2015 LEGISLATIVE SUMMARY

Virginia
Department of Taxation

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Tax Commissioner

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INTRODUCTION

The ***Legislative Summary*** is published by the Department of Taxation (the Department) as a convenient reference guide to state and local tax legislation enacted by the 2015 Session of the General Assembly, including the reconvened session on April 15 and 17, 2015. Please note that any legislation enacted after this date is not included. The ***Summary*** includes a general description of enacted legislation affecting:

- State taxes administered by the Department, and
- Local taxes for which the Department assists with administration or on which the Department renders advisory assistance.

References to chapter numbers are to the corresponding chapters in the *Acts of Assembly*, which may be viewed at http://lis.virginia.gov. Effective dates of the legislation vary and are set out in each description.

In general, legislation affecting taxes administered by other state agencies is not included in the ***Summary***.

The ***Summary*** is intended to provide a synopsis of enacted legislation and is for informational purposes only. The ***Summary*** is not a substitute for the actual state law, local ordinances, and the Department's regulations or guidelines. Additional information on new legislation affecting state taxes may be obtained from the Department as follows:

Telephone:

Individual Income Tax	**(804) 367-8031**
Corporate Income Tax	**(804) 367-8037**
Sales and Use Tax	**(804) 367-8037**
Employer Withholding Tax	**(804) 367-8037**
Voice/TDD/TYY	**7-1-1**

Email: Information may also be obtained by electronic mail as follows:

TaxIndReturns@tax.virginia.gov **(Personal tax inquiries)**
TaxBusQuestions@tax.virginia.gov **(Business tax inquiries)**

Emails sent to these addresses are not encrypted and therefore are not secure. The Department strongly recommends that you avoid including confidential or personal information.

Additional information on new local tax legislation should be obtained from your local Commissioner of the Revenue, Treasurer, or Director of Finance.

Virginia Department of Taxation
June 2015

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GENERAL PROVISIONS

Tax Exemption for Out-of-State Businesses and Employees Providing Disaster Relief Assistance in Virginia

House Bill 1386 (Chapter 595) provides that disaster-related or emergency-related work performed by an out-of-state business within Virginia is not considered in determining whether the business is required to file, remit, or pay any state or local tax or fee, or whether such business or its out-of-state employees are required to be licensed or registered in any manner by Virginia or local governments.

This Act provides that disaster-related or emergency-related work performed by an out-of-state employee within Virginia during the disaster response period may not be considered when determining whether such person is a Virginia resident or has presence in Virginia for purposes of the income tax, withholding, or any other state or local tax or fee.

The provisions of this Act do not apply to any transaction taxes and fees, including, but not limited to, motor fuels taxes, sales and use taxes, transient occupancy taxes, and car rental taxes and fees based on purchases, leases, or consumption in Virginia.

This Act allows the State Corporation Commission ("SCC") to require any business to disclose whether it is an out-of-state business, and provide certain information to the SCC. This Act also allows the SCC to require any business to provide such information regarding any affiliate that is an out-of-state business to the SCC.

Effective: March 26, 2015
Amended: § 12.1-12
Adds: § 44-146.28:2

Disclosure of Information

Senate Bill 1010 (Chapter 247) clarifies the Department of Taxation's authority to disclose confidential taxpayer information in limited situations. This Act authorizes the Department to disclose i) whether a person is registered to collect the Retail Sales and Use Tax and to make available the names and registration numbers of such dealers, ii) tax information relating to sellers and purchasers of cigarettes or other tobacco products to any federal, state, or local agency, and iii) any tax information necessary to facilitate the repayment of gap financing to a developer or economic development authority working with a tourism project entitled to sales tax revenues to repay the debt. This Act also clarifies that the Department has the authority to disclose information to nongovernmental entities that have entered into contracts with the Department to provide services assisting in the administration of taxes and refunds.

Under current Virginia law, unless an exception applies, the Tax Commissioner or agent, Clerk, Commissioner of the Revenue, Treasurer, or any other state or local tax or revenue officer or employee, or any person to whom tax information is divulged pursuant to law, or any former officer or employee of any of the aforementioned offices may not divulge any information acquired by him in the performance of his duties with respect to the transactions, property, including personal property, income or business of any person, firm or corporation. It is also unlawful for any person to disseminate, publish, or cause to be published any confidential tax document which he knows or has reason to know is a confidential tax document.

Effective: July 1, 2015
Amended: §§ 58.1-3 and 58.1-3.2

Refund Suspense Fund

Item 465 (A) of the 2015 Appropriations Act (House Bill 1400, Chapter 665) establishes a special fund in the state treasury to be known as the Refund Suspense Fund and authorizes the Tax Commissioner to contract with nongovernmental entities for review of requests for refunds of taxes to enhance, expand and/or modify the administration of the refund review program, and to perform analysis of refund processing techniques.

The amount of any refund identified by the nongovernmental entity as potentially erroneous will be deposited into the Fund, pending review of the refund request by the Department of Taxation. Refunds determined to be valid will be paid from the Fund. Amounts in the Fund attributable to refund requests determined to be erroneous may be used to pay the contracted nongovernmental entity for its services, to perform oversight of their operations, to upgrade necessary refund processing systems and data interfaces to facilitate the contractor's work, to offset any administrative or other costs related to any contracts authorized under this provision, and to retain experts to perform analysis of refund processing techniques. Any balance in the fund remaining after such payments, or provision therefore, will be deposited into the appropriate general, nongeneral, or local fund.

Effective: March 26, 2015

Administrative Fee for Copies of Tax Returns

Item 270 (U) of the 2015 Appropriations Act (House Bill 1400, Chapter 665) allows the Department of Taxation to charge a fee of $5 per copy of a tax return requested by a taxpayer or tax representative. Taxpayers may request a waiver from the administrative fee for copies of tax returns. Waivers will be granted if the Tax Commissioner finds that this requirement creates an unreasonable burden on the person requesting copies of tax returns. All requests for waiver should be submitted to the Tax Commissioner in writing.

Effective: March 26, 2015

Discontinuation of Forms Provided to Localities

Item 270 (V) of the 2015 Appropriations Act (House Bill 1400, Chapter 665) prohibits the Department from providing copies of specified tax forms or schedules to local officials, unless such forms are provided to the Department as an electronic attachment to the Virginia income tax return. This Act applies to federal Schedules C, C-EZ, D, E, and F (federal Form 1040), federal Forms 4562, and 2106, and Virginia Schedule 500 FED.

Effective: March 26, 2015

Electronic Filing Requirement for Pass-Through Entities

Item 270 (L)(1)(d) of the 2015 Appropriations Act (House Bill 1400, Chapter 665) requires pass-through entities to file their annual returns and make any related payments electronically. Pass-through entities may request an annual waiver from the electronic filing requirement. Waivers will be granted if the Tax Commissioner finds that this requirement creates an unreasonable burden on the person required to use an electronic medium. All requests for waiver should be submitted to the Tax Commissioner in writing.

Effective: January 1, 2015, for taxable years beginning on and after January 1, 2014
Supersedes: § 58.1-9

Homeowner Associations No Longer Exempt from Electronic Filing Requirement

Item 270 (L)(1)(a) of the 2015 Appropriations Act (House Bill 1400, Chapter 665) removes the provision that exempts homeowner associations ("HOAs") with no income tax liability from the mandatory electronic filing requirement that generally applies to corporations.

Current law requires all corporations to file their estimated tax payments, annual income tax returns, and final payments electronically. Prior budget language provided an exemption from this requirement for homeowner associations with no tax liability. Although the 2015 Appropriations Act removes this exemption, homeowner associations can now file Form 500EZ in lieu of Form 500.

Additionally, homeowner associations may request an annual waiver from the electronic filing requirement. Waivers will be granted if the Tax Commissioner finds that this requirement creates an unreasonable burden on the person required to use an electronic medium. All requests for waiver should be submitted to the Tax Commissioner in writing.

Effective: March 26, 2015
Supersedes: § 58.1-9

INCOME TAX

Advancement of Virginia's Fixed Date Conformity to the Internal Revenue Code

House Bill 1727 (Chapter 61) and Senate Bill 1044 (Chapter 1) advance Virginia's date of conformity to the Internal Revenue Code ("IRC") from January 2, 2013 to December 31, 2014. These Acts extend Virginia's conformity to the provisions of the Tax Increase Prevention Act of 2014 ("TIPA").

On December 19, 2014, Congress enacted TIPA. This legislation extended a number of expiring federal tax provisions including:

- The above-the-line deduction for certain expenses of elementary and secondary school teachers;
- Accelerated and bonus depreciation for certain property;
- The increased deduction for certain types of property pursuant to IRC § 179;
- The deduction for mortgage insurance premiums;
- The deduction for qualified tuition and related expenses;
- The deduction for state and local sales tax;
- The exclusion from gross income for individual retirement account ("IRA") distributions for charitable purposes; and
- The exclusion from gross income for the discharge of qualified principal residence indebtedness.

Advancing Virginia's date of conformity to December 31, 2014 allowed Virginia taxpayers to take advantage of the extension of these provisions for Virginia income tax purposes on their Taxable Year 2014 returns.

In addition to advancing these provisions, these Acts allow Virginia to establish a program under the Achieving A Better Life Experience Act of 2014 ("ABLE Act"). When Congress enacted the Tax Increase Prevention Act of 2014 ("TIPA"), it also incorporated the provisions of the ABLE Act. These provisions allow certain disabled individuals and their families to create tax-free savings accounts, and use distributions from such accounts to pay qualified disability expenses on behalf of disabled individuals. Such expenses include, but are not limited to, education, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management, and administrative services.

