

**REPORT
OF THE
REVENUE RESOURCES AND ECONOMIC COMMISSION
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



Senate Document No. 16

COMMONWEALTH OF VIRGINIA

Department of Purchases and Supply

Richmond

1978

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Introduction

The Revenue Resources and Economic Commission was first created in 1968 to "study and evaluate the Commonwealth's tax structure with emphasis on the equities of that structure as it affects the taxpayers. It shall also evaluate the sources of revenue of the local governments, the problems facing cities and urban areas relative to finance, the proper division of sources of revenue between state and local governments and the proper division of responsibility of services. It shall study the overall tax structure of the Commonwealth in relation to the magnitude and distribution of the wealth of its people and their need for public services and the ways and means best designed to adjust state and local taxation to facilitate a more adequate and equitable financing of local public services and to encourage and achieve desired land-use goals and shall appraise the current status of the real property tax in the state." In 1974, the Commission was made permanent (§9-146, Code of Virginia).

During 1977, the Commission elected to devote a large portion of its energies to analyzing local fiscal problems, while, at the same time, maintaining its interest in overall tax revenues and tax equity. The Commission's staff prepared and published a report, Local Fiscal Issues, A Staff Report to the Revenue Resources and Economic Commission, which examines the following areas:

1. Local Revenue Considerations
 - a. Existing Revenue Sources and Distribution Between the State and Local Governments

- b. Local Revenue Trends
 - c. Alternatives for Distribution of Revenues
2. Examination of Certain Local Taxes
 - a. Analysis of Value Added, Business Income, and Business License Taxes
 - b. Restructuring the Local Business, Professional, Occupational License Tax
 3. Analysis of the State Budgeting Process
 4. Local Fiscal Reporting

Readers are encouraged to refer to the staff report for additional information and supportive data.

This document contains the Commission's recommendations. The recommendations reported below relate to three areas: 1) local business, professional, occupational license tax, 2) personal property tax, and 3) local fiscal reporting. A statement by the Chairman of the Commission on the establishment of a local Government Fund is also included.

Local Business, Professional, Occupational License Tax

The Commission would prefer to recommend an elimination of the local business, professional, occupational license (BPOL) tax as a local tax source with replacement revenues or another tax source provided to local governments. It is not felt, however, that money is available without a general tax increase to eliminate the BPOL tax at this time. Thus, the following proposal on the BPOL tax is offered. While this proposal would not cause an actual loss of dollars for any locality, the Commission recognizes that it does curtail revenue growth in this tax source for those localities above the suggested ceiling rates. Therefore, the Commission recommends the following proposal with the proviso that the state offer

greater assistance to the local governments in the cost of services local governments provide and/or provide local governments with an additional source of revenue. With this provision, the proposal is unanimously supported by the Commission.

The proposal places ceilings on the local business, professional, occupational license tax as follows:

<u>Category of Enterprise</u>	<u>Tax Rate Per \$100.00 Gross Receipts</u>
Contracting	.16
Retail Sales	.20
Finance, real estate, and professional services	.58
Repair, personal and business services, and all other businesses	.36

No such local license tax shall exceed \$30 or the rate per \$100.00 of the enterprise's gross receipts as stated above, whichever is greater. Three businesses, massage parlors, fortune tellers, and carnivals, are allowed as exceptions and no ceilings are placed on these businesses.

NOTE: The relationship between the ceiling rates reflects the relative differences in operating ratios between broad categories of similar activities, i.e., the gross profit ratios for similar business activities as reported by the Internal Revenue Service in Statistics of Income: Business Income Tax Returns, 1970.

The Department of Taxation will be responsible for drafting regulations enumerating the various types of

businesses which fall within the four broad categories, local governments will have the option of setting varied rates for sub-categories of businesses as long as the rates do not exceed the ceiling rate of the major category.

Any local government which presently has rates higher than the proposed ceilings is frozen at the same amount of dollars it collected in FY 1977-78 until such time as it is able to reduce its rates to the ceiling rates without a loss of revenue. When the locality has adjusted its rates at or below the ceiling, it may once more collect additional revenues as inflation and/or economic growth increases the tax base.

The administrative procedure for a locality that must roll back its BPOL rates is explained by the following example:

- a) A locality is frozen at FY 1977-78 BPOL dollars (until such time as its tax rates are within the ceilings). For example, assume \$100,000 is collected in FY 1977-78.
- b) In FY 1978-79, assume \$106,000 is collected.
- c) The locality must lower the tax rates for the subsequent tax year on one or more of the categories which was above the ceiling rate. The rate (rates) must be lowered so that the total receipts in the next fiscal year can reasonably be expected to be the amount received in FY 1977-78 less the \$6,000 in receipts which was over-collected.

The merchants' capital tax is repealed. This tax source yielded \$2,806,321 for counties in tax year 1976 (Department of Taxation Annual Report 1976-77, Table 5.6). Some towns also levy this tax, but the total dollars collected is not available. It is perceived that counties now levying

a merchants' capital tax would adopt a BPOL tax.

Any county license tax imposed shall not apply within the limits of any town located in such county. This is the present law (§58-266.1(7), Code of Virginia).

It should also be noted that this proposal relates to local business' license taxes as levied under §§58-266.1, Code of Virginia. It does not impact upon the franchise license taxes on telegraph and telephone companies, or heat or water, light and power companies pursuant to §§58-578 and 58-603, Code of Virginia. Further, it does not affect license taxes levied on wholesalers pursuant to §58-441.49, Code of Virginia.

Further, as a separate matter, it is recommended that the state tax on capital be studied with consideration of its elimination.

The proposed legislation to place ceilings on the BPOL tax is contained in Appendix 1 (pages 16-34). Local fiscal impact statements for cities and counties from enacting this legislation are in Appendix 2 (pages 36-47). The reader is encouraged to refer to Local Fiscal Issues for more detailed discussion and analysis of the BPOL tax.

Personal Property Tax

Late this year the Commission appointed a subcommittee to look into problems in the personal property tax which had been brought to its attention. The subcommittee reported, and the Commission concurs, that the personal property tax is a problem area in need of reform and should be studied

extensively. Therefore, the following recommendations were adopted:

- 1) The personal property tax law should be amended to require that all assessments be made at 100% of fair market value. Any variations in the burden of taxation should be authorized by the governing body only.
- 2) Taxicabs and short term leased motor vehicles should be put in a separate category in §58-829, Code of Virginia, so that if an assessing officer finds that a method of determining the value of such vehicles different from that used for other types of motor vehicles would reach a result closer to true market value, he may use such other method.
- 3) The Commission should study personal property taxation in depth, in order to determine what changes in the statutory structure should be made and what programs should be instituted to make administration of the tax more equitable and the assessment procedures more uniform.

The appointment of a subcommittee was preceptitated specifically by a letter from the Car and Truck Rental and Leasing Association (CATRALA), although a thorough study of the personal property tax had been suggested in the past by the staff. Members of CATRALA complain that their fleets of motor vehicles, which constitute their main investment in business equipment, are taxed as personal property at a far higher ratio of value than other types of business property. They have been voicing this complaint for several years, and have sought redress both through litigation and legislation, to no avail.

In its examination of the problem, the Commission has found that the CATRALA members are suffering from inequities in the application of the personal property tax, but that the problem is not easily solved because it is imbedded too

deeply in the personal property tax system.

