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**HOUSE BILL NO. 1863**

Offered January 11, 2023

Prefiled January 10, 2023

A *BILL to amend and reenact §§ 58.1-320, 58.1-603, as it is currently effective and as it may become effective, 58.1-604, as it is currently effective and as it may become effective, 58.1-1001, 58.1-1021.02, 58.1-2217, and 58.1-2402, as it is currently effective and as it may become effective, and to amend the Code of Virginia by adding a section numbered 58.1-320.1, relating to taxation in the Commonwealth; report.*

Patrons—Scott, P.A. and Anderson

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-320, 58.1-603, as it is currently effective and as it may become effective, 58.1-604, as it is currently effective and as it may become effective, 58.1-1001, 58.1-1021.02, 58.1-2217, and 58.1-2402, as it is currently effective and as it may become effective, are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 58.1-320.1 as follows:**

**§ 58.1-320. Imposition of tax.**

A. A tax is hereby annually imposed on the Virginia taxable income for each taxable year of every individual as follows:

Two percent on income not exceeding \$3,000;

Three percent on income in excess of \$3,000, but not in excess of \$5,000;

Five percent on income in excess of \$5,000, but not in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five percent on income in excess of \$5,000 but not in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989;

Five percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning January 1, 1990; and

Five and three-quarters percent on income in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989; and

Five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990.

B. For taxable years beginning on and after January 1, 2025, the tax rates described in subsection A shall be reduced each year by 1.15 percent in any year in which the tax reduction condition described in § 58.1-320.1 is met. Reductions occurring in any year shall remain in effect for subsequent years and additional reductions shall be cumulative. However, in no event shall any tax rate be less than zero.

**§ 58.1-320.1. Conditions for reduction in income tax rates; report.**

For purposes of this section:

"Additional general fund revenues" means the amount of general fund revenues that are forecasted to be deposited in the general fund as the result of tax policy changes in the succeeding fiscal year plus the amount of increased general fund revenues resulting from tax policy changes in years in which the tax reduction condition was not met.

"Income tax equivalent" means the amount of revenue reduction that would result from a 1.15 percent reduction in the individual income tax rate.

"Income tax reduction" means a 1.15 percent reduction in the individual income tax rate, as described in subsection B of § 58.1-320.

"Rainy day deposits" means required deposits of revenues to the Revenue Stabilization Fund and the Revenue Reserve Fund pursuant to Articles 4 (§ 2.2-1828 et seq.) and 4.1 (§ 2.2-1831.1 et seq.) of

59 Chapter 18 of Title 2.2.

60 "Tax policy changes" means the tax rate changes imposed pursuant to subsection B of § 58.1-603,  
 61 subsection B of § 58.1-604, subsection E of § 58.1-1001, subsection D of § 58.1-1021.02, subsection G  
 62 of § 58.1-2217, and subdivision A 4 of § 58.1-2402.

63 B. The tax reduction condition referenced in subsection B of § 58.1-320 shall be met if the amount  
 64 of general fund revenues collected in the preceding fiscal year, excluding required rainy day deposits,  
 65 plus the amount of additional general fund revenues is greater than or equal to the amount of general  
 66 fund appropriations made for such fiscal year plus the income tax equivalent for such fiscal year. For  
 67 purposes of this section, "general fund revenues collected in the preceding fiscal year" shall not include  
 68 revenues generated as a result of tax policy changes in any fiscal year in which an income tax  
 69 reduction did not occur.

70 C. The Secretary of Finance shall report to the House Committees on Appropriations and Finance  
 71 and the Senate Committee on Finance and Appropriations no later than December 1 following the close  
 72 of each fiscal year whether or not the tax reduction condition has been met for such fiscal year.