Virginia will continue to disallow any bonus depreciation allowed for certain assets under federal income taxation and any five year carry-back of NOLs allowed for NOLs generated in either Taxable Year 2008 or 2009. In addition, Virginia will continue to disallow the federal treatment of tax deductions related to applicable high yield discount obligations. Virginia will also continue to deconform from any tax exclusions related to cancellation of debt income realized in connection with a reacquisition of business debt at a discount after December 31, 2008, and before January 1, 2011.

Effective: February 16, 2015
Amended: § 58.1-301

Individual Income Tax Refund Checks

House Bill 1286 (Chapter 229) and Senate Bill 701 (Chapter 76) require the Tax Commissioner and the State Comptroller to implement procedures allowing an individual requesting an income tax refund to elect to have his refund paid by check mailed to his address. Item 465 of the 2015 Appropriations Act (House Bill 1400, Chapter 665) eliminates prior budget language that prohibited the Department from issuing individual income tax refunds except through debit cards, direct deposits, or other electronic means. The elimination of the prior budget language allows the provisions of House Bill 1286 (Chapter 229) and Senate Bill 701 (Chapter 76) to become effective.

Beginning on January 1, 2013, the Virginia Department of Treasury stopped issuing income tax refunds through checks. Item 466C of the 2012-2014 Appropriations Act (Chapter 806, 2012 Session) and Item 465C of the 2014-2016 Appropriations Act (Chapter 2, 2014 Special Session I) allowed the State Comptroller only to issue income tax refunds through debit cards, direct deposits, or other electronic means, unless the Tax Commissioner determined that a check was more appropriate for a transaction or a class of transactions. Taxpayers no longer had the option to elect on their returns to receive their income tax refunds through checks. This measure was part of a cost-savings initiative and saved the Department of Treasury approximately $200,000 per year.

As a result of this legislation, taxpayers will now have the option to receive their individual income tax refunds through checks, in addition to direct deposits or any other electronic means the Tax Commissioner deems necessary.

Effective: Taxable years beginning on and after January 1, 2015
Amended: § 58.1-1833

Achieving a Better Life Experience Savings Trust Accounts

House Bill 2306 (Chapter 311) and Senate Bill 1404 (Chapter 227) establish a program for Achieving a Better Life Experience ("ABLE") savings trust accounts to facilitate the saving of private funds to pay the qualified disability expenses of certain disabled individuals.

Under the federal Achieving a Better Life Experience Act of 2014, Congress authorized states to establish ABLE savings trust accounts to assist individuals and families in saving for education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, and other expenses of individuals who were disabled or blind prior to the age of 26. These Acts allow individuals to establish ABLE savings trust accounts in Virginia. The Virginia College Savings Plan is the designated state agency that will administer ABLE savings trust accounts.

Under federal law, earnings on contributions to ABLE savings trust accounts are exempt from the federal income tax. Because Virginia conforms to the federal income tax treatment, pursuant to Chapters 1 and 61 such earnings are also exempt from the Virginia income tax.

Effective: July 1, 2015
Amended: §§ 23-38.75, 23-38.76, 23-38.77, 23-38.80, 23-38.81 and 58.1-322

Federation of Virginia Food Banks Added to the Voluntary Contributions List

House Bill 2047 (Chapter 70) adds the Federation of Virginia Food Banks to the list of voluntary contributions that may be added to the individual income tax return. The Federation will then make an equitable distribution of all such moneys to Blue Ridge Area Food Bank, Capital Area Food Bank, Feeding America Southwest Virginia, FeedMore, Inc., Foodbank of Southeastern Virginia and the Eastern Shore, Fredericksburg Area Food Bank, or Virginia Peninsula Foodbank.

Virginia currently allows individuals to contribute their Virginia income tax refunds as donations to one or more qualifying organizations that are listed on the Virginia individual income tax return. For six of these organizations, taxpayers may contribute amounts in excess of the tax refund by making payments on the individual income tax return. In 2004, the General Assembly limited the number of qualifying organizations to 25, and required that organizations receive at least $10,000 in voluntary contributions annually for at least three consecutive years in order to continue to be included on the individual income tax return.

The Department is required to report to the Chairmen of the Senate and House Finance Committees the amounts collected for each voluntary contribution for the three most recent taxable years for which there is complete data. This report is required to list which entities, if any, will be removed from the Virginia individual income tax return because they have failed to meet the $10,000 per year requirement. Currently, there are eight voluntary contributions on the waiting list. None of these organizations can be added until an existing contribution is removed from the return. No voluntary contributions have been removed since 2009. Accordingly, this Act will not result in any changes to the list of organizations entitled to receive voluntary contributions on the income tax return and the Federation of Virginia Food Banks will be ninth on the waiting list.

This Act also allows the Secretary of Finance to request records or receipts of all distributions by the Federation of Virginia Food Banks to ensure the compliance with the requirements of this Act.

Effective: July 1, 2015
Amended: § 58.1-344.3

Individual Income Tax Subtraction for Discharge of Student Loans

House Bill 1716 (Chapter 60) and Senate Bill 933 (Chapter 82) allow an individual income tax subtraction for income attributable to the discharge of a student loan solely by reason of the student's death.

Virginia generally conforms to federal income tax law and begins the calculation of a taxpayer's Virginia taxable income with his or her federal adjusted gross income ("FAGI"). Under prior law, Virginia did not provide any specific subtractions, credits, or deductions for discharged student loans. Accordingly, such income was subject to Virginia income taxation to the extent it was included in a taxpayer's FAGI.

These Acts create a new subtraction for income attributable to the discharge of a student loan made to an individual. For purposes of this subtraction, a qualifying "student loan" is any loan to an individual to assist such individual in attending an educational organization that was made by:

- The United States, or an instrumentality or agency thereof;
- A state, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof;

- Certain tax-exempt public benefit corporations that have assumed control over a state, county, or municipal hospital and whose employees have been deemed public employees under state law; and
- Charitable educational organizations, if such loan was made:
  - Pursuant to an agreement with one of the above-listed entities; or
  - Pursuant to a program designed to encourage its students to serve in occupations or areas with unmet needs, and under which the services provided by the students are for or under the direction of a governmental unit or certain tax-exempt organizations.

The subtraction created by these Acts generally does not apply to the discharge of private loans, nor does it apply to the discharge of loans that are already excluded from federal income taxation.

Effective: Taxable years beginning on or after January 1, 2015
Amended: § 58.1-322

Subtraction for Certain Long-Term Capital Gains

House Bill 1741 (Chapter 336) and Senate Bill 904 (Chapter 335) extend the sunset date for making investments in certain high technology businesses that qualify for the individual and corporation income tax subtraction for income taxed as long-term capital gain for federal income tax purposes from June 30, 2015 to June 30, 2020. Beginning in 2015, this Act also requires the Department to annually submit a report to the Governor, any member of the General Assembly, or other person upon request regarding the fiscal savings that accrue to taxpayers from claiming the subtraction for income taxed as long-term capital gain for federal income tax purposes.

This individual and corporate income tax subtraction may be claimed for any income attributable to an investment in certain high technology businesses that is taxed as long-term capital gain or investment services partnership interest income for federal income tax purposes. For purposes of this subtraction, “qualified business” means a business that:

- Has annual gross revenues of no more than $3 million in its most recent fiscal year;
- Has its principal office or facility in Virginia;
- Is engaged in business primarily in or does substantially all of its production in Virginia;
- Has not obtained during its existence more than $3 million in aggregate gross cash proceeds from the issuance of its equity or debt investments; and
- Is primarily engaged, or is primarily organized to engage, in certain technology related fields.

"Qualified business" also includes any other technology business approved by the Secretary of Technology provided that the business has its principal office or facility in Virginia and less than $3 million in annual revenues in the fiscal year prior to the investment.

For an investment to qualify for the subtraction under prior law, it must be made between April 1, 2010 and June 30, 2015. These Acts extend the date by which an investment must be made to June 30, 2020.

Effective: July 1, 2015
Amended: §§ 58.1-322, 58.1-402

Subtraction for the Sale or Exchange of Real Property or an Easement for Open-Space Use Eliminated

Senate Bill 1012 (Chapter 248) eliminates the individual and corporate income tax subtraction for the sale or exchange of real property or an easement for open-space use.

Under prior law, individuals and corporations were permitted to claim an income tax subtraction for the gain derived from the sale or exchange of real property or an easement to real property that resulted in the real property or the easement being devoted to open-space use for a period of at least 30 years. "Open-space use" means used as, or preserved for:

- Park or recreational purposes, including public or private golf courses;
- Conservation of land or other natural resources;
- Floodways;
- Wetlands;
- Riparian buffers;
- Historic or scenic purposes; or
- Assisting in the shaping of the character, direction and timing of community development, or for the public interest, and consistent with the local land-use plan under uniform standards prescribed by the Director of the Department of Conservation and Recreation.

A taxpayer that claimed the subtraction for the sale or exchange of real property or an easement for open-space use is not permitted to claim the Land Preservation Tax Credit for such property or easement for three years following the year in which the subtraction was taken. In 2011, the Joint Legislative Audit and Review Commission ("JLARC") reviewed the effectiveness of Virginia's tax preferences. According to JLARC's review, the subtraction for the sale or exchange of real property or an easement for open-space use is underutilized. Accordingly, this Act eliminates the subtraction, effective for Taxable Year 2015.