Most problems with the personal property tax can be traced to the basic difficulty of finding and valuing diverse types of property, most of which are movable and many of which are easily hidden. Assessing officials have naturally concentrated on motor vehicles as they are easily found through registration and valued through published tables. Although all localities tax business property, it is often reported and valued on a voluntary basis. Even though depreciation schedules from federal income tax returns are available for use in finding property, only the larger localities have computer facilities to enable them to make use of the data. The administrative guidelines for valuing such property are extremely rough and often set absurdly low values, perhaps to forestall arguments with taxpayers. Non-business property other than motor vehicles is rarely taxed at all; many localities have officially exempted household goods and personal effects as permitted in Article X, §6(e) of the Constitution, and most of those which have not, make little effort to tax it. CATRALA's members are therefore bearing more than their share of the tax burden, not necessarily because their property is overvalued, but because most other types of property is clearly undervalued.

The Constitutional framework governing the personal property tax is clear; all property is to be taxed unless validly exempted, taxes must be uniform within legislatively

created classes (Article X, §1), and property must be taxed at fair market value (Article X §2). In contrast, the statutory framework, found in Chapter 16 of Title 58, Code of Virginia (§58-829, et seq.) and spilling over into further chapters (see §58-851), is confusing, misleading and out of date. It gives neither incentive nor guidance to assessing officials to live up to the Constitutional requirements. As a result, practices vary from the sloppy to the flagrantly illegal. In the latter category is the practice of using assessment ratios set not by the governing body, but by the local assessing official. When these ratios are set at different percentages between categories of property which have not been differentiated by the local legislative body, the practice amounts to administrative rate setting.

The Commission feels that improvement is long overdue, and can be substantial. Elimination of the most flagrant abuses can be effected relatively quickly, and it is to this reform that immediate amendments of the statutes are directed. Other aspects of reform will take more time to effect, particularly the upgrading of assessment standards. In the last few years, great improvements have been made in real property assessment practices; the same degree of improvement should be encouraged in the personal property field. Some steps have already been made; for example, there is now offered a course in personal property assessment as part of an annual continuing education program for assessing officers. In addition, some other states have developed sophisticated techniques of personal property assessment, and have therefore made that

tax into a significant revenue source.

More encouragement should be given to local officials so that they may make similar progress and thereby realize some of the potential of the personal property tax. The Commission proposes to provide this encouragement in two ways. First, it recommends amending the personal property tax law to reiterate the Constitutional requirements of assessment at fair market value and explicitly outlaw assessment ratios as is stated in Recommendation 1. This change, it is hoped, will provide some impetus for local officials to improve their valuation methodology. Local governing bodies will be free to adjust rates to prevent unwarranted increases in tax burden, and will, of course, be entitled to alter rates among the classes of property which have been established by the General Assembly. These classifications are found in §§58-829.1, 58-829.1:1, 58-829.2, 58-829.3, 58-831, and 58-851 of the Code of Virginia. The proposed legislation is in Appendix 3 (pages 48-52),

Second, the Commission plans to further study the problems of upgrading assessment methodology in order to determine the most effective and least burdensome method of improving the standards of personal property assessment. It is important to discover what educational requirements, what additional personnel, if any, and what exterior standards are desirable before further steps are taken. The Commission will have the opportunity to examine the materials available for use in teaching personal property assessment, the assessment procedures used in those states which have developed sophisticated

personal property tax systems, and the methods of enforcement available to us.

Recommendation 2 proposes an immediate amendment for the benefit of the members of CATRALA, as that group has demonstrated that it is one of the most heavily penalized by the defects of the present system. As was explained above, CATRALA's major grievance is that other property is undervalued, thus making the assessments on rental vehicles non-uniform. This complaint can best be answered by upgrading the assessment of other property. In addition, however, they maintain that their rental vehicles are actually worth less than other vehicles because of the nature of the business. This argument is especially true of high mileage, short-term leased vehicles, and taxicabs as well. They are not permitted to obtain relief by proving this discrepancy because local officials fear that other motor vehicle owners will seek the same privilege. In order to remove this difficulty, it is recommended that a separate category be added in §58-829, Code of Virginia, for taxicabs and vehicles owned by a leasing business and used for short-term rental. This change will not establish a separate class for tax rate purposes, nor will it authorize any assessment ratio; it will merely authorize, but not require, a local official to use a different method of ascertaining the actual fair market value of vehicles in those categories, if he feels a different method is warranted. It will be up to the taxpayers involved to demonstrate the need for a different method. The proposed legislation is contained in Appendix 3 (pages 48-52).

Recommendation 3 includes the Commission's plan to study the assessment methodology as well as plans to study the personal property statutes preparatory to a complete revision. The categories in §58-829, Code of Virginia, were originally established in 1924 and are grossly out of date. The categories of household goods and personal effects in §58-829.1, Code of Virginia, need to be reexamined, and a decision should be made whether or not to exempt the whole class statewide. Much of the remainder of the chapter is unclear and confusing. It will be impossible to achieve reform of the personal property tax unless the statutory framework is made worthy of such reform. Completion of the dual study is planned so that any proposals concerning appropriate means of assessment reform and statutory revision will be made to the 1979 General Assembly Session.

Local Fiscal Reporting

In May, 1977, the Revenue Resources and Economic Commission established a Subcommittee on Local Fiscal Reporting. The need for such a committee had become apparent as legislative committees and commissions and local government organizations sought to analyze the financial picture of local governments in an effort to determine the fiscal needs of Virginia's localities. Efforts were hampered by the lack of uniform data on local revenues and expenditures. The Auditor of Public Accounts presently publishes two reports annually-- Comparative Cost of County Government and Comparative Cost of City Government. Although useful documents, there exist

several limitations because the reports were developed for somewhat different purposes than those now being pursued. For example, there is a need to make comparisons between all cities and counties. The present structure of reporting allows for limited comparisons between cities or between counties, but not between cities and counties. The reports present data in such a way that it is difficult to separate differences in spending and revenue effort from differences due to variations in accounting and reporting practices.

The Subcommittee on Local Fiscal Reporting has undertaken to modify and expand the reporting system now used by the Auditor of Public Accounts. In developing concepts and reporting procedures, the Subcommittee has worked closely with the Auditor of Public Accounts, 26 representative local governments, local government organizations, private CPA firms which perform governmental auditing, and the Governments Division of the Bureau of the Census. The Subcommittee is greatly appreciative of comments and suggestions it has received from those sources. The success of this project is contingent upon the continuation of their valuable assistance.

The requirements of financial reporting are dependent upon the general objectives to be made of the information which is to be collected, and the key users of the data. The Subcommittee's view of the concepts of uniform local fiscal reporting and the purposes which it feels such reporting should meet are detailed in a separate report printed as Senate Document No. 10, 1978. The Subcommittee's report is

also included in Local Fiscal Issues, pages 77-131.

Some of the key procedures of a reporting system are also addressed as well as a recommendation of the appropriate structure for the local report forms.

The report, which serves as an interim report, is intended to set forth the basic premises on which recommendations are made for the development of a local reporting system at the state level. It is recommended that such a system be retained in the office of the Auditor of Public Accounts. It is important to recognize, however, that the reporting system being recommended by this Subcommittee is an expansion of the program which is presently the responsibility of the Auditor of Public Accounts and, as such, may require an additional appropriation of state funds.

