

**FINAL REPORT OF THE
JOINT SUBCOMMITTEE OF THE
SENATE AND HOUSE FINANCE COMMITTEES TO**

**DEVELOP CRITERIA FOR
EVALUATING SALES AND USE
TAX EXEMPTION REQUESTS**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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RICHMOND
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OF THE SENATE AND HOUSE FINANCE COMMITTEES
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SALES TAX EXEMPTION REQUESTS**

**To
The Governor and the General Assembly of Virginia**

**Richmond, Virginia
May 1994**

TO: The Honorable George F. Allen, Governor of Virginia
and
The General Assembly of Virginia

I. INTRODUCTION

Sales tax exemptions and legislation proposed to enact even more exemptions have proliferated over the last several years despite a concerted effort in 1989 to limit such efforts. The Senate and House Finance Committees, the Department of Taxation, and the Division of Legislative Services spend a disproportionate amount of time drafting, revising, analyzing, and considering such sales tax exemption requests and do so without the benefit of any apparent objective criteria or standards. This absence of objective criteria and policy guidelines has resulted in possibly inconsistent decisions being made by the legislature and ratified by the administrative branch; that is, the *Code of Virginia* exempts, by description, the American Heart Association, the American Lung Association of Virginia, the American Diabetes Association, and the American Cancer Society (see clauses 20, 21, 22, and 23 of § 58.1-609.8), and yet fails to exempt certain arguably similar organizations. Such organizations would include

nonprofit organizations which provide education and research for the disease lupus erythematosus, or which aid in the prevention and treatment of leukemia, or which aid in the prevention of birth defects and infant mortality through research (the March of Dimes). The United Way is subject to sales tax; however, some, if not many, of the organizations under its umbrella are apparently exempt from tax. Bills introduced to amend the *Code of Virginia* to end this disparate treatment failed in the 1992 and 1993 Sessions. See House Bills 42, 97, and 130 (introduced during the 1992 Session and carried over until the 1993 Session, where no action was taken).

The specificity of exemptions, while attempting to avoid one problem inadvertently creates another. For example, subdivision 15 of § 58.1-609.4 exempts only those nonprofit illiteracy councils doing their work within the Metropolitan Richmond area; subdivision 11 of § 58.1-609.9 exempts nonprofit art organizations which coordinate and promote art in the Roanoke Valley; and subdivision 26 of § 58.1-609.8 exempts certain nonprofit youth activity organizations so long as the youth are Appomattox County residents. While such "narrowing" of the exempting language clearly works to reduce the Commonwealth's revenue loss, the ability of such narrow classifications to withstand scrutiny under an equal protection or special legislation analysis may well be suspect. In addition, exemptions of this nature also serve to encourage the proliferation of even more such narrowly drawn exemption provisions as other legislators and their constituents adopt a "me too" attitude. Such an attitude is understandable because an exemption is simply a form of a cash subsidy which all other state taxpayers support. To favor state taxpayers in one jurisdiction over those in others would seem to require, at a minimum, some compelling justification, one which is usually very difficult to articulate.¹

This inability to articulate the legislative policy to be applied when considering requests for exempt status is reflected in Senate Joint Resolution 249 adopted by the 1993 Session of the General Assembly (Appendix A). The resolution makes, among others, the following points:

1. The largest number of exemptions and exemption requests fall in § 58.1-609.8, nonprofit civic and community service organizations;
2. The distinctions between organizations granted exempt status and those denied it often seem to be minimal from a tax policy and public service viewpoint; and

¹The same deficiency exists with respect to the inability to explain why certain disease education/prevention organizations are exempt from tax under § 58.1-609.8 while others remain taxable. The legalistic response is that the General Assembly has made the determination and that the General Assembly possesses all powers not otherwise denied to it by the Constitution. See Article IV, Section 14, *Constitution of Virginia* (1971).

3. The General Assembly should have in place a rational policy and procedure by which to evaluate requests for exemption from the Virginia Retail Sales and Use Tax Act.

As directed by SJR 249, the joint subcommittee considered a variety of methods for granting sales and use tax exemptions, focusing particularly on the nonprofit civic and community service organizations because they comprise the largest number of exemptions currently in the *Code*, and the largest number of requests each session, although the total annual revenue loss from this category of exemptions is among the lowest of all the exemption categories.