Effective: Taxable years beginning on or after January 1, 2015
Amended: §§ 58.1-322, 58.1-402

Modified Method of Apportionment for Taxpayers with Enterprise Data Center Operations

House Bill 2162 (Chapter 237) and Senate Bill 1142 (Chapter 92) require taxpayers with an enterprise data center operation to apportion Virginia taxable income using a single sales factor method of apportionment if such taxpayer enters into a memorandum of understanding with the Virginia Economic Development Partnership Authority ("VEDP") to make a new capital investment of at least $150 million in an enterprise data center in Virginia. This modified method of apportionment is phased in as follows:

- From July 1, 2016 until July 1, 2017, qualifying corporations are required to use a quadruple-weighted sales factor; and
- From July 1, 2017, and thereafter, qualifying corporations are required to use the single sales factor method to apportion Virginia taxable income.

Under current law, Virginia generally requires the Virginia taxable income of a multistate corporation to be apportioned to Virginia by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor, plus twice the sales factor, and the denominator of which is four. The property factor is a fraction that consists of the average value of the corporation's real and tangible personal property owned or rented and used in Virginia over the like property located everywhere. The payroll factor is a fraction, the numerator being the total amount of compensation paid or accrued within Virginia during the taxable year by a taxpayer, and the denominator being the total compensation paid or accrued everywhere during the taxable year. The sales factor is a fraction, the numerator of which is the total sales of the corporation in Virginia during the taxable year, and the denominator of which is the total sales of the corporation everywhere during the taxable year.

For purposes of these Acts, enterprise data center operations are defined as operations that:

- Physically house various equipment such as servers, switches, routers, data storage devices, or related equipment;
- Manage and process digital data and information to provide application services or management for various data processing, such as web hosting, Internet, intranet, telecommunication, and information technology;
- Are developed and owned by the taxpayer; and
- Are operated by the taxpayer or any of its affiliates substantially for their own use.

These Acts require that, if any provision of these Acts is, for any reason, held to be invalid or unconstitutional by the decision of a court of competent jurisdiction, such provision will not be deemed severable.

Effective: Taxable years beginning on or after July 1, 2016
Amended: § 58.1-408
Added: § 58.1-422.2

Land Preservation Tax Credit

House Bill 1828 (Chapter 235) and Senate Bill 1019 (Chapter 680) limit the fiscal impact of the Land Preservation Tax Credit by reducing the annual credit cap and by limiting the amount of credit that may be claimed by each taxpayer annually. Under these Acts, the annual Land Preservation Tax Credit cap is reduced from $100 million to $75 million. These Acts also limit the amount of credit that may be claimed by each taxpayer to $20,000 for Taxable Years 2015 and 2016, and to $50,000 for Taxable Year 2017 and thereafter. However, for any qualifying fee simple donation of land conveyed to the Commonwealth on or after January 1, 2015, the amount of credit claimed by each taxpayer is limited to $100,000. Conveyances only qualify for the $100,000 limitation if no part of the charitable contributions deduction under federal law related to such fee simple donation is allowable by reason of a sale or exchange of property.

Taxpayers affected by the annual limitations on the amount of credit claimed will be permitted to carry over any unused portion of credit for an extended period of up to 13 taxable years, or 14 taxable years for transferred credits.

These Acts prohibit the Department from issuing any tax credit for a donation from any allocation or pool of tax credits attributable to a calendar year prior to the year in which the complete tax credit application for the donation was filed. These Acts also clarify that credits must be issued in the order that each complete application is filed. Solely for purposes of this condition, an application is deemed timely filed if the Tax Commissioner has given written notice to the donor that the preparation of a second qualified appraisal is warranted, provided the application is otherwise complete as of the filing deadline.

Under these Acts, no credit is allowed for any land or interest in land conveyed on or after July 1, 2015, unless a complete application for tax credit with regard to the conveyance has been filed by December 31 of the year following the calendar year of the conveyance.

These Acts also amend the calculation of the appropriation recommended by the Governor in the Introduced Executive Budget so that it is equal to the difference between an indexed Land Preservation Tax Credit cap amount for the calendar year and $75 million, rather than $100 million.

Effective: July 1, 2015
Amended: § 58.1-512

Recyclable Materials Processing Equipment Tax Credit

House Bill 1554 (Chapter 49) and Senate Bill 1205 (Chapter 94) increase the amount of the Recyclable Materials Processing Equipment Tax Credit, impose a credit cap, extend the sunset date of the credit, and clarify several requirements that must be met prior to claiming the credit.

The Recyclable Materials Processing Equipment Tax Credit is an individual and corporate income tax credit for purchases made during the taxable year of machinery and equipment used exclusively in or on the premises of manufacturing facilities or plant units that manufacture, process, compound or produce items of tangible personal property from recyclable materials within Virginia for sale. Under current law, the amount of the credit is equal to 10 percent of a taxpayer's qualifying expenditures, and cannot exceed 40 percent of its Virginia income tax liability for the year.

The Department of Environmental Quality ("DEQ") must certify that machinery and equipment is integral to the recycling process before the taxpayer is entitled to claim the credit. A taxpayer is also required to submit purchase receipts, invoices, and other such documentation as may be necessary to confirm the purchase price paid for machinery and equipment with its tax return.

These Acts increase the amount of Recyclable Materials Processing Equipment Tax Credits that each taxpayer may claim to an amount equal to 20 percent of the purchase price for machinery and equipment that qualifies for the credit. These Acts also impose a credit cap of $2 million per fiscal year. If the amount of credits approved by the Department exceeds $2 million for any taxable year, the Department is required to apportion credits on a pro rata basis.

These Acts also allow taxpayers to claim the credit for machinery and equipment used predominantly for qualified purposes, rather than exclusively for such purposes. These Acts prohibit denying the credit to a taxpayer based solely on another person's use of tangible personal property produced by the taxpayer using machinery and equipment that will otherwise qualify for the credit, provided that the tangible personal property was sold by the taxpayer to an unaffiliated person in an arm's-length sale.

These Acts require that machinery and equipment be used to manufacture, process, compound, or produce items of tangible personal property from recyclable materials to qualify for the credit.

These Acts also extend the sunset date for the Recyclable Materials Processing Equipment Tax Credit from taxable years beginning before January 1, 2015 to taxable years beginning before January 1, 2020.

The Department, in consultation with DEQ, is required to develop guidelines, exempt from the Administrative Process Act, implementing the provisions of these Acts.

Effective: Taxable years beginning on and after January 1, 2015
Amended: § 58.1-439.7

Neighborhood Assistance Act Tax Credit: Option to Reduce Credit Amount

House Bill 1701 (Chapter 56) allows a business firm or any individual that is eligible for the Neighborhood Assistance Act Tax Credit to agree in writing to a credit amount equal to less than 65 percent of the qualified donation.

The Virginia Neighborhood Assistance Act provides an income tax credit to business firms and individuals that donate to neighborhood organizations for approved programs that benefit impoverished people. Under this Act, a neighborhood organization is allocated funding through the Neighborhood Assistance Act Program. The Department of Social Services and the Department of Education are responsible for approving programs proposed by neighborhood organizations and allocating Neighborhood Assistance Act Tax Credits to neighborhood organizations with approved programs. A business firm or individual that makes a donation to a neighborhood organization for an approved program is then eligible to receive an income tax credit from that neighborhood organization.

The amount of the credit for a business firm or individual who donates professional services is equal to 65 percent of the value of the money, property, professional services, or contracting services donated by such taxpayer to a neighborhood organization for an approved program. No credit less than $400 may be granted to a business firm or individual who provides professional services for any donation. Therefore, a business firm or individual who provides professional services must make a donation with a value of at least $616 to meet the minimum credit threshold, and receive an allocation of credits.

The amount of the credit for an individual who makes a monetary donation or marketable securities donation to a neighborhood organization for an approved program is equal to 65 percent of the value of such donation. To receive an allocation of credits, an individual is required to make a donation of at least $500. For purposes of determining the amount of credits allocated to an individual, the value of the individual's donation is limited to the lesser of the actual value of the donation or $125,000. The $125,000 cap on the value of donations caps the credit at $81,250 per taxpayer.

Effective: Taxable years beginning on and after January 1, 2015
Amended: §§ 58.1-439.21, 58.1-439.2

Neighborhood Assistance Act Tax Credit: Eligibility of Physician and Health Care Professional Specialists

House Bill 1459 (Chapter 153) allows a physician specialist who donates specialty medical services to patients referred from certain approved neighborhood organizations to be eligible to receive an allocation of Neighborhood Assistance Act Tax Credits from such organizations regardless of where the specialty medical services are delivered. For purposes of determining the amount of credits allowed to such taxpayers, the value of the specialty medical services rendered is limited to the lesser of the reasonable cost for similar services from other providers or $125 per hour.

Under current law, a physician, chiropractor, dentist, nurse, nurse practitioner, physician assistant, optometrist, dental hygienist, professional counselor, clinical social worker, clinical psychologist, marriage and family therapist, physical therapist, or pharmacist who is licensed in Virginia and provides health care services within the scope of his or her licensure, without charge, to patients of certain clinics operated by neighborhood organizations that have received an allocation of credits from the Department of Social Services, may be eligible to receive an allocation of Neighborhood Assistance Act Tax Credits based on time spent in providing health care services to patients of such clinics, regardless of where the services are delivered. Such clinics are required to be organized in whole or in part for the delivery of health care services without charge or operated as a not-for-profit clinic that provides health care services for charges not exceeding those set forth in a scale prescribed by the State Board of Health for charges to be paid by persons based on ability to pay. For purposes of determining the amount of credits allowed to such taxpayers, the value of the services rendered is limited to the lesser of the reasonable cost for similar services from other providers or $125 per hour. This Act extends such treatment to physician specialists who donate specialty medical services.