The Revenue Resources and Economic Commission strongly endorses the interim report and the continuation of the Subcommittee. The Subcommittee plans to develop the concepts embodied in its interim report into the specifics of a uniform local report form and reporting system.

Additional Statement by Carrington Williams
Chairman, Revenue Resources and Economic Commission

The Commission has had inadequate opportunity to explore the following subject, but I wish to add a personal observation for consideration by the General Assembly, the Governor, and the local governments.

Because of inflation, many localities (indeed half the cities) in Virginia are worse off today than in 1972 in terms of constant dollars collected from local sources of revenue. Something has to be done--and soon. Hence, I believe serious thought should be directed toward establishing a Local Government Fund as a regular part of the biennial state budget process.

Such a Fund would have these advantages:

1. It would enable the local governments to share more equitably in the state revenues which are geared to individual and corporate income taxes, and to the sales of other taxes which rise faster with inflationary costs than property taxes. The latter are increasingly regressive, and localities are loath to raise them further. As matters stand now they must raise property, or other regressive taxes or go, hat in hand, to the state for more money to meet those ever-escalating mandated programs, whether state or federal.
2. The Fund would give the localities a financial "nut" on which they could depend and thus could budget more effectively.
3. It should slow the growth of government at the state level by sending the message that all of any projected increase in state revenues (now about 18% per biennium) is not available for state use.
4. It should make for a better working partnership between the state and local governments.

Since the Governor is the chief budget officer of the Commonwealth, the Fund should be administered by the executive

branch. It would have a regular staff to speak for the localities in the formulation of the biennial state budget.

Such a Fund could be composed of a stated percentage, for example 1%-3%, of the General Fund. The money would be made available to localities to draw against by a predetermined formula based on a locality's need for money in certain well-defined categories, such as schools, health, welfare, law enforcement, etc., as well as its ability to pay, and tax effort. Until a locality's eligibility for and share of the Fund were determined, it might be allowed to borrow a stated percentage of its anticipated share of the Fund, at interest, with the obligation to repay any overage to which it might prove to be not entitled.

The Commonwealth is improving its budget process; this Commission is working with localities to improve their financial reporting procedures so that they (and we) can better determine who needs help, and where. Everyone seems to agree that many localities need financial help from the state; the question is who and to what extent. Careful consideration of the establishment and administration of a Local Government Fund should furnish us with some answers. Further delay in providing a workable and predictable source of added funds for our local communities will only increase their dependence on federal money, for if they leave Richmond empty-handed, they will certainly go on to Washington for an ever-increasing share of their revenues.

APPENDIX 1
LOCAL BUSINESS, PROFESSIONAL, OCCUPATIONAL
LICENSE TAX LEGISLATION

A bill

to amend and reenact §§15.1-1040, 22-141.2, 58-9, 58-10
58-266.1, 58-832, 58-833, 58-834, 58-835,
58-847, 58-851, and 58-859 of the Code of Virginia,
and to repeal §58-833.1 of the Code of Virginia,
relating to the business, professional and occupational
license tax and the tax on merchants' capital, in
order to repeal the tax on merchants' capital and
place limitations on the business license tax.

Be it enacted by the General Assembly of Virginia:

1. That §§15.1-1040, 22-141.2, 58-9, 58-10, 58-266.1,
58-832, 58-833, 58-834, 58-835, 58-847, 58-851, and
58-859 of the Code of Virginia are amended and
reenacted as follows:
§15.1-1040. Pretrial conference; matters considered.
The court shall, prior to hearing any case under this
chapter, direct the attorneys for the parties to appear
before it, or in its discretion before the local judge
(as defined in §15.1-1038) for a conference to consider:
 - (a) The simplification of the issues;
 - (b) Amendment of pleadings and filing of additional
pleadings;
 - (c) Stipulations as to facts, documents, records,
photographs, plans and like matters, which will dispense
with formal proof thereof, including:
 - (1) Assessed values and the ratio of assessed values

to true values as determined by the State Department of Taxation in the area sought to be annexed, city or town and county, including real property, personal property, machinery and tools, merchants' capital and public utility assessment for each year of the five years immediately preceding;

(2) Tax rate for the five years next preceding in the area sought, including any sanitary district therein, and in the city or town;

(3) The school population and school enrollment in the county, in the area sought, and in the city or town, as shown, respectively, by the quinquennial census of school population and by the records in the office of the division superintendent of schools; and the cost of education per pupil in average daily attendance as shown by the last preceding report of the Superintendent of Public Instruction;

(4) The estimated population of the county, the area sought and of the city or town;

(d) Limitation on the number of expert witnesses, as well as requiring each expert witness who will testify to file a statement of his qualifications;

(e) Such other matters as may aid in the disposition of the case.

The court, or the local judge as the case may be, shall make an appropriate order which will control the subsequent conduct of the case unless modified before

or at the trial or hearing to prevent manifest injustice.

§22-141.2. Town school division's share of county school funds. — For the benefit of each town in which there is established a town school division the governing body of the county in which such town is located shall require the county treasurer to pay over to the town treasurer, if and when properly bonded, the following funds to be placed in the general fund of the town, subject to appropriation by the governing body of the town as it may deem necessary:

From the amount derived from a general or unit levy for all county purposes, a sum equal to such town's pro rata share of the general or unit levy receipts derived from the taxable property within the town, including real estate, tangible personal property, merchants' capital and machinery and tools. The pro rata share of the town shall be determined by allocating to the town the same percentage of general or unit levy receipts as is appropriated by the county governing body for the support of county public schools and/or for educational purposes.

All such transfers made between July one, nineteen hundred seventy-one, and July one, nineteen hundred seventy-two, are hereby validated.

§58-9. Real estate, mineral lands, tangible personal property and merchants' capital subject to local taxation only. — All taxable real estate, all taxable coal and other mineral lands, and all taxable tangible personal property and the tangible personal property of public service corporations, except rolling stock of corporations operating railroads, and also the capital of merchants are hereby segregated and made subject to local taxation only.

§58-10. Property subject to State taxation only; merchants' capital taxed locally. — Insurance taxes, licenses on insurance companies, taxable intangible personal property, rolling stock of all corporations operating railroads by steam and all other classes of property not hereinbefore specifically enumerated in the preceding section (§58-9), are hereby segregated and made subject to State taxation only. The capital of merchants as defined in §58-833, shall be classified as intangible personal property and as such shall not be subject to State or local taxation but may be taxed locally as provided by the preceding section.

§58-266.1. Cities, towns and counties may impose local license taxes; limitation of authority. — A. The council of any city or town, and the governing

body of any county, may levy and provide for the assessment and collection of city, town or county license taxes on businesses, trades, professions, occupations and callings and upon the persons, firms and corporations engaged therein within the city, town or county, whether any license tax be imposed thereon by the State or not, subject to the following limitations:

(1) No city, town or county shall levy any license tax in any case in which the levying of a local license tax is prohibited by any general law of this State, or on any public service corporation except as permitted by other provisions of law, nor shall this section be construed as repealing or affecting in any way any general law limiting the amount or rate of any local license tax.