The subcommittee met four times beginning in June 1993 and ending in January 1994. They heard testimony from interested individuals, representatives from the Departments of Taxation and Agriculture and Consumer Services, and legislative staff.

II. BACKGROUND²

A. HISTORY

The Virginia Retail Sales and Use Tax Act was enacted in 1966 with only twenty-one exemptions. In his address to the General Assembly advocating the adoption of this tax, Governor Godwin detailed the needs facing the Commonwealth and the shortage of revenues available to address such needs.³ In order to provide for ease of administration and compliance, to maximize revenues, and to do what was right, fair, and equitable to meet the present and future needs of the Commonwealth, the tax was to provide for minimum exemptions. The Act contained the following significant provisions:

1. Authorization for the levy of a two percent general retail sales and use tax on the sales price of each item of tangible personal property sold at retail in the Commonwealth;
2. Authorization for localities to levy an additional one percent local sales tax using the same state sales tax base;
3. Authorization for the simultaneous collection of the state and local tax by the Department of Taxation and the remittance of

²Portions of this section were liberally extracted from the chapter on "Virginia Sales and Use Tax" contained in A Legislator's Guide to Taxation in Virginia, Volume 1: State Taxes (Revised, 1993), Division of Legislative Services.

³"Address of Mills E. Godwin, Jr., Governor, to the General Assembly," January 17, 1966, Senate Document No. 3A.

the local share to each county, city, or town, based upon the point of collection; and

4. Allocation for half of the two percent state tax (or one percent) to be returned to localities for educational purposes, based upon the school age population of the respective jurisdictions of the Commonwealth.

The state sales tax rate was increased to three percent in 1968 and to three and one-half percent in 1987. The one-half percent increase in 1987 was dedicated to the Transportation Trust Fund and segregated for the purpose of meeting the transportation needs of the Commonwealth.

A truism applicable to almost every regular session of the General Assembly is that legislation will be introduced to authorize localities to increase the local sales and use tax rate to provide additional revenues for local government. Such bills routinely fail at the respective finance committee level. On the first day of each session, however, legislators also introduce bills to enact new sales tax exemptions, despite the fact that local coffers will suffer almost one-half of the revenue loss if the bills are enacted and the Transportation Trust Fund will be negatively impacted.

While the state sales tax remains the second largest revenue producer for the Commonwealth, as a percentage of total receipts, the sales tax is losing ground to individual income tax collections. As the Commonwealth's economy becomes more service oriented, this trend is expected to continue and will be further accelerated to the extent more sales tax exemptions are enacted.

The General Assembly previously expressed its concern for these developments with the passage of SJR 119 in 1987 and SJR 70 in 1988 in which the erosion of the sales tax base and the lack of guidance or criteria for evaluating exemption requests were cited. The 1987 study resulted in a report entitled "Criteria for Evaluating Sales and Use Tax Exemption Legislation," Senate Document No. 27 (1988), and made the following findings and recommendations:

1. The majority of 67 exemptions contained in the *Code of Virginia* as of December 31, 1987, appeared "to be based upon valid economic or equitable reasons";
2. The State Tax Commissioner should be authorized to collect data from exempt taxpayers to determine the policy, economic and fiscal impact of each exemption;

3. The study should be continued so that the administration could provide the legislature with specific guidelines for:
 - ◆ Analyzing the policy, economic and fiscal impact of existing exemptions;
 - ◆ Determining if any existing exemptions should be made to expire at a future date; and
 - ◆ Evaluating the policy, economic and fiscal impact of future exemption requests.

In the following year, a second report entitled "Criteria for Evaluating Retail Sales and Use Tax Exemption Legislation," Senate Document No. 14 (1989), was released. This report contained five recommendations, all of which were adopted by the 1989 Session of the General Assembly:

1. Sections 30-19.05 and 30-19.1:3 were added to the *Code of Virginia*, resulting in a questionnaire requirement accompanying each piece of sales tax exemption legislation and a first day introduction deadline (these were the first three recommendations);
2. Sections 58.1-602 and 58.1-608 were reorganized by taking the exemptions and placing them into 10 categories to enhance certain administrative and drafting functions; and
3. The Department of Taxation was instructed to perform a tax expenditure study on two categories of exemptions a year, with the first such study due by December 1, 1990.