Effective: Fiscal years beginning on and after July 1, 2015
Amended: § 58.1-439.22

Major Business Facility Job Tax Credit

House Bill 1844 (Chapter 451) extends the provision that requires a qualified major business facility to claim the credit allowed per qualified full-time employee over two taxable years instead of over three taxable years.

Under current law, a taxpayer may claim the Major Business Facility Job Tax Credit if the taxpayer creates at least 50 new full-time jobs in connection with the establishment or expansion of a major business facility and the company is engaged in a qualifying industry in Virginia. If a taxpayer is located in an enterprise zone or in an economically distressed area (as defined by the Virginia Economic Development Partnership), the threshold is reduced from 50 jobs to 25. The credit is equal to $1,000 for each qualifying new job in excess of 50 jobs (25 jobs for a taxpayer located in an enterprise zone or economically distressed area). A "major business facility" is a company that is engaged in any business in the Commonwealth, except a retail trade business if such trade is the principal activity of an individual facility in the Commonwealth.

The Major Business Facility Job Tax Credit must generally be claimed ratably over three taxable years, beginning with the taxable year following the year in which the facility is established or expanded, or the new qualifying jobs are added. However, effective for taxable years beginning January 1, 2009 through December 31, 2014, taxpayers were allowed to claim the credit amount over two taxable years instead of three taxable years. This Act extends this two-year provision so that it applies through the sunset date of the Major Business Facility Job Tax Credit.

Effective: July 1, 2015
Amended: § 58.1-439

Green Job Creation Tax Credit

House Bill 1843 (Chapter 486) and Senate Bill 1037 (Chapter 249) extend the sunset date for the Green Job Creation Tax Credit for three years, from January 1, 2015 to January 1, 2018.

The Green Job Creation Tax Credit is equal to $500 for each new green job created in Virginia with a salary of $50,000 or more. The credit is allowed for the taxable year in which the job has been filled for at least one year and for each of the four succeeding taxable years provided the job is continuously filled during the respective taxable years. Green jobs include employment in industries relating to the field of renewable, alternative energies. Each taxpayer is allowed the credit for up to 350 jobs. Taxpayers may qualify for this credit and the Enterprise

Zone Grant Program, but a taxpayer is not allowed a tax credit for any green job for which the taxpayer is allowed a Major Business Facility Job Tax Credit or a federal tax credit for investments in manufacturing facilities for clean energy technologies.

Effective: July 1, 2015
Amended: § 58.1-439.12:05

Limited Exception to Semi-Weekly Income Tax Withholding Requirements

House Bill 2307 (Chapter 156) allows any employer otherwise subject to the semi-weekly income tax withholding requirements to request a waiver from such requirements, provided that the employer has no more than five employees subject to Virginia income tax withholding. If the Tax Commissioner grants a waiver, the employer will be allowed to file withholding returns and pay the withholding tax on a monthly basis.

The filing frequency for Virginia income tax withholding payments and returns is based on the following criteria:

- If the employer's average withholding liability is less than $100 per month, its withholding returns and tax payments are due quarterly.
- If the employer's average withholding liability is more than $100 but less than $1,000, its withholding returns and tax payments are due monthly.
- If the employer's average monthly withholding liability is $1,000 or more, its withholding returns and tax payments will be assigned a semi-weekly filing status. If the Virginia income tax withheld as of the close of any federal period is more than $500, a payment must be made within three banking days.

For federal purposes, an employer must generally deposit federal income tax withheld on a semi-weekly basis if the total taxes paid during the prior four calendar quarters exceeded $50,000. An employer must deposit federal income tax withheld on a monthly basis if such taxes were $50,000 or less.

Effective: July 1, 2015
Amended: § 58.1-472

Dedication of Income Tax Revenues to the Commercial Space Flight Authority

Senate Bill 1070 (Chapter 260) extends the provision that requires the portion of income tax revenue generated by certain commercial spaceflight corporations and limited liability companies that is attributable to or incidental to the sale of commercial human spaceflights and commercial spaceflight training to be transferred to the Virginia Commercial Space Flight Authority.

Under current law, the portion of income tax revenue generated by qualified corporations or limited liability companies that is attributable or incidental to the sale of commercial human spaceflights or commercial spaceflight training must be transferred to the Virginia Commercial Space Flight Authority. This provision applies regardless of point of sale or where the commercial spaceflight takes place. Because multistate corporations and limited liability companies generally apportion their total income among the various states, commercial spaceflight activities of Virginia taxpayers that occur outside of Virginia are generally included in the income that is apportioned to Virginia and ultimately subject to taxation. For purposes of this provision, a "qualified corporation or limited liability company" is a corporation or limited liability company that engages in commercial human spaceflights or commercial spaceflight training.

This transfer provision was previously set to expire after Fiscal Year 2015. This Act continues to require the transfer of such revenues through Fiscal Year 2016.

Effective: July 1, 2015
Amended: § 58.1-423

RETAIL SALES AND USE TAX

Retail Sales and Use Tax Charges Excluded from Gross Proceeds

Senate Bill 1119 (Chapter 252) clarifies that for purposes of determining the charges that are subject to the Retail Sales and Use Tax in a taxable lease or rental, certain charges are excluded from gross proceeds. Specifically, this Act expressly excludes from gross proceeds:

- Finance charges;
- Carrying charges;
- Service charges; or
- Interest charges from credit extended on the lease or rental under conditional lease, conditional rental, or other conditional contracts providing for the deferred payments of the lease or rental.

With some exceptions, Virginia law generally taxes the lease or rental of tangible personal property in the same manner as the sale of tangible personal property. Any person engaged in the business of leasing or renting tangible personal property to others is therefore required to register as a dealer and collect and remit the tax on gross proceeds. Current law defines "gross proceeds" as the charges made or voluntary contributions received for the lease or rental of tangible personal property or for the furnishing of services.

In order to determine the amount subject to sales and use tax on the rental or lease of tangible personal property, the renter or lessor must deduct from gross proceeds the same charges as are deducted from the "sales price" when computing the total amount subject to sales taxes for sales of tangible personal property. Under current law, the term "sales price" excludes "finance charges, carrying charges, service charges, or interest charges from credit extended on the sale of tangible personal property under conditional sale contracts, or other conditional contracts providing for deferred payments of the purchase price."

Effective: July 1, 2015
Amended: § 58.1-602

Retail Sales and Use Tax on Energy-Star Light Bulbs

House Bill 1345 (Chapter 42) expands the list of items eligible for exemption from the Retail Sales and Use Tax during the Energy Star and WaterSense Sales Tax Holiday to include all light bulbs that have been designated as meeting the Energy Star program's requirements by the United States Environmental Protection Agency and the United States Department of Energy.

Under current law, certain specified Energy Star designated products may be purchased exempt of the Retail Sales and Use Tax during the Energy Star and WaterSense Sales Tax Holiday period provided the products are purchased for noncommercial home or personal use and are priced at $2,500 or less per item. The Energy Star program currently designates compact fluorescent light bulbs ("CFLs") and light emitting diode ("LED") bulbs as Energy Star qualified items. Under Virginia law, however, only CFLs qualify for exemption during the Energy Star and WaterSense Sales Tax holiday.

Effective: July 1, 2015
Amended: §§ 58.1-609.1

Retail Sales and Use Tax Holidays Combined

Senate Bill 1319 (Chapter 382) combines the existing sales tax holidays for school supplies and clothing, Energy Star and WaterSense products, and hurricane preparedness products into one, three-day annual holiday that begins on the first Friday in August and ends at 11:59 p.m. on the following Sunday. Items exempt under the three current sales tax holidays continue to be exempt under the terms of this Act. The Act also places the same July 1, 2017 sunset date on the sales tax holiday for clothing and school supplies that is in place for the hurricane preparedness and Energy-Star sales tax holidays.

Current law provides for three temporary exemption periods during which specified tangible personal property may be purchased exempt of the Retail Sales and Use Tax. The sales tax holiday for clothing and school supplies is a three-day holiday in August during which qualifying school supplies and clothing may be purchased exempt of the tax. The seven-day hurricane preparedness holiday in May allows for the tax-free purchase of qualifying hurricane preparedness items. The four-day Energy Star and WaterSense sales tax holiday provides a temporary exemption period for the purchase of qualifying tangible personal property that has been designated as Energy-Star or Water-Sense by the United States Environmental Protection Agency. The hurricane preparedness and Energy-Star holidays are set to expire on July 1, 2017 under current law.

Effective: July 1, 2015
Amended: §§ 58.1-609.1, 58.1-611.2 and 58.1-611.3

Sales and Use Tax Revenues for Tourism Zones

House Bill 1756 (Chapter 203) and Senate Bill 1401 (Chapter 349) lower the financing threshold from 80 percent to 70 percent that an authorized tourism project must have in place before qualifying for an entitlement to sales and use tax revenues to repay the gap financing necessary to complete the project.