(2) No city, town or county shall impose upon or collect from any person any tax, fine or other penalty for selling farm or domestic products or nursery products, ornamental or otherwise, or for the planting of nursery products, as an incident to the sale thereof, within the limits of any such town, county or city outside of the regular market houses and sheds of such city, county or town; provided, such products are grown or produced by such person.

(3) No city, town or county shall require a license to be obtained for the privilege or right of printing

or publishing any newspaper, or for the privilege or right of operating or conducting any radio or television broadcasting station or service, any municipal charter provisions to the contrary notwithstanding.

(4) No city, town or county shall levy any license tax on a manufacturer for the privilege of manufacturing and selling goods, wares and merchandise at wholesale at the place of manufacture, whether the same be measured by gross receipts or otherwise, any city or town charter provisions to the contrary notwithstanding provided; that any city, town or county which imposed such a tax prior to January first, nineteen hundred sixty-four may continue it until January first, nineteen hundred sixty-nine at the same or reduced rates.

{5} Whenever any county imposes a county license tax on merchants; the same shall be in lieu of a county property tax on the capital of merchants; as defined by §58-833.

(6) No city, town or county shall levy a tax upon a wholesaler for the privilege of selling goods, wares and merchandise to other persons for resale unless said wholesaler has a definite place of business or store in said city, town or county, but the foregoing shall not be construed as prohibiting any city, town or county from imposing a local license tax on a peddler at wholesale who is subject to a State license tax

under article 10 (§58-346 et seq.) of this chapter.

(6a) Notwithstanding any provision of law, general or special, no city, town or county shall levy any license tax upon any person, firm or corporation for engaging in the business of renting, as the owner of such property, real property other than hotels, motels, motor lodges, auto courts, tourist courts, trailer parks, lodging houses, rooming houses and boarding-houses; provided, however, that any county, city or town having such a license tax on January one, nineteen hundred seventy-four, shall not be precluded from the levy of such tax by the provisions of this subsection.

(7) Any county license tax imposed hereunder shall not apply within the limits of any town located in such county, where such town now, or hereafter, imposes a town license tax on the same privilege; provided, however, that if the governing body of any town within a county, which county has a population of at least fourteen thousand six hundred fifty but not in excess of fourteen thousand seven hundred; shall provide that a county license tax shall apply within the limits of such town, then such license tax may be imposed within such town.

(8) Before issuing any license to do business as a tour guide or tourist guide, the city council or the board of supervisors may require that an applicant

take and pass an examination to determine the fitness of such person as to his knowledge of the history of the city or the county and of the historical and tourist attractions located therein.

(9) Gross receipts for license tax purposes shall not include any amount paid to the State or any county, city or town for the Virginia retail sales or use tax, for any local sales tax or any local excise tax on cigarettes.

(10) No city, town or county shall levy any license tax upon a wholesaler or retailer for the privilege of selling bicentennial medals on a nonprofit basis for the benefit of the Virginia Independence Bicentennial Commission or any local bicentennial commission.

(11) Any county, city or town license tax imposed on any operator, as defined herein, may be imposed in any amount not exceeding the sum of two hundred dollars. The term "operator" means any person, firm or corporation selling, leasing, renting or otherwise furnishing or providing a coin-operated machine or device operated on the coin-in-the-slot principle; provided, however, the term "operator" shall not include a person, firm or corporation owning less than three coin machines and operating such machines on property owned or leased by such person, firm or corporation.

(12) In addition to any tax imposable pursuant to the provisions of paragraph (11) of this section, any county, city or town may levy and provide for the assessment and collection of a gross receipts tax on any operator, as defined in paragraph (11) above, on the gross receipts actually received by the operator from coin machines or devices operated within that city, county or town. Any ordinance imposing such tax shall be subject to the limitations in subsections B and C of this section. Gross receipts from machines vending merchandise or postage stamps shall be deemed gross receipts from retail sales for purposes of subsection B.

B. Except as specifically provided in this section, no such local license tax, imposed pursuant to the provisions of this section, or any other provision of this title or charter except §58-266.1:1, shall be greater than such tax as levied by such city, town or county on February one, nineteen hundred seventy-six. Any city, town or county, increasing such tax after April one, nineteen hundred seventy-seven, to a rate greater than the levy applicable on the effective date of this act, shall roll back such taxes to the February one, nineteen hundred seventy-six rate and refund any amount in excess thereof.

The provisions of this subsection shall cease to be of any force or effect on April one, nineteen hundred

seventy-eight; unless extended by the General Assembly of Virginia.

The provisions of this subsection shall not apply to rates adopted by ordinance prior to February one, nineteen hundred seventy-six but not effective until after that date: thirty dollars or the rate set forth below for the class of enterprise listed, whichever is higher:

(1) For contracting, sixteen cents per one hundred dollars of gross receipts;

(2) For retail sales, twenty cents per one hundred dollars of gross receipts;

(3) For financial, real estate and professional services, fifty-eight cents per one hundred dollars of gross receipts;

(4) For repair, personal and business services, and all other businesses and occupations not specifically listed or excepted in this section, thirty-six cents per one hundred dollars of gross receipts.

The rate limitations prescribed in this subsection shall not be applicable to license taxes on wholesalers which shall be governed by the provision of §58-441.49, public service companies which shall be governed by the provisions of §§58-578 and 58-603, fortune tellers, massage parlors or carnivals.

C. Any county, city or town whose rate on January one, nineteen hundred seventy-eight in any category was

higher than that prescribed in subsection B may maintain a higher rate than that so prescribed so long as such rate does not exceed the level in existence on such date, provided that such county, city or town does not realize in any year greater revenue in taxes actually paid, including delinquent payments but excluding interest and penalties, from the taxes levied under authority of this section than it received from such payments of taxes during the last fiscal year ending on or before June thirty, nineteen hundred seventy-eight. If in any year such receipts are higher than such amount, such locality shall lower the rates of tax for the subsequent tax year on one or more of those classes which were taxed at rates above those prescribed in subsection B, so that the total receipts in the next fiscal year from the taxes levied under authority of this section can reasonably be expected to be the amount received in the last fiscal year ending on or before June thirty, nineteen hundred seventy-eight less the amount by which any receipt of subsequent years exceeded the receipts of such year. The provision of this section shall apply to cities and towns as though this section were their sole authority for levying the taxes described herein.

D. The Department of Taxation is directed to promulgate regulations defining and explaining the categories listed in subsection B. In preparing such regulations, the Department shall be subject to the provisions of

the Administrative Process Act (§9-6.14:1 et seq. of the Code of Virginia).

The Tax Commissioner shall have the authority to issue written opinions in specific cases to interpret the provisions of this section and the regulations issued pursuant to this subsection. Such opinions shall be binding in the absence of a court of record decision to the contrary.

§58-832. Merchants' capital not subject to local taxation. — The capital of merchants segregated for local taxation only under the provisions of §§58-9, 58-10 and 58-833 shall not be subject to local taxation as provided by such sections; after December thirty-one, nineteen hundred seventy-eight.

§58-833. Definition of merchants' capital. — Merchants' capital, which is by law segregated for local taxation exclusively; is hereby defined as intangible personal property and consists of the following property owned by merchants: for purposes of local taxation, as follows: inventory of stock on hand; the excess of bills and accounts receivable over bills and accounts payable; and all other taxable personal property of any kind whatsoever, except money on hand and on deposit and except tangible personal property not offered for sale

as merchandise, which tangible personal property shall be reported and assessed as such.

