration, except as provided in § 58.1-3731 or as permitted by other provisions of law;36 2. For selling farm or domestic products or nursery products, ornamental or otherwise, or for the planting  
37 of nursery products, as an incident to the sale thereof, outside of the regular market houses and sheds of such  
38 county, city or town, provided such products are grown or produced by the person offering them for sale;39 3. Upon the privilege or right of printing or publishing any newspaper, magazine, newsletter or other  
40 publication issued daily or regularly at average intervals not exceeding three months, provided the  
41 publication's subscription sales are exempt from state sales tax, or for the privilege or right of operating or  
42 conducting any radio or television broadcasting station or service;43 4. On a manufacturer for the privilege of manufacturing and selling goods, wares and merchandise at  
44 wholesale at the place of manufacture. For purposes of this subdivision, this shall include a manufacturer that  
45 is also a defense production business selling manufacturing, rebuilding, repair, and maintenance services at  
46 the place of manufacture (i) to the United States or (ii) for which consent of the United States is required;47 5. On a person engaged in the business of severing minerals from the earth for the privilege of selling the  
48 severed mineral at wholesale at the place of severance, except as provided in §§ 58.1-3712 and 58.1-3713;49 6. Upon a wholesaler for the privilege of selling goods, wares and merchandise to other persons for resale  
50 unless such wholesaler has a definite place of business or store in such county, city or town. This subdivision  
51 shall not be construed as prohibiting any county, city or town from imposing a local license tax on a peddler  
52 at wholesale pursuant to § 58.1-3718;53 7. Upon any person, firm or corporation for engaging in the business of renting, as the owner of such  
54 property, real property other than hotels, motels, motor lodges, auto courts, tourist courts, travel trailer parks,  
55 campgrounds, bed and breakfast establishments, lodging houses, rooming houses, and boardinghouses;  
56 however, any county, city or town imposing such a license tax on January 1, 1974, shall not be precluded

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59 from the levy of such tax by the provisions of this subdivision;

60 8. [Repealed.]

61 9. On or measured by receipts for management, accounting, or administrative services provided on a  
62 group basis under a nonprofit cost-sharing agreement by a corporation which is an agricultural cooperative  
63 association under the provisions of Article 2 (§ 13.1-312 et seq.) of Chapter 3 of Title 13.1, or a member or  
64 subsidiary or affiliated association thereof, to other members of the same group. This exemption shall not  
65 exempt any such corporation from such license or other tax measured by receipts from outside the group;

66 10. On or measured by receipts or purchases by an entity which is a member of an affiliated group of  
67 entities from other members of the same affiliated group. This exclusion shall not exempt affiliated entities  
68 from such license or other tax measured by receipts or purchases from outside the affiliated group. This  
69 exclusion also shall not preclude a locality from levying a wholesale merchant's license tax on an affiliated  
70 entity on those sales by the affiliated entity to a nonaffiliated entity, notwithstanding the fact that the  
71 wholesale merchant's license tax would be based upon purchases from an affiliated entity. Such tax shall be  
72 based on the purchase price of the goods sold to the nonaffiliated entity. As used in this subdivision, the term  
73 "sales by the affiliated entity to a nonaffiliated entity" means sales by the affiliated entity to a nonaffiliated  
74 entity where goods sold by the affiliated entity or its agent are manufactured or stored in the Commonwealth  
75 prior to their delivery to the nonaffiliated entity;

76 11. On any insurance company subject to taxation under Chapter 25 (§ 58.1-2500 et seq.) or any agent of  
77 such company;

78 12. On any bank or trust company subject to taxation in Chapter 12 (§ 58.1-1200 et seq.) or any director  
79 of such company;

80 13. Upon a taxicab driver, if the locality has imposed a license tax upon the taxicab company for which  
81 the taxicab driver operates;

82 14. On any blind person operating a vending stand or other business enterprise under the jurisdiction of  
83 the Department for the Blind and Vision Impaired, or a nominee of the Department, as set forth in § 51.5-98;

84 15. [Expired.]

85 16. [Repealed.]

86 17. On an accredited religious practitioner in the practice of the religious tenets of any church or religious  
87 denomination. "Accredited religious practitioner" shall be defined as one who is engaged solely in praying for  
88 others upon accreditation by such church or religious denomination;

89 18. a. On or measured by receipts of a nonprofit organization described in Internal Revenue Code §  
90 501(c)(3) or 501(c)(19) except to the extent the organization has receipts from an unrelated trade or business  
91 the income of which is taxable under Internal Revenue Code § 511 et seq. For the purpose of this subdivision,  
92 "nonprofit organization" means an organization that is described in Internal Revenue Code § 501(c)(3) or  
93 501(c)(19), and to which contributions are deductible by the contributor under Internal Revenue Code § 170,  
94 except that educational institutions exempt from federal income tax under Internal Revenue Code § 501(c)(3)  
95 shall be limited to schools, colleges, and other similar institutions of learning.

96 b. On or measured by gifts, contributions, and membership dues of a nonprofit organization. Activities  
97 conducted for consideration that are similar to activities conducted for consideration by for-profit businesses  
98 shall be presumed to be activities that are part of a business subject to licensure. For the purpose of this  
99 subdivision, "nonprofit organization" means an organization exempt from federal income tax under Internal  
100 Revenue Code § 501 other than the nonprofit organizations described in subdivision a;

101 19. On any venture capital fund or other investment fund, except commissions and fees of such funds.  
102 Gross receipts from the sale and rental of real estate and buildings remain taxable by the locality in which the  
103 real estate is located provided the locality is otherwise authorized to tax such businesses and rental of real  
104 estate;

105 20. On total assessments paid by condominium unit owners for common expenses. "Common expenses"  
106 and "unit owner" have the same meanings as in § 55.1-1900; or

107 21. On or measured by receipts of a qualifying transportation facility directly or indirectly owned or title  
108 to which is held by the Commonwealth or any political subdivision thereof or by the United States as  
109 described in § 58.1-3606.1 and developed and/or operated pursuant to a concession under the Public-Private  
110 Transportation Act of 1995 (§ 33.2-1800 et seq.) or similar federal law.

111 D. Any county, city or town may establish by ordinance a business license incentive program for  
112 "qualifying businesses." For purposes of this subsection, a "qualifying business" is a business that locates for  
113 the first time in the locality adopting such ordinance. A business shall not be deemed to locate in such locality  
114 for the first time based on merger, acquisition, similar business combination, name change, or a change in  
115 business form. Any incentive established pursuant to this subsection may extend for a period not to exceed  
116 two years from the date the business locates in such locality. The business license incentive program may  
117 include (i) an exemption, in whole or in part, of license taxes for any qualifying business; (ii) a refund or  
118 rebate, in whole or in part, of license taxes paid by a qualifying business; or (iii) other relief from license  
119 taxes for a qualifying business not prohibited by state or federal law.

120 E. For taxable years beginning on or after January 1, 2012, any locality may exempt, by ordinance, license

121 fees or license taxes on any business that does not have an after-tax profit for the taxable year and offers the  
122 income tax return of the business as proof to the local commissioner of the revenue. Eligibility for this  
123 exemption shall be determined annually and it shall be the obligation of the business owner to submit the  
124 applicable income tax return to the local commissioner of the revenue.