Senate Bill 1401 (Chapter 349) also establishes a new entitlement to state sales and use tax revenues for tourism projects of regional significance in an amount equal to the revenues generated by a 1.5 percent sales and use tax on transactions taking place on the premises of the project. In order for a tourism project to qualify for the new entitlement, the locality will be required to dedicate an amount equal to the revenues generated by a 1.5 percent sales and use tax on transactions taking place on the premises of the project and the owner of the project will be required to pay an access fee in the same amount. Tourism projects of regional significance must represent a new capital investment of at least $100 million in a new tourism facility or in a substantial and significant renovation or expansion of an existing tourism facility by a private entity and, as determined by the Virginia Tourism Authority, support i) increased hotel occupancy; ii) new job creation; iii) an increase in the number of out-of-state visitors to the Commonwealth; and iv) other factors of significant fiscal and economic impact. The financing threshold for tourism projects of regional significance is 80 percent.

Senate Bill 1401 also provides that no authorized tourism project or tourism project of regional significance will be entitled to receive the state sales and use tax revenue entitlement for public facilities and that a tourism project may receive only the entitlement to revenues for authorized tourism projects or the entitlement to revenues for tourism projects of regional significance. This Act provides that the sales tax entitlements for authorized tourism projects or tourism projects of regional significance do not include the revenues generated from the sales tax increases enacted in the 2013 General Assembly session.

Under current law, a locality may enact an ordinance dedicating at least an amount equal to the revenues generated by a one percent local sales and use tax generated by transactions taking place on the premises of an authorized tourism project to the payment of principal and interest on the gap financing. If the locality enacts such an ordinance, the project may qualify for an entitlement to an amount equal to the revenues generated by a one percent state sales and use tax on transactions taking place on the premises of the tourism project from General Fund revenues. Prior to any entitlement of tax revenues, the owner of the project must currently i) have a minimum of 80% of funding for the project in place through debt or equity, ii) enter into a performance agreement with the local economic development authority or similar local or regional political subdivision, and iii) enter into an agreement to pay an access fee equal to the revenues generated by a one percent state sales and use tax on transactions taking place on the premises of the tourism project.

Effective:	July 1, 2015
Amended:	§ 58.1-3851.1
Adds:	§ 58.1-3851.2

Report of Sales and Use Tax Revenues for Tourism Zones

Item 269 (D) of the 2015 Appropriations Act (House Bill 1400, Chapter 665) requires the Department of Taxation to report the amount of state sales and use tax revenues that have been authorized to be remitted under the Public Facility and Tourism Zone entitlements. These amounts must be reported on a quarterly basis to the Chairmen of the House Appropriations, House Finance and Senate Finance Committees, starting July 1, 2015.

Effective: March 26, 2015

Retail Sales and Use Tax Exemption for Bullion

House Bill 1648 (Chapter 620) and Senate Bill 1336 (Chapter 629) provides an exemption from the Retail Sales and Use Tax for gold, silver, or platinum bullion when the sales price for the entire transaction exceeds $1,000. The term “gold, silver, or platinum bullion” means gold, silver, or platinum, or any combination thereof, that has gone through a refining process and is in a state or condition such that its value depends on its mass and purity and not on its form, numismatic value, or other value. Other substances may be contained within the gold, silver, or platinum, provided they have minimal value compared with the value of the bullion. Jewelry and works of art are excluded from the definition of gold, silver, and platinum bullion. This exemption expires on January 1, 2019.

The Retail Sales and Use Tax is imposed on sales of tangible personal property. The Virginia Code defines “tangible personal property” as personal property “which may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses.” Stocks, bonds, notes, insurance and other obligations and securities are specifically excluded from this definition. Under current law, exchanges of United States currency and foreign currencies are not subject to Virginia sales tax. The currencies used in the United States and foreign countries represent valid and legal offers for payment of debts to creditors. The exchange of currencies is not a sale of tangible personal property for sales and use tax purposes. The sale of coins, bullion, or other precious metals constitutes a sale of tangible personal property that is subject to sales and use tax under current law.

Effective: July 1, 2015
Amended: § 58.1-609.1

Accelerated Sales Tax

Section 3-5.07 of the 2015 Appropriations Act (House Bill 1400, Chapter 665) decreases the annual threshold for dealers and direct payment permit holders ("Dealers") to make accelerated sales tax payments to $2.5 million of taxable sales and/or purchases effective for the June, 2015 and 2016 payments. Any dealer with taxable sales and/or purchases exceeding the threshold is required to make a payment in June equal to 90 percent of its Retail Sales and Use Tax liability for June of the previous year. This tax payment is required to be remitted on or before June 25, 2015, if the payment is made by other than electronic transfer, and by June 30, 2015 if payment is made by electronic fund transfer. Affected Dealers are entitled to take a credit for this amount on the return for June of the current year due July 20. The Department will notify all affected Dealers and provide them with payment instructions and a payment voucher for the additional payment.

Effective: For the Accelerated Sales Tax Payment due beginning June 2015

TOBACCO TAXES

Persons Ineligible to be Authorized Holders of Cigarettes

House Bill 1955 (Chapter 738) and Senate Bill 1232 (Chapter 754) prohibit persons convicted of any offense involving the forgery of documents related to the purchase or sale of cigarettes or tobacco products, the evasion or failure to pay a cigarette or tobacco product excise tax, or any similar local, state, or federal violation from being an authorized holder of cigarettes. These Acts also require the Office of the Attorney General to publish a list of individuals ineligible to be authorized holders on its website. Additionally, these Acts authorize the Office of the Attorney General, the Department of Alcoholic Beverage Control, and local cigarette tax administrative and enforcement officials to audit and inspect the records of persons receiving, storing, selling, handling, or transporting cigarettes. The stamping permit of any person who fails or refuses to allow an authorized entity to audit and inspect his records shall be suspended until the audit or inspection is allowed.

Under current law, persons receiving, storing, selling, handling, or transporting cigarettes are required to keep all documents relating to the purchase, sale, exchange, receipt or transportation of all cigarettes for a period of three years. Any person who fails or refuses to keep and preserve such records is guilty of a Class 2 misdemeanor. The documents are subject to audit and inspection by any duly authorized representative of the Department of Taxation and the stamping permit of any person who fails or refuses to allow an audit or inspection of his records is suspended until the audit or inspection is allowed.

Effective:	July 1, 2015
Added:	§ 3.2-4206.01
Amends:	§§ 58.1-1000 and 58.1-1007

Penalty for Purchasing Cigarettes with Fraudulent Documents

House Bill 1807 (Chapter 273) and Senate Bill 1231 (Chapter 290) provide civil penalties for using a forged business license, a business license obtained under false pretenses, a forged or invalid Virginia sales and use tax exemption certificate, or a Virginia sales and use tax exemption certificate obtained under false pretenses to purchase cigarettes of i) $2.50 per pack, but not less than $5,000, for a first offense; ii) $5 per pack, but not less than $10,000, for a second offense committed within a 36 month period; and iii) $10 per pack, but not less than $50,000, for a third or subsequent offense committed within a 36 month period. The civil penalties are to be assessed and collected by the Department of Taxation as other taxes are collected.

These Acts also provide that any person who purchases 5,000 or fewer cigarettes using a forged business license, a business license obtained under false pretenses, a forged or invalid Virginia sales and use tax exemption certificate, or a Virginia sales and use tax exemption certificate obtained under false pretenses is guilty of a Class 1 misdemeanor for a first offense and a Class 6 felony for a second or subsequent offense. Any person purchasing more than 5,000 cigarettes is guilty of a Class 6 felony for a first offense and a Class 5 felony for a second or subsequent offense.

These Acts lower the threshold from 100,000 cigarettes to 40,000 cigarettes for a person to be guilty of a Class 6 felony for possessing, with the intent to distribute, tax-paid cigarettes.

Under current law, any person who possesses, with the intent to distribute tax-paid cigarettes in violation of the law is required to pay a penalty of $2.50 per pack, up to $500, for the first violation by a legal entity within a 36 month period, $5 per pack, up to $1,000, for the second violation by the legal entity within a 36 month period, and $10 per pack, up to $50,000, for the third or subsequent violation by the legal entity within a 36 month period. Such persons are also guilty of committing a Class 1 misdemeanor if they possess fewer than 100,000 cigarettes for a first offense and a Class 6 felony for a second or subsequent offense. The person is guilty of a Class 6 felony for a first offense and a Class 5 felony for a second or subsequent offense if the amount of cigarettes is 100,000 cigarettes or more.

Effective:	July 1, 2015
Amended:	§ 58.1-1017.1
Adds:	§ 58.1-1017.3

FOREST PRODUCTS TAX

Forest Products Tax

House Bill 1724 (Chapter 170) revises the Forest Products Tax by shifting the imposition of the tax to the first manufacturer using, consuming, processing, or storing the forest product for sale or shipment out of state. For the purposes of this Act, a manufacturer is defined as any person that for commercial purposes at a fixed place of business i) processes forest products into various sizes and forms, including chips; ii) processes forest products into other products; iii) uses or consumes forest products; or iv) stores forest products for sale or shipment out of state.

This Act converts the rate of tax for chips and mulch to a cent per ton rate for loads consisting of pine and loads consisting of other species. This Act also imposes the Forest Products Tax on loads of chips and mulch consisting of both pine and other species, including products such as biomass chips and fuel chips, at the rate of $0.10 per ton.

Generally, the forest products tax is payable by every person engaged in business in Virginia as a manufacturer or shipper of forest products for sale, profit, or commercial use. This currently includes businesses processing forest products from mobile locations such as loggers and chippers. In addition, the tax applies to the severance of timber and other forest products from Virginia soil, including land owned by the Commonwealth of Virginia or by the United States within the geographical confines of Virginia, where the forest products severed enter commercial channels of trade for competitive markets. The tax does not apply to forest products severed from soil outside Virginia.