For purposes of this section, a repair and service operation carried on as an integral part of and in conjunction with a business that is primarily mercantile and the principal sales of such business are subject to the tax imposed by chapter 12.1 (§58-685.10 et seq.) of this title shall be deemed a mercantile business, and all capital, as herein defined, including all repair parts, materials and supplies, associated with such repair and service operation shall be deemed merchants' capital.

~~This section, as hereby amended, shall be in force for the tax year nineteen hundred seventy seven and for every tax year thereafter.~~

§58-834. Situs for assessment of personal property subject to local taxation; nonresident exception; refund of tax paid to city or county. — The situs for the assessment and taxation of tangible property, merchants' capital and machinery and tools shall in all cases be the county, district, town or city in which such property may be physically located on the first day of the tax year, except the situs for purposes of assessment of motor vehicles, travel trailers, boats and airplanes as personal property shall be the county, district, town or city where the vehicle is normally garaged, docked or parked; provided,

however, that any person domiciled in another state, whose motor vehicle is principally garaged or parked in this State during the tax year, shall not be subject to a personal property tax on such vehicle upon a showing of sufficient evidence that such person has paid a personal property tax on such vehicle in the state in which he is domiciled. Any person who, after January one, nineteen hundred seventy-three, paid a personal property tax on a motor vehicle to a county or city in this State and a similar tax on the same vehicle in the state of his domicile may apply to such county or city for a refund of such tax payment. Upon a showing of sufficient evidence that such person has paid the tax for the same year in the state in which he is domiciled, the county or city may refund the amount of such payment.

§58-835. Tax date January first. — Tangible personal property, and machinery and tools ~~and merchants' capital~~ shall be returned for taxation as of January first of each year. The status of all persons, firms, corporations and other taxpayers liable to taxation on any of such property shall be fixed as of the date aforesaid in each year and the value of all such property shall be taken as of such date.

§58-847. Counties, cities and towns may provide dates for filing return. Notwithstanding provisions

contained in §§58-837, 58-961, 58-963, 58-964 and 58-965, the governing body of any county, city or town may provide by ordinance the time for filing local license applications and annual returns of taxable tangible personal property and machinery and tools and merchants' capital and the time or times for payment of annual taxes or levies on real estate and tangible personal property and machinery and tools and merchants' capital, which may, in the discretion of the governing body, be in installments; and may provide by ordinance penalties for failure to file such applications and returns and for nonpayment in time, and may provide for payment of interest on delinquent taxes at a rate not greater than eight per centum per annum. Interest may commence not earlier than the first day of the month following the month in which such taxes are due by ordinance to be filed. No such penalty shall exceed ten percent of the tax past due on such property or the sum of ten dollars; whichever shall be the greater. The assessment of such penalty shall not be deemed a defense to any criminal prosecution for failing to make return of taxable property as may be required by law or ordinance. Penalty for failure to file an application or return may be assessed on the day after such return or application is due; penalty for failure to pay any tax may be assessed on the day after the

first installment is due. No penalty shall be imposed for any assessment, other than an assessment of omitted taxes or levies under §58-1164 or 58-1165, made later than two weeks prior to the day on which the taxes are due, if such assessment is made thereafter through the fault of a local official, and if such assessment is paid within two weeks after the notice thereof is mailed. The governing body may provide by resolution for the waiver of the penalty and interest for failure to file a return or to pay a tax if such failure was not in any way the fault of the taxpayer.

§58-851. Different rates of levy on different classes of property. The governing body of any county, city or town in laying levies on all taxable real estate, and tangible personal property and merchants' capital may impose one rate of levy on real estate, and another rate of levy on tangible personal property and another rate of levy on merchants' capital or it may impose the same rate of levy on any two or all of these subjects of taxation; provided, however, that the rate of levy on a mobile home as defined in §36-71 shall be the same as the rate of levy on real estate.

The governing body of any county, city or town may in its discretion classify farm machinery and implements, farm tools, farm livestock, including all

horses, poultry, grains and feeds used for the nurture of farm livestock and poultry, aircraft, antique automobiles as defined in §46.1-1, or tangible personal property used or employed in a research and development business separately from other tangible personal property and may fix the rate of levy thereon, but the rate shall not be higher than that imposed by it upon other tangible personal property in the county, city or town; nor shall such tangible personal property used or employed in a research and development business be taxed at a higher rate than the rate imposed on machinery and tools used in manufacturing and mining by such county, city or town.

The governing body of any county, city or town may in its discretion classify household items set forth in §58-829 (9), (10), (11) and (12) separately from other tangible personal property and may fix the rate of levy thereon, but the rate shall not be higher than that imposed by such governing body upon other tangible personal property in such county, city or town.

§58-859. Commissioner of the revenue to obtain returns from taxpayers. — Each commissioner of the revenue shall, as soon as practicable after he receives the blank forms of returns from the Department of Taxation, obtain full and complete returns of intangible personal

property, individual income, tangible personal property; and machinery and tools and merchants' capital from every taxpayer within his jurisdiction who is liable under the law to file with him a return of any of the foregoing subjects of taxation; but this duty of the commissioner of the revenue to obtain such returns shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so by the commissioner of the revenue or any other officer.

2. That §58-833.1 of the Code of Virginia is repealed.
3. This act shall be effective July one, nineteen hundred seventy-eight; provided, that if any county, city or town increases the rate of its tax on any business, occupation, profession or calling for any tax year commencing on or after January one, nineteen hundred seventy-eight to a rate in excess of the established in subsection B of §58-266.1, such tax increase shall be abated and promptly refunded, and the receipts allocable to such increase shall not be included as part of the total receipts for the fiscal year ending June thirty, nineteen hundred seventy-eight for purposes of subsection C.

APPENDIX 2
LOCAL BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
LOCAL FISCAL IMPACT

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	CONTRACTING		RETAIL SALES		FINANCE, REAL ESTATE PROFESSIONAL		REPAIR, PERSONAL SERVICES AND OTHER BUSINESS	
	.16/\$100 GR	STATUS QUO	.20/\$100 GR	STATUS QUO	.58/\$100 GR	STATUS QUO	.36/\$100 GR	STATUS QUO
ALEXANDRIA	177974e	58800	-578424	1349658	-13141	394235	-78915	704675
BEDFORD CITY	1539	8009	21891	39826	1093	13471	-4041	5517
BRISTOL	33739e	36810	155572 e	254236	32342e	4131	27528 e	6544
BUENA VISTA	-2667	5278	-14740	44042	-530	3474	-4233	14867
CHARLOTTESVILLE	-2682	41278	-218639	624064	-44849	195605	47561	132502
CHESAPEAKE	-11665	147589	-21233	361240	-3120	50472	11025	97966
CLIFTON FORGE	-633	1119	-42686	74989	5637	16348	-1077	1955
COLONIAL HEIGHTS	19251e	15057	112207 e	59670	0	0	37023 e	18017
COVINGTON	-3612	7053	-15976	85923	4241	12684	862	5237
DANVILLE	-23226	88408	-84805	424023	-61272	157321	2148	36517
EMPORIA	-4166	8098	3614	66800	6723	16761	324	5242
FAIRFAX CITY	-6563	39013	175997	303096	113333	174026	62455	111891
FALLS CHURCH	-3613	12953	12202	158736	14113	89464	22396	40541
FRANKLIN CITY	-2266	5708	-45876	127060	-7413	28440	-939	5051
FREDICKSBURG	-20089	35508	-230110	419154	-56814	128051	-38714	73160
GALAX	-1787	9414	18340	82750	7717	10519	-12389	24663
HAMPTON *								
HARRISONBURG	5044	28481	-66000	307554	-23468	97447	19614	44576
HOPEWELL	-2083	28188	-47810	173101	-7606	35194	155398 e	41173
LEXINGTON	-1806	7340	-4481	48781	-1512	13838	81	3353
LYNCHBURG	-55879	131464	-396670	876779	-168470	370133	-23546	69336
MANASSAS	2628	9998	51541	68485	54269e	56423	7056	6905
MANASSAS PARK	-580	1217	4915	9254	2963e	430	12991 e	987
MARTINSVILLE	-10964	21926	-0	137448	-26695	94015	-2615	28179
NEWPORT NEWS	-19870	433430	1017910	1272106	-114646	387834	-148672	344042
NORFOLK	-10100	297370	-107314	2675069	-261209	989782	-510571	1582313
NORTON	3182e	2375	-16851	67275	12712e	2980	35041 e	3836
PETERSBURG *								