B. RECENT LEGISLATION

Since the 1989 Session, all new sales tax exemptions have been enacted with an expiration date which coincides with the year the Department of Taxation's tax expenditure study is due for the affected *Code* section. However, in spite of these additional requirements, 54 new exemptions have made their way into the *Code* since 1987 and none have been allowed to expire.⁴ Only the exemption for sales

⁴Twenty-six exemptions in §§ 58.1-609.7 (medical-related), 58.1-609.8 (nonprofit civic and community service organizations) and 58.1-609.9 (nonprofit cultural organizations) were scheduled to expire on July 1, 1994. House Bill 20 and Senate Bill 34, passed by the 1994 General Assembly, extended the exemptions in §§ 58.1-609.7 and 58.1-609.8 until July 1, 1998 and those in § 58.1-609.9 until July 1, 1999. These dates correspond with the Department of Taxation's tax expenditure studies for these sections.

of alcoholic beverages through state-owned and operated ABC stores has been repealed.⁵ This exemption was one of the original 21.

The Department of Taxation has studied all 10 exemption categories contained in the Virginia Retail Sales and Use Tax Act; the most recent study was issued December 1, 1993. The cost of the exemption categories appears in the following table.

COST OF SALES AND USE TAX EXEMPTIONS*

CATEGORY OF EXEMPTIONS	COST OF EXEMPTIONS IN MILLIONS
Government and Commodities	\$912.90
Agricultural	\$47.20
Commercial and Industrial	\$422.30
Educational	\$12.90
Service	**\$862.40
Media-Related	\$25.00
Medical-Related	\$115.30
Non-Profit Civic and Community Service	\$8.70
Cultural	\$0.13
Miscellaneous	\$40.20

**Information provided by the Department of Taxation (12/1/93).*

***Study not comprehensive, did not include all service industries.*

Other than the nonprofit cultural organization category, the nonprofit civic and community service organization category, although it is the longest, is the least costly for all the categories. The cost of extending exempt status to all 501(c)(3) organizations in Virginia is unknown.

III. WORK OF THE SUBCOMMITTEE

The first meeting of the joint subcommittee was held in June, at which time Senator Charles J. Colgan was elected chairman and Delegate David G. Brickley was elected vice-chairman. During the meeting, the staff of the joint subcommittee presented an initial staff study as well as an overview of the fiscal and policy impact of sales and use tax exemptions. The initial staff study included the history of sales and use tax exemptions in the Commonwealth and

⁵Chapter 314 of the 1992 Acts of Assembly.

their costs, the sales and use tax laws of surrounding states, and suggestions for possible guidelines or criteria to be applied when granting future exemptions.

Possible guidelines or criteria focused on the nonprofit organizations exempted under Va. Code § 58.1-609.8. The suggestions included:

- ◆ Creating a list of requirements which, if satisfied by an organization, would automatically entitle the organization to an exemption;
- ◆ Exempting all IRC § 501 (c)(3) organizations (nonprofits) from the sales and use tax;
- ◆ Requiring all nonprofits to pay the sales and use tax or requiring the nonprofits to pay the tax at the time purchases are made and apply for annual refunds;
- ◆ Exempting organizations from the tax for specific periods and subjecting them to the tax for equal periods of time; and
- ◆ Imposing an earlier bill introduction date in order to provide more time for drafting and more time for the Department of Taxation to prepare fiscal impact statements.

At the conclusion of the organizational meeting, staff was directed to develop an administrative process for granting the exemptions which would not unduly burden the Department of Taxation and which would not give nonprofits a competitive advantage over for-profit businesses.

During the September meeting of the joint subcommittee, legislative staff and the Department of Taxation focused on the proposed statutory framework for granting sales and use tax exempt status administratively. The staff's presentation was an explanation of North Carolina's law which requires nonprofits to pay the tax and apply for a refund at year's end. If a similar procedure was adopted by the Commonwealth, the entire process for granting exemptions to the nonprofit organizations would be handled by the Department of Taxation, which would apply standards included in the presentation and adopted by the legislature. Exempt status would be reviewed periodically to ensure that a nonprofit was still operating as its organizational documents indicated. An exemption could be revoked if an organization failed to perform as originally described.