73 **§ 58.1-603. (Contingent expiration date) Imposition of sales tax.**

74 A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now  
 75 imposed by law, a license or privilege tax upon every person who engages in the business of selling at  
 76 retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of  
 77 the things or services taxable under this chapter, or who stores for use or consumption in this  
 78 Commonwealth any item or article of tangible personal property as defined in this chapter, or who  
 79 leases or rents such property within this Commonwealth, in the amount of ~~4.3 percent~~ amounts  
 80 described in subsection B:

81 1. Of the gross sales price of each item or article of tangible personal property when sold at retail or  
 82 distributed in this Commonwealth.

83 2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the  
 84 lease or rental of such property is an established business, or part of an established business, or the  
 85 same is incidental or germane to such business.

86 3. Of the cost price of each item or article of tangible personal property stored in this  
 87 Commonwealth for use or consumption in this Commonwealth.

88 4. Of the gross proceeds derived from the sale or charges for accommodations furnished to transients  
 89 as set out in the definition of "retail sale" in § 58.1-602.

90 5. Of the gross sales of any services that are expressly stated as taxable within this chapter.

91 B. The rate of tax for the tax imposed by this section shall be:

92 1. Before July 1, 2024, 4.3 percent;

93 2. On and after July 1, 2024, but before July 1, 2025, 5.3 percent;

94 3. On and after July 1, 2025, but before July 1, 2026, 6.3 percent;

95 4. On and after July 1, 2026, but before July 1, 2027, 7.3 percent;

96 5. On and after July 1, 2027, but before July 1, 2028, 8.3 percent; and

97 6. On and after July 1, 2028, 9.3 percent.

98 **§ 58.1-603. (Contingent effective date) Imposition of sales tax.**

99 A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now  
 100 imposed by law, a license or privilege tax upon every person who engages in the business of selling at  
 101 retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of  
 102 the things or services taxable under this chapter, or who stores for use or consumption in this  
 103 Commonwealth any item or article of tangible personal property as defined in this chapter, or who  
 104 leases or rents such property within this Commonwealth, in the amount of three and one-half percent  
 105 through midnight on July 31, 2004; ~~and~~; four percent beginning on and after August 1, 2004, but before  
 106 July 1, 2024; and in the amounts described in subsection B for years thereafter:

107 1. Of the gross sales price of each item or article of tangible personal property when sold at retail or  
 108 distributed in this Commonwealth.

109 2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the  
 110 lease or rental of such property is an established business, or part of an established business, or the  
 111 same is incidental or germane to such business.

112 3. Of the cost price of each item or article of tangible personal property stored in this  
 113 Commonwealth for use or consumption in this Commonwealth.

114 4. Of the gross proceeds derived from the sale or charges for accommodations furnished to transients  
 115 as set out in the definition of "retail sale" in § 58.1-602.

116 5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

117 B. The rate of tax for the tax imposed by this section shall be:

118 1. Before July 1, 2024, 4.3 percent;

119 2. On and after July 1, 2024, but before July 1, 2025, 5.3 percent;

120 3. On and after July 1, 2025, but before July 1, 2026, 6.3 percent;

- 121 4. On and after July 1, 2026, but before July 1, 2027, 7.3 percent;
- 122 5. On and after July 1, 2027, but before July 1, 2028, 8.3 percent; and
- 123 6. On and after July 1, 2028, 9.3 percent.

124 **§ 58.1-604. (Contingent expiration date) Imposition of use tax.**

125 A. There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a  
126 tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of  
127 such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount  
128 of ~~4.3 percent~~ amounts described in subsection B:

129 1. Of the cost price of each item or article of tangible personal property used or consumed in this  
130 Commonwealth. Tangible personal property that has been acquired for use outside this Commonwealth  
131 and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost  
132 price if such property is brought within this Commonwealth for use within six months of its acquisition;  
133 but if so brought within this Commonwealth six months or more after its acquisition, such property shall  
134 be taxed on the basis of the current market value (but not in excess of its cost price) of such property at  
135 the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the  
136 cost price or current market value as the duration of time of use within this Commonwealth bears to the  
137 total useful life of such property (but it shall be presumed in all cases that such property will remain  
138 within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to  
139 the contrary).