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	CONTRACTING		RETAIL SALES		FINANCE, REAL ESTATE PROFESSIONAL		REPAIR, PERSONAL SERVICES AND OTHER BUSINESS	
	.16/\$100 GR	STATUS QUO	.10/\$100 GR	STATUS QUO	.58/\$100 GR	STATUS QUO	.36/\$100 GR	STATUS QUO
POQUOSON	-451	5170	145	7550	-1354	5112	-4859	10350
PORTSMOUTH	1115644	172439	-307155	911011	-125491e	280714	31767e	87486
RADFORD	-123	4257	13155	30951	17938e	12598	47338e	12070
RICHMOND CITY	-129082	635120	-2995230	4943290	-1718097	2670971	-441480	1530893
ROANOKE CITY	-43077	204912	-1454939	2226445	-184952	476542	-472372	756030
SALEM	-5970	55876	49367	192581	47148	21798	1621	15843
SOUTH BOSTON	-3106	14672	-30502	91218	-11797	33067	-4004	11039
STAUNTON	-10581	32176	-37387	197237	15551	32044	10305	11678
SUFFOLK	2191	53257	-67355	288728	-31908	41399	109575	115312
VIRGINIA BEACH	-145984	510015	-451914	1384944	-87032	431710	392539e	734904
WAYNESBORO	-28093	54179	-78672	199282	63372	65955	-20472	77080
WILLIAMSBURG	-5654	18170	-62684	249181	-11338	40185	6867	76599
WINCHESTER	-10492	36373	-94354	366118	N/A	N/A	N/A	N/A
ACCOMACK *								
ALBEMARLE	9101	80913	-0	239919	-12765	56314	21203	26502
ALLEGHANY	0	0	0	0	0	0	0	0
AMELIA	0	0	0	0	0	0	0	0
AMHERST	0	0	0	0	0	0	0	0
APPOMATTOX	3328	3440	44424 e	736	9739e	440	-96	422
ARLINGTON	-394785	681556	-1290465	2273511	-736343	1983183	-359890	1052461
AUGUSTA	39217e	78445	N/A	N/A	N/A	N/A	N/A	N/A
BATH	0	0	0	0	0	0	0	0
BEDFORD COUNTY	0	0	0	0	0	0	0	0
BLAND	0	0	0	0	0	0	0	0
BOYD COUNTY	0	0	0	0	0	0	0	0
BRUNSWICK	0	0	0	0	0	0	0	0
BUCHANAN	0	0	0	0	0	0	0	0
BUCKINGHAM	0	0	0	0	0	0	0	0

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	CONTRACTING		RETAIL SALES		FINANCE, REAL ESTATE PROFESSIONAL		REPAIR, PERSONAL SERVICES AND OTHER BUSINESS	
	.16/\$100 CR	STATUS QUO	.30/\$100 CR	STATUS QUO	.50/\$100 CR	STATUS QUO	.36/\$100 CR	STATUS QUO
CAMPBELL	0	0	0	0	0	0	0	0
CAROLINE	0	0	0	0	0	0	0	0
CARROLL	0	0	0	0	0	0	0	0
CHARLES CITY *								
CHARLOTTE *								
CHESTERFIELD	174570	202182	-8	488048	-6476	60491	36261	58887
CLARKE	10283	3819	0	0	12374e	1622	18995e	662
CRAIG	0	0	0	0	0	0	0	0
CULPEPER	0	0	0	0	0	0	0	0
CUMBERLAND	16789e	1090	0	0	0	0	0	0
DICKENSON	4337e	737	86629e	994	9622e	557	0	0
DINWIDDIE *								
ESSEX	0	0	0	0	0	0	0	0
FAIRFAX COUNTY	229130	504099	424841	2407430	666723	697994	1719704	1846085
FAUQUIER	0	0	0	0	0	0	0	0
FLOYD	0	0	0	0	0	0	0	0
FLUVANNA	0	0	0	0	0	0	0	0
FRANKLIN COUNTY	0	0	0	0	0	0	0	0
FREDRICK	0	0	0	0	0	0	0	0
GILES	0	0	0	0	0	0	0	0
GLOUCESTER	53646e	6514	119555e	52996	12872e	2820	100550 e	6472
GOOCHLAND *								
GRAYSON	0	0	0	0	0	0	0	0
GREENE	0	0	0	0	0	0	0	0
GREENESVILLE	-5444	9984	0	0	0	0	0	0
HALIFAX	0	0	0	0	0	0	0	0
HANOVER	169528e	64347	0	0	0	0	0	0
HENRICO	-26205	429648	-743522	2119565	-165689	623509	205826	538333

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REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	CONTRACTING		RETAIL SALES		FINANCE, REAL ESTATE PROFESSIONAL		REPAIR, PERSONAL SERVICES AND OTHER BUSINESS	
	.15/\$100 GR	STATUS QUO	.20/\$100 GR	STATUS QUO	.50/\$100 GR	STATUS QUO	.35/\$100 GR	STATUS QUO
HENRY	0	0	0	0	0	0	0	0
HIGHLAND	0	0	0	0	0	0	0	0
ISLE OF WIGHT	0	0	0	0	0	0	0	0
JAMES CITY	12929	49382	-13287	111839	29589	11305	-19403	26493
KING & QUEEN	0	0	0	0	0	0	0	0
KING GEORGE	15799e	8362	42382e	16932	10213e	11841	19760e	2955
KING WILLIAM	0	0	0	0	0	0	0	0
LANCASTER	0	0	0	0	0	0	0	0
LEE	0	0	0	0	0	0	0	0
LOUDOUN	39895	39811	81814	60976	3708	8352	43286	37319
LOUISA	0	0	0	0	0	0	0	0
LUNENBURG	0	0	0	0	0	0	0	0
MADISON	0	0	0	0	0	0	0	0
MATHEWS	2770	2629	8449	18719	3386	1109	4728	2768
MECKLENBURG	0	0	0	0	0	0	0	0
MIDDLESEX	0	0	0	0	0	0	0	0
MONTGOMERY	0	0	0	0	0	0	0	0
NELSON	9846e	9241	0	0	0	0	0	0
NEW KENT	0	0	0	0	0	0	0	0
NORTHAMPTON	0	0	0	0	0	0	0	0
NORTHUMBERLAND	0	0	0	0	0	0	0	0
NOTTOWAY	0	0	0	0	0	0	0	0
ORANGE	0	0	0	0	0	0	0	0
PAGE	0	0	0	0	0	0	0	0
PATRICK	0	0	0	0	0	0	0	0
PITTSYLVANIA	0	0	0	0	0	0	0	0
POWHATAN	0	0	0	0	0	0	0	0
PRINCE EDWARD	0	0	0	0	0	0	0	0