According to the Department of Taxation, such an approach would result in substantial revenue losses (\$97 million for FY 1995 and \$110 million for FY

1996). The estimates were derived from information provided on Form 990 filed by 3,300 Virginia nonprofits exempt under IRC § 501 (c)(3). However, the actual loss could be much greater than the estimates because other exempt nonprofits not required to file or report financial information would make tax exempt purchases, thereby increasing the actual lost revenue amounts. Because of the tremendous projected revenue loss, the subcommittee rejected this suggestion.

During the November meeting, the Department of Taxation again reviewed the revenue estimates and how they were calculated with regard to the administrative exemption process discussed at the September meeting. The Department presentation also included an update on the sales and use tax expenditures for services. According to the report, Virginia levies the sales and use tax on *fewer* services than most of the other 49 states do.

After reviewing the proposed standards for nonprofit organizations to qualify for tax exempt status, the subcommittee concluded that a list of standards would provide objective guidance in determining which nonprofit organizations should be granted sales and use tax exemptions.

Legislation (Appendix B) incorporating these standards was presented to the joint subcommittee at its request during the final meeting in January 1994. The legislation requires the nonprofits to provide financial and organizational information, as well as information regarding their charitable purposes, to the Department of Taxation. The Department reviews the information and notifies the legislature which nonprofits satisfy the standards before an exemption is granted.

IV. ISSUE

WHAT, IF ANY, CRITERIA SHOULD BE USED BY THE GENERAL ASSEMBLY IN EVALUATING AND GRANTING REQUESTS FOR EXEMPTIONS FROM THE SALES AND USE TAX, PARTICULARLY FOR NONPROFIT ORGANIZATIONS?

V. FINDINGS, CONCLUSIONS, AND RECOMMENDATION

Subcommittee members agreed that the number of sales and use tax exemptions has been growing rapidly in recent years, that non profit organizations accounted for the greatest number of exemptions, and that the General Assembly should use criteria in evaluating nonprofit organizations' requests for retail sales and use tax exemptions. However, they did not think it feasible to surrender control to the Department of Taxation, making such exemptions an administrative rather than a legislative process.

Therefore, in order to improve and objectify the procedure for granting sales and use tax exemptions to nonprofit organizations, the joint subcommittee recommends the following:

By legislation (Senate Bill 148), amend the *Code of Virginia* to include standards and procedures which must be satisfied and followed, respectively, by nonprofit organizations seeking exemptions from the sales and use tax.*

The joint subcommittee extends its gratitude to everyone who contributed to a successful year of study.

Respectfully submitted,

Charles J. Colgan, *CHAIRMAN*
David G. Brickley, *VICE CHAIRMAN*
Elmo C. Cross, Jr.
William C. Wampler, Jr.
Howard E. Copeland
Jay W. DeBoer
Anne G. Rhodes

*Senate Bill 148 was passed during the 1994 General Assembly Session and will take effect July 1, 1994.

VI. APPENDICES

APPENDIX A: SENATE JOINT RESOLUTION NO. 249 (1993)

APPENDIX B: SENATE BILL NO. 148 (REGULAR SESSION, 1994)

APPENDIX A

SENATE JOINT RESOLUTION NO. 249 (1993)

SENATE JOINT RESOLUTION NO. 249

Establishing a Select Committee of the Senate and House Finance Committees to develop criteria by which requests for further sales tax exemptions may be evaluated and to establish objective standards for making such evaluations.