Effective: July 1, 2015
Amended: §§ 58.1-1601, 58.1-1602, 58.1-1604, 58.1-1605, 58.1-1612 and 58.1-1617
Repeals: §§ 58.1-1613, 58.1-1614 and 58.1-1622

RECORDATION TAX

State Recordation Taxes and Fees

House Bill 2161 (Chapter 488) and Senate Bill 999 (Chapter 434) make substantive and technical changes to state recordation taxes and fees. These Acts require that the recordation tax on any deed of trust that modifies or is supplemental to an existing deed of trust be calculated only on that portion of the debt that is in addition to the original debt on which the tax has been paid instead of the existing debt. These Acts extend the current treatment of a single deed of trust conveying property within and without Virginia to separate deeds of trust conveying property in several states to secure the same obligation.

Under current law, when a deed of trust conveys property partly in Virginia and partly in another state, the tax is prorated based on the portion of property in Virginia, but this does not apply when separate deeds of trust are recorded in each state for property in that state. In that case the tax is limited to the value of the Virginia property on the grounds that the amount secured is unascertainable or under-secured.

When a previously recorded deed of trust is subsequently modified to reflect an increase in the amount secured, existing law bases the tax on the difference between the increased obligation and the existing debt (the original amount less principal payments). The tax on a deed of trust securing a credit line is measured by the maximum amount of the credit line, not the amount that may actually be owed at the time. However, when the credit line is modified by increasing it, some clerks have measured that tax by the difference between the increased line of credit and the amount that is owed at the time instead of the original line of credit. If the tax on the original deed of trust had been limited to the value of Virginia property, any increase in property value is ignored in calculating the tax on the modified deed of trust.

Existing law is silent as to the ability of parties to a real estate transaction to shift the burden of recordation taxes among themselves, although parties have often shifted the burden by contract. These Acts state that the burden may be shifted among the parties. Under existing law Clerks of the Circuit Court may be held personally liable for any uncollected recordation tax. These Acts also relieve Clerks of the Circuit Court from personal liability for uncollected recordation taxes and fees since the Department has the authority to assess and collect any omitted recordation taxes and fees.

Effective: July 1, 2015
Amends: §§ 58.1-803, 58.1-809, 58.1-812

LOCAL TAX

LEGISLATION

GENERAL PROVISIONS

Commissioners of the Revenue May Compel Production of Documents

Senate Bill 1177 (Chapter 378) authorizes local commissioners of the revenue to compel taxpayers to produce documents for purposes of assessing local taxes. Additionally, local commissioners and their deputies are authorized to administer oaths before questioning taxpayers regarding their tax liability. This Act also authorizes courts to compel a taxpayer to comply with a local commissioner's summons or to produce required documents. Finally, local commissioners and their deputies are authorized to serve writs, warrants, notices, summonses, or other processes that the commissioner may issue. This Act also authorizes commissioners to direct this process to the sheriff for service.

Under current law, local commissioners of the revenue are allowed to summon taxpayers to respond to questions, under oath, regarding the tax liability of any specifically identified taxpayers. The commissioner is prohibited from summoning a taxpayer regarding a tax liability that is in litigation.

Any person who refuses to: i) furnish access to books of accounts or information relating to the assessment of taxes; ii) answer under oath questions regarding his tax liability; or iii) exhibit to the commissioner any subject of taxation liable to assessment by the commissioner can be convicted of a Class 3 misdemeanor. Each day's refusal to furnish such access is a separate offense. Only the taxpayer can be convicted unless there is willful failure by another to comply with a summons properly issued.

Effective: July 1, 2015
Amended: § 58.1-3110

REAL ESTATE TAX

Real Property Tax Exemption for Spouses of Servicemembers Killed in Action

House Bill 1721 (Chapter 577) expands the real property tax exemption for the principal place of residence of a surviving spouse of a servicemember killed in action by allowing dwellings assessed at more than the average assessed value of all dwellings located within the locality that are zoned as single family residential to qualify for the exemption. The exemption is limited to that portion of the assessed value of the residence that does not exceed the average assessed value of all dwellings located within the locality that are zoned as single family residential. This Act also provides that the exemption applies without any restriction on the surviving spouse moving to a different principal place of residence. This Act also requires the refund, without interest, of any tax year 2015 real property taxes paid on a qualifying surviving spouse's real property that is exempt pursuant to this Act.

Legislation enacted during the 2014 General Assembly Session provided the necessary statutory authorization required by the constitutional amendment to Article X, § 6 of the Constitution of Virginia, adopted by voters authorizing the General Assembly to exempt from taxation real property that is the principal residence of a surviving spouse of any member of the armed forces of the United States who was killed in action as determined by the Department of Defense. The constitutional amendment was adopted by voters and became effective January 1, 2015. Under current law, any dwelling with an assessed value exceeding the average assessed value of all dwellings located within the locality that are zoned as single family residential cannot qualify for the exemption. In addition, the exemption ceases if the surviving spouse remarries.

Effective: July 1, 2015
Amended: §§ 58.1-3219.9, 58.1-3360.1 and 58.1-3360.2

Real Property Tax Exemption for Leasehold Interests

House Bill 1766 (Chapter 234) and Senate Bill 1031 (Chapter 87) provides a real property tax exemption for a tenant's leasehold interest on tax-exempt property if the tenant is entitled to or has received rehabilitation tax credits related to the property, and the property otherwise qualifies for exemption. These Acts also extends the exemption to qualifying tenants that use the property exclusively for cultural purposes.

Under current law, a tenant's leasehold interest in real property for which the owner is exempt is assessable for local taxation to the lessee. An exemption is available, however, for lessees that are designated as § 501(c) organizations under the Internal Revenue Code, provided the property in question is: i) owned by the Commonwealth or its political subdivisions; ii) owned and exclusively occupied or used by churches or religious bodies; or iii) exempt from taxation by designation. In addition, the property must be used exclusively by the lessee primarily for charitable, literary, scientific, or educational purposes in order for the exemption to apply.

Effective: July 1, 2015
Amended: § 58.1-3203

Real Property Tax Liens

House Bill 1489 (Chapter 257) extends the maximum length of time during which a taxpayer may reimburse a third party for the local taxes, charges, fees, and other obligations that were assumed by the third party under a third-party tax payment agreement, to allow for a period of installment payments over eight years.

Under current law, local treasurers are authorized to enter into agreements with third parties in order to enable the third parties to assume payment of a taxpayer's outstanding tax bill, including the local taxes, charges, fees, delinquent taxes, penalties, interest, and other obligations due and owing the locality. Under these agreements, the taxpayer must subsequently reimburse the third party in installments over a maximum period of twenty four months. The third party is authorized to charge the taxpayer interest and fees.

If the third party can demonstrate that a good-faith effort to collect payment from the taxpayer is made, and that the taxpayer is more than thirty days delinquent in his obligations to the third party, the third party is entitled to a refund from the locality for any funds, exclusive of interest and fees, owed to the third party. Once the locality reimburses the third party, the amount of the reimbursement must be recorded in the tax rolls of the locality as delinquent taxes, and the taxpayer must be notified within five days of reinstatement. If the taxpayer fails to remit full payment by the ordinary due date, the treasurer may apply penalties and interest.

Effective: July 1, 2015
Amended: § 58.1-3018

Real Property Tax Notice of Assessments

House Bill 1291 (Chapter 151) and Senate Bill 678 (Chapter 157) clarify the information that must be included on the required notice issued by localities when there is a reassessment or a change in the assessed value of real estate. These Acts provide that the required information on the notice regarding assessments in the immediately prior two tax years refers to the immediately prior two tax years' final assessments. Additionally, these Acts provide that the amount of the total tax levies for the immediately prior two tax years is computed by multiplying the final tax rates for the prior two tax years by the final assessed values of land and improvements for those tax years.

Current law requires that whenever there is a reassessment or change in the assessed value of real estate, a locality must provide notice by mail directly to each property owner whose assessment has been changed. Notice must be sent by postpaid mail at least 15 days prior to the date of the hearing to protest the change in assessment. The notice must show the magisterial or other district, if any, in which the real estate is located and the new and immediately prior two assessed values of land and improvements.

For changes in assessment that do not arise solely from the construction or addition of new improvements to real estate, if the tax rate that will apply to the new assessed value has been established, then the notice must set out that rate, and in either case, must set out the tax rates for the immediately prior two tax years, the total amount of the new tax levy, the amounts of the total tax levies for the immediately prior two tax years, and the percentage changes in the new tax levy from those in the immediately prior two tax years. If, however, the tax rate for the new assessed value has not been established, the notice must identify the time and place of the next local governing body meeting for public testimony on the real estate tax rate changes. Where changes in the local real property tax assessment are due to the construction or addition of new improvements to the property, the notice of change in assessment for the property need not set out this information.

Effective: July 1, 2015
Amends: § 58.1-3330

Explanation of Increased Assessment for Real Property

Senate Bill 872 (Chapter 244) requires a local assessing officer to provide a taxpayer whose property has been assessed for real property taxes, with a written explanation or justification for an increase in the property's assessed value, if the taxpayer requests such information.