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*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	CONTRACTING		RETAIL SALES		FINANCE, REAL ESTATE PROFESSIONAL		REPAIR, PERSONAL SERVICES AND OTHER BUSINESS	
	<u>.16/\$100 CR</u>	<u>STATUS QUO</u>	<u>.20/\$100 CR</u>	<u>STATUS QUO</u>	<u>.38/\$100 CR</u>	<u>STATUS QUO</u>	<u>.36/\$100 CR</u>	<u>STATUS QUO</u>
PRINCE GEORGE	-6189	29300	20351	23844	1520	1081	3201	5771
PRINCE WILLIAM	0	0	0	0	0	0	0	0
PULASKI	0	0	0	0	0	0	0	0
RAPPAHANNOCK *								
RICHMOND COUNTY	0	0	0	0	0	0	0	0
ROANOKE COUNTY	-5399	79560	58590	219754	43779	24169	49543	51020
ROCKBRIDGE	-4715	25332	0	0	0	0	0	0
ROCKINGHAM	0	0	0	0	0	0	0	0
RUSSELL	0	0	0	0	0	0	0	0
SCOTT	0	0	0	0	0	0	0	0
SHENANDOAH	0	0	0	0	0	0	0	0
SMYTH *								
SOUTHAMPTON	0	0	0	0	0	0	0	0
SPOTSYLVANIA	0	0	0	0	0	0	0	0
STAFFORD	0	0	0	0	0	0	0	0
SURRY	0	0	0	0	0	0	0	0
SUSSEX *								
TAZEWELL	0	0	0	0	0	0	0	0
WARREN *	0	0	0	0	0	0	0	0
WASHINGTON	14066	6012	0	0	51657 e	12383	323844 e	7705
WESTMORELAND	0	0	0	0	0	0	0	0
WISE *								
WYTHE	0	0	0	0	0	0	0	0
YORK	5298	60234	1066	116396	16	15660	1516	27596
Total	\$1,162,128	-\$6,994,134		-\$2,629,635		\$1,444,643		
		\$5,655,197		\$29,351,314		\$11,018,203		\$10,539,780

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

The second section of tables includes the total fiscal impact of the Revenue Resources and Economic Commission Proposal in terms of the net impact as well as the negative impact. The total net fiscal impact provides the total dollar impact for each locality if all tax rates in each category are either raised or lowered to the ceiling rates. The total negative fiscal impact provides the total dollar impact if only those tax rates above the ceilings are lowered.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	OTHER		NET TOTAL FISCAL IMPACT	NEGATIVE TOTAL FISCAL IMPACT	STATUS QUO	
	STATUS QUO	FISCAL IMPACT				
ALEXANDRIA	136110		-492507 e	-670481 e	2643478	
BEDFORD CITY	0		20483	-4041	66823	
BRISTOL	54207	NO	249181 e	0 e	355928	
BUENA VISTA	4286		-22170	-22170	71947	
CHARLOTTESVILLE	0		-218610	-266171	993449	
CHESAPEAKE	256486		-24923	-26018	913753	
CLIFTON FORGE	0		-38758	-44395	94411	
COLONIAL HEIGHTS	33592		168481 e	0 e	126336	
COVINGTON	6749		-14486	-19589	117646	
DANVILLE	172039		-167155	-169303	878308	
EMPORIA	19133		6495	-4166	116034	
FAIRFAX CITY	21214		345223	-6563	649240	
FALLS CHURCH	37024	45097	43613	338718		
FRANKLIN CITY	3253	-56494	-56494	169512		
FREDICKSBURG	82336	-345727	-345727	738269		
GALAX	8817	11881	-14176	136163		
HAMPTON *						
HARRISONBURG	8705		-66810	-89468	486763	
HOPEWELL	7104		97899 e	-57499 e	284760	
LEXINGTON	15569		-7718	-7799	88881	
LYNCHBURG	198810		-644565	-644565	1646522	
MANASSAS	8737		115493 e	0 e	150548	
MANASSAS PARK	906	IMPACT	20289 e	-580 e	12794	
MARTINSVILLE	8960		-40275	-40275	290520	
NEWPORT NEWS	100489		737721	-280189	2537901	
NORFOLK	95264		-889195	-889195	5639798	
NORTON	0		34084 e	-16851 e	76466	
PETERSBURG *						

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	OTHER STATUS QUO	FISCAL IMPACT	NET TOTAL FISCAL IMPACT	NEGATIVE TOTAL FISCAL IMPACT	STATUS QUO
POQUOSON	142		-6518	-6663	28324
PORTSMOUTH	283588		714765 e	-432846 e	1735238
RADFORD	1250		78308 e	-123 e	61126
RICHMOND CITY	1488302	NO	-5283889	-5283889	11268576
ROANOKE CITY	44848		-2155340	-2155340	3707977
SALEM	97323		92165	-5970	383421
SOUTH BOSTON	10028		-49410	-49410	160024
STAUNTON	17664		-22113	-47969	290799
SUFFOLK	24242		12504	-99263	572938
VIRGINIA BEACH	33788		-292391 e	-684930 e	3095361
WAYNESBORO	5393		-63865	-127237	401889
WILLIAMSBURG	32979		-72809	-79876	417114
WINCHESTER	260567	FISCAL	-104846 e	-104846 e	663058
ACCOMACK *					
ALBEMARLE	40240		17539	-12765	443888
ALLEGHANY	706		0	0	706
AMELIA	0		0	0	0
AMHERST	3919		0	0	3919
APPOMATTOX	0		57395 e	-96 e	5038
ARLINGTON	242000		-2781484	-2781484	8410712
AUGUSTA	25301		39217 e	0 e	103746
BATH	0		0	0	0
BEDFORD COUNTY	1898	IMPACT	0	0	1898
BLAND	0		0	0	0
BOTETOURT	0		0	0	0
BRUNSWICK	0		0	0	0
BUCHANAN	0		0	0	0
BUCKINGHAM	0		0	0	0