Agreed to by the Senate, February 25, 1993

Agreed to by the House of Delegates, February 24, 1993

WHEREAS, the number of sales tax exemptions has expanded from 21 in 1966 when the retail sales and use tax was first enacted to 119 as the General Assembly began its 1993 Session; and

WHEREAS, the General Assembly has enacted 51 additional exemptions since 1987 despite on-going studies expressing concern about the erosion of the tax base; and

WHEREAS, Senate Joint Resolution No. 70 (1988) resulted in the development of a methodology by which the fiscal and policy impact of the various sales tax exemption categories is analyzed by the Department of Taxation; and

WHEREAS, the General Assembly simultaneously implemented a policy by which new sales tax exemptions are set to expire in the year after the Department of Taxation makes its report; and

WHEREAS, no sales tax exemption has yet been allowed to expire despite the foregoing concerns; and

WHEREAS, the General Assembly enacted no new exemptions in its 1992 Session but did carry over 26 such bills; and

WHEREAS, twenty sales tax exemptions are scheduled to expire on July 1, 1993, and bills have been introduced to extend such exemptions; and

WHEREAS, a like number of exemption bills has been introduced in the 1993 Session; and

WHEREAS, the largest number of exemptions, as well as the largest number of requests for exemption, fall in category 8, nonprofit civic and community service organizations; and

WHEREAS, the differences between organizations granted exempt status and those denied it may, in terms of tax policy and public service, often seem to be minimal; and

WHEREAS, the General Assembly wishes to have in place a rational policy and procedure by which to evaluate such exemption requests in the future, while efficiently utilizing its resources and those of the Department of Taxation; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a Select Committee of the Senate and House Finance Committees be established to study factors and criteria which should be used by the General Assembly in evaluating requests for exemption from the retail sales and use tax. As part of its deliberations, the select committee shall consider whether specific limitations should be placed on nonprofit organizations regarding how much money should be spent on administration and fund raising activities as a condition of receiving and maintaining exempt status.

The Division of Legislative Services shall provide staff support to the select committee. The Departments of Taxation and Agriculture and Consumer Services shall provide technical assistance upon the request of the select committee.

The select committee shall consist of seven members who shall be appointed in the following manner: three members of the Senate to be appointed by the Senate Committee on Privileges and Elections and four members of the House to be appointed by the Speaker of the House.

The select committee shall complete its work in time to submit its findings and recommendations, if any, to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of this study are estimated to be \$10,860; the direct costs shall not exceed \$5,040.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

APPENDIX B

**SENATE BILL 148
(REGULAR SESSION, 1994)**

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 30-19.05 and 30-19.1:3 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 58.1-608.2, relating to exemptions from the Virginia retail sales and use tax.

[S 148]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 30-19.05 and 30-19.1:3 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 58.1-608.2 as follows:

§ 30-19.05. Legislative consideration of exemptions from the retail sales and use tax.

A. When any legislation involving an exemption or exclusion from the retail sales and use tax pursuant to Chapter 6 (§ 58.1-600 et seq.) of Title 58.1 is referred to a committee of expected to be submitted to the General Assembly during its next regular session, the chairman of the committee shall require that the patron, prior to the consideration of the legislation by the committee, shall submit to the Department of Taxation by November 1 the following information:

1. Estimate of state and local revenues which will be foregone as a direct result of the exemption;

2. Beneficiaries of the exemption; --

3. Direct or indirect local, state or federal government assistance received by the person seeking exemption;

4. The extent to which the person, property, service or industry is exempt from the retail sales and use tax in other states;

5. Any external statutory, constitutional or judicial mandates in favor of the exemption;

6. Other state taxes to which the person, property, service or industry is subject;

7. Similar taxpayers who are not entitled to a retail sales and use tax exemption; and

8. Other criteria, facts or circumstances which may be relevant to the request for exemption.

B. In addition, organizations seeking an exemption under the categories of educational (§ 58.1-609.4), medical-related (§ 58.1-609.7), civic and community service (§ 58.1-609.8), and cultural (§ 58.1-609.9) shall submit the following information:

1. Exemption from federal income taxation under either § 501 (c) (3) or § 501 (c) (4) of the Internal Revenue Code, as evidenced by a ruling or other such documentation.

2. The charitable purpose or purposes for which the entity is organized and operated, and the charitable functions and services it exists to deliver, provided to Virginia citizens, along with an explanation of such services.

3. Proof that no more than one-third of the organization's gross annual revenue, under generally accepted accounting principles, is spent on general administration and fundraising.