Currently, Virginia law provides real property owners whose property has undergone assessment numerous ways to obtain information regarding the assessment. Local assessors must maintain current property appraisal cards that contain the appraised value of the property and improvements for all parcels of real estate they assess, and these cards must be made available for inspection, unless they contain confidential information. Additionally, localities must allow such taxpayers to examine the working papers that the assessing official used in reaching the property's assessed value, if the taxpayer requests. Assessing officers also must provide information regarding the methodology employed in the calculation of a property's assessed value, including the capitalization rate used to determine the property's value, a list of comparable properties or sales figures considered in the valuation, and any other market surveys, formulas, matrices, or other factors considered in determining the value of the property, upon a taxpayer's request.

Effective: July 1, 2015
Amends: § 58.1-3331

Transfer of Certain Tax Delinquent Properties

Senate Bill 1229 (Chapter 379) adds the city of Fredericksburg to the list of cities that are authorized to have a special commissioner convey tax-delinquent real estate to the locality in lieu of a public sale at auction when the property has an assessed value that falls below certain specified amounts, and the percentage of taxes and other liens, together with penalty and accumulated interest or the percentage of taxes alone exceeds certain amounts.

Under current law, the Cities of Norfolk, Richmond, Hopewell, Newport News, Petersburg, and Hampton are authorized to have a special commissioner convey real estate in lieu of a public sale at auction when: i) the tax-delinquent property has an assessed value of $50,000 or less; and ii) the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 35 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 15 percent of the assessed value of the parcel. The special commissioner may also convey real estate to the specified cities when: i) the tax-delinquent property has an assessed value of $100,000 or less; ii) the percentage of taxes and other liens, together with penalty and accumulated interest exceeds 20 percent of the assessed value of the parcel or the percentage of taxes alone exceeds 10 percent of the parcel's assessed value; iii) the property is unoccupied; and 4) the locality contracts to sell the parcel to a nonprofit organization that will renovate or construct a single-family dwelling on the parcel for sale as a residence for a person whose income falls below the area median income.

Effective: July 1, 2015

Amends: § 58.1-3970.1

Waiver of Delinquent Real Property Taxes

House Bill 2173 (Chapter 498) authorizes localities to fully release any unpaid taxes, penalties, interest, and other costs on tax-delinquent real property in exchange for the conveyance of the tax delinquent property to a qualifying tax-exempt organization. To qualify, the organization needs to be tax-exempt under Internal Revenue Code § 501(c)(3) or § 501(c)(4) and be engaged in building, renovating, or revitalizing affordable housing for low-income families. Tax-delinquent real property is eligible for this treatment once the taxes are delinquent on December 31 following the second anniversary of the tax due date. Alternatively, real property qualifies for this treatment on the first anniversary of the tax's due date if it: i) contains a nuisance, a derelict building, or a structure that has been condemned by the local building official; or ii) has been declared blighted.

Under current law, localities may sell tax-delinquent real property on December 31 of the year following the two-year anniversary of the tax due date. Tax-delinquent blighted real property may be sold one year after the taxes become due. Tax-delinquent real estate assessed at $100,000 or less may be publicly auctioned: i) on December 31 of the year following the first anniversary date the taxes became due; or ii) when there is an unpaid lien on the real estate on December 31 of the year after the first anniversary of the date the lien was recorded.

Effective: July 1, 2015
Adds: § 58.1-3970.2

Nonjudicial Sale of Tax-Delinquent Property

House Bill 1711 (Chapter 59) clarifies that any official designated by the locality to administer its zoning ordinance is qualified to make a determination as to whether certain tax-delinquent real property is unsuitable for building due to the size, shape, zoning, or soils of the parcel, and therefore does not meet the criteria for a nonjudicial sale.

Under current law, local treasurers may publicly auction small parcels on which delinquent taxes have accrued for three years or more. The parcels must be assessed at less than $10,000 and be either i) less than 4,000 square feet (.0918 acre), or ii) a parcel of any size that the locality's zoning administrator has determined to be unsuitable for building due to the size, shape, zoning or soils of the parcel.

The treasurer conducting the sale must send notice by certified or registered mail to the owners of record and anyone else appearing to have an interest in the property, such as mortgage or judgment lien holders, post a notice of sale at the property and the courthouse, and advertise the sale.

The owner may redeem the property at any time before the sale by paying the delinquent taxes, penalties, interest, and pro-rata cost of advertising the sale. The treasurer may enter into an installment payment agreement with the owner for up to 12 months to pay the full redemption amount.

Any parcel that has not been redeemed by the owner may be sold to the highest bidder at the public auction. Any sale made is free and clear of the tax lien, but does not affect any easements recorded prior to the date of sale. If the sale proceeds are insufficient to pay the taxes in full, the remaining delinquent taxes remain the personal liability of the former owner. The sale proceeds must be applied first to the costs of sale, then to the taxes, penalty and interest due on the parcel, then to any other taxes or other charges owned by the former owner to the jurisdiction. Excess proceeds remain the property of the former owner and are kept by the treasurer in an interest-bearing escrow account. The former owner has two years from the date of the sale to make a claim for payment of the excess proceeds, after which time, the treasurer must deposit the excess proceeds in the jurisdiction's general fund. If there is no successful bidder at the public auction, the treasurer must add the costs of sale incurred by the jurisdiction to the delinquent real estate account.

Effective: July 1, 2015
Amended: § 58.1-3975

Multijurisdictional Sale of Tax Delinquent Real Properties

House Bill 1567 (Chapter 50) allows a suit for the judicial sale of tax-delinquent real property located in multiple jurisdictions to be brought in one locality, provided: i) the taxes are delinquent in each such jurisdiction for not less than the minimum periods established by statute; and ii) the treasurers in each jurisdiction consent. This Act also outlines the information that must be identified in the suit, required publications, and notices, as well as the procedures that must be followed once the property has been sold.

Localities have a broad array of tools to collect delinquent taxes including collection from the taxpayer's bank account, wages, income tax refunds, suits against the taxpayer personally, and sale of the real estate to which the tax lien has attached. When taxes are delinquent on the last day of the year following the two-year anniversary date on which such taxes were due, localities may sell the real estate for the purpose of collecting all delinquent taxes on such property. Localities may sell property that has been declared blighted on the first anniversary of the date on which delinquent taxes are due. Real estate with an assessed value of $100,000 or less is subject to sale at public auction: i) when taxes are delinquent on the last day of the year following the first anniversary date on which such taxes were due; or ii) when there is a lien on the real estate for certain reasons, which lien remains unpaid on the last day of the year following the first anniversary of the date on which such lien was recorded. Judicial proceedings must be filed in the circuit court of the county or city in which the tax-delinquent real estate is located in order to subject the real estate to a lien for delinquent taxes.

Prior to instituting any judicial sale, localities must provide at least 30 days' notice to the property owners and all other parties who have an interest in the real property, including any trustee under a deed of trust or mortgage. Localities must also publish a list of real estate which will be offered for sale in a generally circulated newspaper in the locality at least 30 days prior to the commencement of the judicial proceedings. Owners of the property may redeem it at any time prior to the date of the sale by paying all accumulated delinquent taxes, penalties, reasonable attorney's fees, interests, and costs, and in some instances, are permitted to set up installment payment agreements with the local treasurer for a maximum period of 36 months.

Effective: July 1, 2015
Adds: § 58.1-3965

Land Use Valuation

House Bill 1483 (Chapter 485) permits localities to establish minimum acreage requirements that fall below five acres in order for real estate devoted to and used for agricultural purposes to qualify for land use assessment.

Land use valuation and taxation is intended to encourage conservation by providing tax relief to the owner of real estate devoted solely to agricultural, horticultural, forest, or open space use. Under land use taxation programs, the land dedicated to the special use is taxed at a lower rate than the rate applicable to other real property. In valuing land at its use value, the assessing officer considers only the value of the real estate based on its current use. The assessing officer does not consider the fair market value of the land at its most profitable use.

Under current law, real estate devoted solely to agricultural or horticultural use must consist of a minimum of five acres in order to be deemed eligible for a local land use program. Local governing bodies may, by ordinance, prescribe minimum acreage requirements below five acres for real estate used in aquaculture or for raising specialty crops, as defined by the locality's ordinance.

Effective: July 1, 2015
Amended: § 58.1-3233

TANGIBLE PERSONAL PROPERTY TAX

Personal Property Tax Relief

House Bill 1340 (Chapter 152) and Senate Bill 1219 (Chapter 96) expand the pool of vehicles that are deemed "qualifying vehicles," and thus eligible for personal property tax relief by including autocycles that are privately owned, leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle, or held in a private trust for nonbusiness purposes. *Virginia Code* § 46.2-100 defines "autocycle" as a three-wheeled motor vehicle that has a steering wheel and seating that does not require the operator to straddle or sit astride and is manufactured to comply with federal safety requirements for motorcycles.

Under current law, the term "qualifying vehicle" is defined as any passenger car, motorcycle, and pickup or panel truck that is determined by the commissioner of the revenue of the county or city in which the vehicle has situs to be i) privately owned; ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle; or iii) held in a private trust for nonbusiness purposes.

Effective: January 1, 2016
Amended: § 58.1-3523

Personal Property Tax Relief for Vehicles Leased by Members of the Military

House Bill 1589 (Chapter 266) requires that, beginning with tax year 2016, any locality receiving reimbursement from the Commonwealth for providing tangible personal property tax relief for motor vehicles must ensure that the reimbursement payment pays for all of the tax attributable to the first $20,000 of value on each qualifying vehicle leased by an active duty member of the United States military or his spouse if the vehicle would not be taxed in Virginia if it were owned by such active duty member or spouse. The vehicle must be leased pursuant to a contract requiring the member or spouse to pay the tangible personal property tax on the vehicle to be eligible for such relief.