140 2. Of the cost price of each item or article of tangible personal property stored outside this  
141 Commonwealth for use or consumption in this Commonwealth.

142 3. A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same  
143 transaction be taxed more than once under either section.

144 4. The use tax shall not apply with respect to the use of any article of tangible personal property  
145 brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use,  
146 while within this Commonwealth.

147 B. The rate of tax for the tax imposed by this section shall be:

- 148 1. Before July 1, 2024, 4.3 percent;
- 149 2. On and after July 1, 2024, but before July 1, 2025, 5.3 percent;
- 150 3. On and after July 1, 2025, but before July 1, 2026, 6.3 percent;
- 151 4. On and after July 1, 2026, but before July 1, 2027, 7.3 percent;
- 152 5. On and after July 1, 2027, but before July 1, 2028, 8.3 percent; and
- 153 6. On and after July 1, 2028, 9.3 percent.

154 **§ 58.1-604. (Contingent effective date) Imposition of use tax.**

155 A. There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a  
156 tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of  
157 such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount  
158 of three and one-half percent through midnight on July 31, 2004, ~~and~~; four percent beginning on and  
159 after August 1, 2004, but before July 1, 2024; and in the amounts described in subsection B for years  
160 thereafter:

161 1. Of the cost price of each item or article of tangible personal property used or consumed in this  
162 Commonwealth. Tangible personal property which has been acquired for use outside this Commonwealth  
163 and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost  
164 price if such property is brought within this Commonwealth for use within six months of its acquisition;  
165 but if so brought within this Commonwealth six months or more after its acquisition, such property shall  
166 be taxed on the basis of the current market value (but not in excess of its cost price) of such property at  
167 the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the  
168 cost price or current market value as the duration of time of use within this Commonwealth bears to the  
169 total useful life of such property (but it shall be presumed in all cases that such property will remain  
170 within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to  
171 the contrary).

172 2. Of the cost price of each item or article of tangible personal property stored outside this  
173 Commonwealth for use or consumption in this Commonwealth.

174 3. A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same  
175 transaction be taxed more than once under either section.

176 4. The use tax shall not apply with respect to the use of any article of tangible personal property  
177 brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use,  
178 while within this Commonwealth.

179 B. The rate of tax for the tax imposed by this section shall be:

- 180 1. Before July 1, 2024, 4.3 percent;
- 181 2. On and after July 1, 2024, but before July 1, 2025, 5.3 percent;

- 182 3. On and after July 1, 2025, but before July 1, 2026, 6.3 percent;  
 183 4. On and after July 1, 2026, but before July 1, 2027, 7.3 percent;  
 184 5. On and after July 1, 2027, but before July 1, 2028, 8.3 percent; and  
 185 6. On and after July 1, 2028, 9.3 percent.

186 **§ 58.1-1001. Tax levied; rate.**

187 A. Except as provided in subsection B, in addition to all other taxes now imposed by law, every  
 188 person within this Commonwealth who sells, stores or receives cigarettes made of tobacco or any  
 189 substitute thereof, for the purpose of distribution to any person within this Commonwealth, shall pay to  
 190 this Commonwealth an excise tax of one and one-quarter mills on each such cigarette sold, stored or  
 191 received before August 1, 2004; an excise tax of one cent on each such cigarette sold, stored or received  
 192 on and after August 1, 2004, through midnight on June 30, 2005; and an excise tax of 1.5 cents on each  
 193 such cigarette sold, stored or received on and after July 1, 2005.

194 B. In addition to all other taxes now imposed by law, every person within the Commonwealth who  
 195 sells, stores, or receives roll-your-own tobacco, for the purpose of distribution within the  
 196 Commonwealth, shall pay to the Commonwealth a cigarette excise tax at the rate of 10% of the  
 197 manufacturer's sales price of such roll-your-own tobacco.