4. The location of the organization's financial records available for public inspection and certification that such records are true, accurate, and complete. Salaries, including all benefits, of the five most highly compensated employees shall be specifically disclosed. Organizations whose gross annual revenue is \$250,000 or greater shall be subject to an annual financial audit performed by an independent certified public accountant. Such audit report or reports shall be attached to the organization's application for tax exempt status.

5. Proof of compliance with Chapter 5 (§ 57-48 et seq.) of Title 57 from organizations subject to it.

6. A volunteer board of directors with names and addresses provided.

Unless the General Assembly has enacted an exemption category or classification without regard to an organization's compliance with the above six items, requirements of item 3 constitute a continuing obligation and condition for maintaining tax exempt status, and the failure to do so may constitute grounds for the revocation of such status. Unr circumstances evidencing a willful disregard or misuse of such tax exempt sta. revocation back to the date of noncompliance, subject to the applicable statute limitations, may be the appropriate sanction. No such retroactive revocation shall be implemented unless the Tax Commissioner has first utilized the procedure prescribed in § 58.1-623.1 A.

The Department of Taxation shall issue a preliminary determination, by January 5 prior to the session in which the exemption is sought, that the organization has furnished

all of the information required by this section. If such information is incomplete, the Department shall explain the nature of the deficiencies.

B. C. Nothing contained in subsection A shall prevent the enactment of an exemption without receipt of the required information when the legislation is specifically requested by the Governor, or is otherwise considered to be of such a nature that the chairman of the committee determines that the information is not required.

C. D. The Secretary of Finance shall investigate and analyze the fiscal, economic and policy impact of each exemption category set out in §§ 58.1-609.1 through 58.1-609.10. The Secretary shall report the findings to the House and Senate Finance Committees each year by December 1, and shall report on two exemption categories each year and every five years thereafter, beginning with the 1990 Session of the General Assembly according to the following schedule:

Category	Year
§ 58.1-609.1. Government and Commodities	1990
§ 58.1-609.2. Agricultural	1990
§ 58.1-609.3. Commercial and Industrial	1991
§ 58.1-609.4. Educational	1991
§ 58.1-609.5. Services	1992
§ 58.1-609.6. Media-Related	1992
§ 58.1-609.7. Medical-Related	1993
§ 58.1-609.8. Civic and Community Service	1993
§ 58.1-609.9. Cultural	1994
§ 58.1-609.10. Miscellaneous	1994

No exemption category shall be studied under the provisions of this subsection more frequently than once every five years. The information required in subsections A and B shall be updated and submitted to the Department of Taxation by the organizations being studied every five years. Such information shall be due by July 1 prior to the December 1 deadline when the Secretary reports his findings to the House and Senate Finance Committees.

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

§ 30-19.1:3. Limiting time for introduction of retail sales and use tax exemption bills.

A. Any bill providing for a new retail sales and use tax exemption shall be introduced for consideration by the General Assembly no later than the first calendar day of any session of the General Assembly, unless requested by the Governor. Any bill extending the expiration date or delaying the effective date of any exemption shall not be covered by this subsection.

B. No bill providing for a retail sales and use tax exemption shall be drafted or otherwise prepared by the Division of Legislative Services unless the drafting request is accompanied by the Department of Taxation's preliminary determination as provided by subsection B of § 30-19.05.

§ 58.1-608.2. Additional requirements applicable to certain of the nonprofit exemptions.

A. On and after July 1, 1994, in addition to the requirements set forth in any exemption category or classification added to §§ 58.1-609.4, 58.1-609.7, 58.1-609.8, and 58.1-609.9, or extension or renewal thereof, any such organization shall also remain in compliance with the provisions of § 30-19.05 B, and the failure to do so may constitute grounds for the revocation of exempt status.

B. Organizations which seek exempt status with the Department of Taxation after an exemption category or classification under §§ 58.1-609.4, 58.1-609.7, 58.1-609.8, or § 58.1-609.9 has been enacted shall qualify for exempt status if the Department of Taxation issues a determination letter which states that such organization satisfies the requirements of § 30-19.05 B. No further action by the General Assembly shall be required until such time as the exemption category or classification may be the subject of a bill seeking renewal, extension, or further amendment.