

HOUSE BILL NO. 1008
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Finance
on _____)
(Patron Prior to Substitute—Delegate Tran)

A BILL to amend and reenact § 58.1-2403 of the Code of Virginia, relating to motor vehicle sales and use tax; exemption.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-2403 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-2403. Exemptions.

No tax shall be imposed as provided in § 58.1-2402 if the vehicle is:

1. Sold to or used by the United States government or any governmental agency thereof;
2. Sold to or used by the Commonwealth of Virginia or any political subdivision thereof;
3. Registered in the name of a volunteer fire department or volunteer emergency medical services agency not operated for profit;
4. Registered to any member of the Mattaponi, Pamunkey, or Chickahominy Indian tribes or any other recognized Indian tribe of the Commonwealth living on the tribal reservation;
5. Transferred incidental to repossession under a recorded lien and ownership is transferred to the lienholder;
6. A manufactured home permanently attached to real estate and included in the sale of real estate;
7. A gift to the spouse, son, daughter, or parent of the transferor. With the exception of a gift to a spouse, this exemption shall not apply to any unpaid obligation assumed by the transferee incidental to the transfer;
8. Transferred from an individual or partnership to a corporation or limited liability company or from a corporation or limited liability company to an individual or partnership if the transfer is incidental to the formation, organization or dissolution of a corporation or limited liability company in which the individual or partnership holds the majority interest;
9. Transferred from a wholly owned subsidiary to the parent corporation or from the parent corporation to a wholly owned subsidiary;
10. Being registered for the first time in the Commonwealth and the applicant holds a valid, assignable title or registration issued to him by another state or a branch of the United States Armed Forces and (i) has

owned the vehicle for longer than 12 months ~~or~~, (ii) has owned the vehicle for less than 12 months and provides evidence of a sales tax paid to another state, *or (iii) has owned the vehicle for less than 12 months, provides evidence of purchasing the vehicle while a resident of another state, and such vehicle is an electric vehicle. For purposes of this section, "electric vehicle" means a motor vehicle that derives all of the vehicle's power from electricity stored in a battery that (a) has a capacity of not less than 25 kilowatt-hours; (b) is capable of powering the vehicle for a range of at least 100 miles; and (c) is capable of being recharged from an external source of electricity.* However, when a vehicle has been purchased by the applicant within the last 12 months and the applicant is unable to provide evidence of a sales tax paid to another state *or evidence of residency in another state at the time of purchase*, the applicant shall pay the Virginia sales tax based on the fair market value of the vehicle at the time of registration in Virginia;

11. a. Titled in a Virginia or non-Virginia motor vehicle dealer's name for resale; or

b. Titled in the name of an automotive manufacturer having its headquarters in Virginia, except for any commercially leased vehicle that is not described under subdivision 3 of § 46.2-602.2. For purposes of this subdivision, "automotive manufacturer" and "headquarters" means the same as such terms are defined in § 46.2-602.2;

12. A motor vehicle having seats for more than seven passengers and sold to an urban or suburban bus line the majority of whose passengers use the buses for traveling a distance of less than 40 miles, one way, on the same day;

13. Purchased in the Commonwealth by a nonresident and a Virginia title is issued for the sole purpose of recording a lien against the vehicle if the vehicle will be registered in a state other than Virginia;

14. A motor vehicle designed for the transportation of 10 or more passengers, purchased by and for the use of a church conducted not for profit;

15. Loaned or leased to a private nonprofit institution of learning, for the sole purpose of use in the instruction of driver's education when such education is a part of such school's curriculum for full-time students;

16. Sold to an insurance company or local government group self-insurance pool, created pursuant to § 15.2-2703, for the sole purpose of disposition when such company or pool has paid the registered owner of such vehicle a total loss claim;

17. Owned and used for personal or official purposes by accredited consular or diplomatic officers of foreign governments, their employees or agents, and members of their families, if such persons are nationals

of the state by which they are appointed and are not citizens of the United States;