Under current law, in order to be deemed a qualifying vehicle for purposes of granting personal property tax relief, the Commissioner of the Revenue of the county or city in which the vehicle has situs must determine that the vehicle is i) privately owned; ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle; or iii) held in a private trust for nonbusiness purposes.

The Servicemembers Civil Relief Act provides that the personal property owned by a nonresident service member may not be taxed by a jurisdiction where the service member is residing only because of military orders. In 2009, the Military Spouses Residency Relief Act amended the Servicemembers Civil Relief Act to extend the protection to property owned by spouses of service members that are present in the state solely to be with the service member in compliance with the service member's military orders and have the same residence or domicile as the service member.

Effective: Tax Year 2016
Amended: § 58.1- 3524

Separate Classification for Certain Miscellaneous and Incidental Tangible Personal Property

House Bill 2098 (Chapter 487) and Senate Bill 1127 (Chapter 593) create a separate classification for purposes of the Tangible Personal Property Tax for miscellaneous and incidental property used in a trade or business, when the property: i) is not classified as machinery and tools, merchants' capital or short-term rental property; and ii) has an original cost of less than $250. Localities are authorized to tax this property at a rate not to exceed the rate applicable to the general class of tangible personal property. These Acts also grant localities the authority to allow a taxpayer reporting any such qualifying tangible personal property to provide an aggregate estimate of the total value of all such property owned by the taxpayer, in lieu of a specific list.

Currently, there are forty-five categories of property separately classified for purposes of the Tangible Personal Property Tax. The majority of these categories can be taxed at a rate not to exceed the general rate imposed on tangible personal property. Four categories related to research and development, equipment that changes the energy source for manufacturing plants, equipment for manufacturing testing, and heavy motor vehicles to transport property for hire may not be taxed at a rate that exceeds that applicable to machinery and tools. Manufactured homes may be taxed at the same rate as real property.

Effective: July 1, 2015

Amended: § 58.1-3506

Machinery and Tools Tax for Renewable Energy Production

House Bill 1297 (Chapter 230) creates a separate class of property for purposes of the Machinery and Tools Tax for machinery and tools owned by a business and used directly in producing or generating renewable energy. For the purposes of this Act, "renewable energy" is defined as energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, energy from waste, landfill gas, municipal solid waste, wave motion, tides, or geothermal power, but does not include energy derived from coal, oil, natural gas, or nuclear power.

Localities are authorized to levy a tax on this separate class of property at a different rate from that levied on other machinery and tools, but not exceeding the rate imposed on the general class of machinery and tools in the locality. This rate of tax will not apply to machinery and tools owned by public service corporations, unless such rate of tax will result in a lower property tax on such machinery and tools.

Generally, machinery and tools used in manufacturing, mining, water well drilling, processing or reprocessing, radio and television broadcasting, dairy, dry cleaning or a laundry business are segregated as a separate class of tangible personal property and are subject to local taxation only. The tax rate imposed on machinery and tools may not exceed that imposed on other classes of tangible personal property.

Effective: July 1, 2015
Adds: § 58.1-3508.6

OTHER LOCAL TAXES

Business, Professional, and Occupational License Tax; Businesses Ceasing Operations

Senate Bill 1040 (Chapter 250) provides that if a taxpayer ceases business and intends to settle outstanding, existing business accounts in the following year, such taxpayer is authorized to pay the Business, Professional, and Occupational License Tax in the following year based on an estimate of gross receipts for such year instead of on the previous year's gross receipts.

Under current law, a business that is subject to license taxation on its gross receipts generally calculates its tax liability for the license year using its prior year's gross receipts, unless the local ordinance provides for a different period for measuring the gross receipts of a business. Many local ordinances provide that a beginning business must calculate its license tax liability for its first year based on its estimated first year receipts. At the end of the first license year, the business's license tax liability is adjusted to reflect actual first year receipts. After the first year, each succeeding year's tax is based upon the prior year's gross receipts and is not corrected to reflect actual gross receipts.

Effective: July 1, 2015
Amends: § 58.1-3710

County of Stafford Admissions Tax

Section 3-5.20 of the 2015 Appropriations Act (House Bill 1400, Chapter 665) authorizes the County of Stafford to impose a tax on admissions to an entertainment venue located in the county that i) is licensed to do business in the county for the first time on or after July 1, 2015; and ii) requires at least 75 acres of land for its operations; and iii) such land is purchased or leased by the entertainment venue owner on or after June 1, 2015. The tax is limited to 10 percent of the amount of charge for admission to any such venue. The provisions of this section will expire on July 1, 2019 if no entertainment venue exists in Stafford County upon which this tax may be imposed.

Effective: March 26, 2015

Authorizes the Counties of Bland, Isle of Wight and Russell to Levy Transient Occupancy Tax at a Maximum Rate of Five Percent

Senate Bill 1240 (Chapter 98) adds Bland County and Russell County to the list of counties that are currently authorized to impose the transient occupancy tax at a maximum rate of five percent. Revenues from the portion of tax in excess of two percent is required to be used solely for tourism or marketing of tourism.

House Bill 1704 (Chapter 57) and Senate Bill 759 (Chapter 78) add the Counties of Bland and Isle of Wight to the list of counties that are currently authorized to impose the transient occupancy tax at a maximum rate of five percent. Revenues from the portion of tax in excess of two percent are required to be used solely for tourism or marketing of tourism.

Under current law, any county may impose a transient occupancy tax at a maximum rate of two percent, upon the adoption of an ordinance, on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms. The tax, however, does not apply to rooms rented on a continuous basis by the same individual or group for 30 or more continuous days. The tax applies to rooms intended or suitable for dwelling and sleeping. Therefore, the tax does not apply to such rooms used for alternative purposes, such as banquet rooms and meeting rooms.

Effective: July 1, 2015
Amends: § 58.1-3819

Local Gas Road Improvement Tax Sunset Provision Extension

House Bill 1705 (Chapter 271) and Senate Bill 1308 (Chapter 381) extend the sunset date for the local gas road improvement tax for 2 years and provide that the tax may not be imposed on or after January 1, 2018.

The localities that comprise the Virginia Coalfield Economic Development Authority may impose a local gas road improvement tax that is capped at a rate of one percent of the gross receipts from the sale of gases severed within the locality. Under current law, the revenues generated from this tax are allocated as follows: 75 percent are paid into a special fund in each locality called the Coal and Gas Road Improvement Fund, where at least 50 percent of the revenue is spent on road improvements and 25 percent of the revenue may be spent on new water and sewer systems or the construction, repair, or enhancement of natural gas systems and lines within the locality; and the remaining 25 percent of the revenue is paid to the Virginia Coalfield Economic Development Fund. The Virginia Coalfield Economic Development Authority is comprised of the City of Norton, and the Counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise. Under current law, the local gas road improvement tax is set to expire on December 31, 2015.

Effective: July 1, 2015
Amended: § 58.1-3713

LEGISLATIVE

STUDIES

Study of the Communications Sales and Use Tax

House Joint Resolution 635 directs the Department of Taxation to conduct a study of the Communications Sales and Use Tax with the input of an advisory panel comprising of representatives of local governments and affected segments of the communications industry. The study will i) evaluate the overall performance of the Communications Sales and Use Tax; ii) determine whether competing communications services are being taxed on an equal basis; iii) identify any communications services that are receiving a competitive advantage by not being taxed; and iv) determine whether the tax is structured such that it will apply to new methods of communications. The Department is required to complete its meetings by November 30, 2015 and submit its findings and recommendations no later than the first day of the 2016 General Assembly Session.

Study on Market Based Sourcing

House Bill 2233 would have created a working group to study the feasibility of adopting the market-based sourcing method of sourcing sales of services and intangible personal property. This bill was left in the House Finance Committee with the understanding that the Department would undertake such a study at the request of the chairman.

Accordingly, a working group has been established to examine existing laws concerning the allocation and apportionment of sales of nontangible personal property and consider the desirability and feasibility of adopting a market-based sourcing model. The working group includes representatives from telecommunications providers, data centers, cyber technology entities, and other technology service providers. The working group will also provide recommendations to the chairman prior to the prefiling deadline for the 2016 General Assembly session.

Virginia Retirement System Work Group to Review Retirement Savings Options

House Bill 1998 (Chapter 669) directs the Virginia Retirement System to convene a work group to review current state and federal laws and regulations that encourage citizens of the Commonwealth to save for retirement by participating in retirement savings plans. The review will include an examination of retirement savings options for self-employed individuals, part-time employees, full-time employees whose employers do not offer a retirement savings plan, and groups with a low savings rate. The work group will include representatives of the Department of Taxation, small businesses, the self-employed, the Virginia College Savings Plan, and other stakeholders. The work group is required to report its findings and recommendations for statutory changes or budget amendments to the Governor and the General Assembly by January 1, 2017.

Effective: July 1, 2015

Study of Revenue Sources for the Virginia Housing Commission

Senate Joint Resolution 235 directs the Virginia Housing Commission to study methods to evaluate and determine a dedicated revenue source for the Virginia Housing Trust Fund. This study also requires the Virginia Housing Commission to examine all sources of revenue tax collection.

Under this joint resolution, the Department is required to provide technical assistance to the Virginia Housing Commission. The Virginia Housing Commission must complete its meetings by November 30, 2015 and to provide a report of its findings and recommendations to the Governor and the General Assembly no later than the first day of the 2016 General Assembly session.

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