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	OTHER STATUS QUO	FISCAL IMPACT	NET TOTAL FISCAL IMPACT	NEGATIVE TOTAL FISCAL IMPACT	STATUS QUO
CAMPBELL	3322		0	0	3322
CAROLINE	0		0	0	0
CARROLL	0	NO	0	0	0
CHARLES CITY *					
CHARLOTTE *					
CHESTERFIELD	186197		204347	-6484	995805
CLARKE	270		41652 e	0 e	6373
CRAIG	0		0	0	0
CULPEPER	1533		0	0	1533
CUMBERLAND	0		16789 e	0 e	1090
DICKENSON	1766	F	100588 e	0 e	4054
DINWIDDIE *		ISCAL			
ESSEX	0		0	0	0
FAIRFAX COUNTY	165159		3040403	0	5620767
FAUQUIER	613		0	0	613
FLOYD	0		0	0	0
FLUVANNA	0		0	0	0
FRANKLIN COUNTY	0		0	0	0
FREDRICK	0		0	0	0
GILES	0		0	0	0
GLOUCESTER	935		286623 e	0 e	69737
GOOCHLAND *		IMPACT			
GRAYSON	463		0	0	463
GREENE	481		0	0	481
GREENESVILLE	2000		-5444	-5444	11984
HALIFAX	4269		0	0	4269
HANOVER	38111		169528 e	0 e	102458
HENRICO	325509		-729589	-935415	4036564

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	STATUS QUO	OTHER FISCAL IMPACT	NET TOTAL FISCAL IMPACT	NEGATIVE TOTAL FISCAL IMPACT	STATUS QUO
HENRY	0		0	0	0
HIGHLAND	0		0	0	0
ISLE OF WIGHT	0		0	0	0
JAMES CITY	18245	NO	9828	-32690	217264
KING & QUEEN	0		0	0	0
KING GEORGE	38		88153 e	0 e	40128
KING WILLIAM	0		0	0	0
LANCASTER	0		0	0	0
LEE	0		0	0	0
LOUDOUN	38161		168704	0	184619
LOUISA	0		0	0	0
LUNENBURG	0		0	0	0
MADISON	0	FISCAL	0	0	0
MATHEWS	471		19333	0	25696
MECKLENBURG	0		0	0	0
MIDDLESEX	0		0	0	0
MONTGOMERY	0		0	0	0
NELSON	0		9846 e	0 e	9241
NEW KENT	0		0	0	0
NORTHAMPTON	0		0	0	0
NORTHUMBERLAND	0		0	0	0
NOTTOWAY	928		0	0	928
ORANGE	800	IMPACT	0	0	800
PAGE	628		0	0	628
PATRICK	0		0	0	0
PITTSYLVANIA	0		0	0	0
POWHATAN	0		0	0	0
PRINCE EDWARD	0		0	0	0

*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

REVENUE RESOURCES AND ECONOMIC COMMISSION
 BUSINESS, PROFESSIONAL, OCCUPATIONAL LICENSE TAX PROPOSAL
 FISCAL IMPACT COMPARED WITH STATUS QUO

LOCALITY	STATUS QUO	OTHER FISCAL IMPACT	NET TOTAL FISCAL IMPACT	NEGATIVE TOTAL FISCAL IMPACT	STATUS QUO
PRINCE GEORGE	3581		18883	-6189	63577
PRINCE WILLIAM	20425		0	0	20425
PULASKI	0	NO	0	0	0
RAPPAHANNOCK *	0		0	0	0
RICHMOND COUNTY	0		0	0	0
ROANOKE COUNTY	14080		146513	-5399	388583
ROCKBRIDGE	0		-4715	-4715	25332
ROCKINGHAM	1619		0	0	1619
RUSSELL	0		0	0	0
SCOTT	0		0	0	0
SHENANDOAH	2793	FISCAL	0	0	2793
SMYTH *	0		0	0	0
SOUTHAMPTON	0		0	0	0
SPOTSYLVANIA	1227		0	0	1227
STAFFORD	2214		0	0	2214
SURRY	0		0	0	0
SUSSEX *	0		0	0	0
TAZEWELL	0		0	0	0
WARREN *	0		0	0	0
WASHINGTON	0		389568 e	0e	26100
WESTMORELAND	0		0	0	0
WISE *	0	IMPACT	0	0	0
WYTHE	0		0	0	0
YORK	13275		7897	0	233361
Total	\$6,920,282		-\$7,016,998	-\$16,557,969	\$63,484,776

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*Information not provided by locality.

"e" denotes an estimate. Total gross receipts on which to base the proposal was unavailable.

APPENDIX 3
PERSONAL PROPERTY TAX LEGISLATION

A bill
to amend and reenact §58-829
of the Code of Virginia, relating to
the taxation of personal property.

Be it enacted by the General Assembly of Virginia:

1. That §58-829 of the Code of Virginia is amended and reenacted as follows:

§58-829. Classification of tangible personal property.

-- Tangible personal property, ~~having which has~~ been segregated by law for local taxation only, ~~the classification hereunder; except as otherwise provided by law;~~ shall be as follows: shall be taxed at one hundred per cent of its fair market value. The following categories are not to be considered separate classes for rate purposes. Methods of valuing such property may differ among the separate categories listed below, so long as each method used may reasonably be expected to determine actual fair market value:

- (1) The aggregate number of horses, mules and other kindred animals and the value thereof.
- (2) The number of cattle and the value thereof.
- (3) The number of sheep and goats and the value thereof.
- (4) The number of hogs and the value thereof.
- (5) The aggregate number and value of all automobiles ~~other than antique automobiles as defined in §46-1-1,~~ motor trucks, motorcycles and all other motor vehicles,

except (a) any vehicle without motive power used or designed to be used as a mobile home or office or for other means of habitation by any person and (b) any vehicle described in subsections (18) or (19) of this section.

(6) The aggregate value of all animal-drawn vehicles and bicycles.

(7) The aggregate value of all farming implements and tools of mechanics.

(8) The aggregate value of all felled timber, ties, poles, cordwood, bark and other timber products and all agricultural products, in the hands or possession, legal or constructive, of a purchaser, provided that grain, tobacco and other agricultural products in the hands of a producer of the same are hereby declared exempt from -- taxation as property under this section.

(9) The aggregate value of all household and kitchen furniture, including gold and silver plates, plated ware, watches and clocks, sewing machines, refrigerators, automatic refrigerating machinery, vacuum cleaners, and all other household machinery, books, firearms and weapons of all kinds.

(10) The aggregate value of all pianos, organs, victrolas, phonographs and records to be used therewith and all other musical instruments of whatever kind, radio instruments and equipment.

(11) The aggregate value of all oil paintings, pictures,

statuary, curios, articles of vertu and works of art.

(12) The aggregate value of all diamonds, cameos or other precious stones and all precious metals as ornaments or jewelry.

(13) [Repealed.]

(14) The aggregate value of all ships, tugboats, barges, boats or other craft of five tons burthen or over and all other floating property, not required to be assessed by the State Corporation Commission, used for business or pleasure, together with their tackle, rigging, furniture and all else that pertains to them or of any share or interest therein, though such boats or other watercraft or any one of them may not be at the time of the assessment in the waters of the State.

(15) The aggregate value of all other tangible personal property not herein specifically enumerated, including the value of all seines, pound nets, fykes, weirs and other devices for catching fish and the aggregate value of all toll bridges, turnpikes and ferries, except steam ferries owned and operated by a chartered company, and the value of all poles, wires, switchboards, telephone or telegraph instruments, apparatus and other such property, owned by any person, firm, association or company not incorporated.

(16) The aggregate number and value of aircraft.

(17) [Repealed.]

(18) Antique motor vehicles as defined in §46.1-1.

(19) Motor vehicles held for rental or lease for a term of less than one year as an established business or part of an established business, and taxicabs.