18. A self-contained mobile computerized axial tomography scanner sold to, rented or used by a nonprofit hospital or a cooperative hospital service organization as described in § 501(e) of the United States Internal Revenue Code;

19. A motor vehicle having seats for more than seven passengers and sold to a restricted common carrier or common carrier of passengers;

20. Beginning July 1, 1989, a self-contained mobile unit designed exclusively for human diagnostic or therapeutic service, sold to, rented to, or used by a nonprofit hospital, or a cooperative hospital service organization as described in § 501(e) of the United States Internal Revenue Code, or a nonprofit corporation as defined in § 501(c)(3) of the Internal Revenue Code, established for research in, diagnosis of, or therapy for human ailments;

21. Transferred, as a gift or through a sale to an organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code, provided the motor vehicle is not titled and tagged for use by such organization;

22. A motor vehicle sold to an organization which is exempt from taxation under § 501(c)(3) of the Internal Revenue Code and which is organized for the primary purpose of distributing food, clothing, medicines, and other necessities of life to, and providing shelter for, needy persons in the United States and throughout the world;

23. Transferred to the trustees of a revocable inter vivos trust, when the individual titleholder of a Virginia titled motor vehicle and the beneficiaries of the trust are the same persons, regardless of whether other beneficiaries of the trust may also be named in the trust instrument, when no consideration has passed between the titleholder and the beneficiaries; and transferred to the original titleholder from the trustees holding title to the motor vehicle;

24. Transferred to trustees of a revocable inter vivos trust, when the owners of the vehicle and the beneficiaries of the trust are the same persons, regardless of whether other beneficiaries may also be named in the trust instrument, or transferred by trustees of such a trust to beneficiaries of the trust following the death of the grantor, when no consideration has passed between the grantor and the beneficiaries in either case;

25. Sold by a vehicle's lessor to its lessee upon the expiration of the term of the vehicle's lease, if the lessee is a natural person and this natural person has paid the tax levied pursuant to this chapter with respect to the vehicle when he leased it from the lessor, and if the lessee presents an original copy of the lease upon

90 request of the Department of Motor Vehicles or other evidence that the sales tax has been paid to the
91 Commonwealth by the lessee purchasing the vehicle;

92 26. Titled in the name of a deceased person and transferred to the spouse or heir, or under the will, of such
93 deceased person;

94 27. An all-terrain vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, that:

95 a. Is being titled for the first time in the Commonwealth and that the applicant (i) has owned for more than
96 12 months or (ii) has owned for less than 12 months and provides evidence of tax paid pursuant to Chapter 6
97 (§ 58.1-600 et seq.); or

98 b. Would otherwise be eligible for an agricultural exemption, as provided in § 58.1-609.2;

99 28. A motor vehicle that is sold to an organization that is exempt from taxation under § 501(c)(3) of the
100 Internal Revenue Code and that is primarily used by the organization to transport to markets for sale produce
101 that is (i) produced by local farmers and (ii) sold by such farmers to the organization;

102 29. Transferred from the purchaser of the vehicle back to the seller of the vehicle who (i) accepted the
103 vehicle pursuant to the Virginia Motor Vehicle Warranty Enforcement Act (§ 59.1-207.9 et seq.) or (ii)
104 otherwise agreed to accept the return of the vehicle due to a mechanical defect or failure and refunded to the
105 purchaser the purchase price of the vehicle. Except when the return of the vehicle is pursuant to the Virginia
106 Motor Vehicle Warranty Enforcement Act, the transfer shall occur within 45 days of the date of purchase; or

107 30. Any pickup or panel truck or sport utility vehicle for which the owner is required to obtain a
108 permanent farm use placard pursuant to § 46.2-684.2. However, the tax as provided in § 58.1-2402 shall be
109 imposed upon such vehicle based upon the current market value from the time such vehicle is (i) registered
110 for a nonexempt use as required by § 46.2-600 or (ii) sold to a person who does not qualify for an exemption
111 pursuant to this section.