198 C. The revenues generated by the taxes imposed under this section on and after August 1, 2004,  
 199 shall be collected by the Department and deposited into the Virginia Health Care Fund established under  
 200 § 32.1-366.

201 D. The provisions of this section shall not apply to members of federal, state, county, city, or town  
 202 law-enforcement agencies when possession of unstamped cigarettes is necessary in the performance of  
 203 investigatory duties.

204 E. Beginning July 1, 2024, in addition to the tax imposed pursuant to subsection A, an excise tax of  
 205 three cents on each such cigarette sold, stored, or received shall be paid to the Commonwealth by such  
 206 person who sells, stores, or receives taxable cigarettes. The revenues generated by the tax imposed by  
 207 this subsection shall be deposited in the general fund.

208 **§ 58.1-1021.02. Tax on tobacco products.**

209 A. In addition to all other taxes now imposed by law, there is hereby imposed a tax upon the  
 210 privilege of selling or dealing in tobacco products in the Commonwealth by any person engaged in  
 211 business as a distributor or remote retail seller thereof, at the following rates:

212 1. Upon each package of moist snuff, at the rate of \$0.18 per ounce with a proportionate tax at the  
 213 same rate on all fractional parts of an ounce. The tax shall be computed based on the net weight as  
 214 listed by the manufacturer on the package in accordance with federal law.

215 2. For purposes of the tax under this article, loose leaf tobacco shall be classified as loose leaf  
 216 tobacco single-units, loose leaf tobacco half pound-units, and loose leaf tobacco pound-units. Such tax  
 217 shall be imposed on the distributor for loose leaf tobacco as follows:

218 a. \$0.21 for each loose leaf tobacco single-unit;

219 b. \$0.40 for each loose leaf tobacco half pound-unit;

220 c. \$0.70 for each loose leaf tobacco pound-unit; and

221 d. For any other unit, pouch, or package of loose leaf tobacco, the tax shall be by net weight and  
 222 shall be \$0.21 per unit, pouch, or package plus \$0.21 for each increment of 4 ounces or portion thereof  
 223 that the loose leaf tobacco exceeds 16 ounces.

224 The tax for each unit, pouch, or package of loose leaf tobacco shall be in accordance with the  
 225 provisions of subdivisions a. through d. only and regardless of sales price.

226 3. Upon tobacco products other than moist snuff or loose leaf tobacco, at the rate of 10 percent of  
 227 the manufacturer's sales price of such tobacco products.

228 Upon cigars and pipe tobacco products sold by remote retail sellers, the tax rates delineated in this  
 229 subdivision shall apply to:

230 (a) The actual cost; or

231 (b) If the actual cost is not available, the average of the actual cost over the 12 calendar months  
 232 before January 1 of the year in which the sale occurs.

233 Such tax shall be imposed at the time the remote retail seller located within or outside the  
 234 Commonwealth makes a remote retail sale to a consumer within the Commonwealth. It is the intent and  
 235 purpose of this subdivision that the remote retail seller be liable for the tax. It is further the intent and  
 236 purpose of this article to impose the tax once, and only once on all tobacco products, including cigars  
 237 and pipe tobacco sold in the Commonwealth.

238 Such tax shall be imposed on tobacco products (i) at the time of retail sale by a retail dealer or  
 239 distributor; (ii) at the time the distributor makes, manufactures, or fabricates tobacco products in the  
 240 Commonwealth for sale in the Commonwealth; or (iii) at the time the distributor ships or transports  
 241 tobacco products to retailers in the Commonwealth to be sold by those retailers. It is the intent and  
 242 purpose of this article that the distributor who first possesses the tobacco product subject to this tax in  
 243 the Commonwealth shall be the distributor liable for the tax. It is further the intent and purpose of this

244 article to impose the tax once, and only once on all tobacco products for sale in the Commonwealth.

245 B. No tax shall be imposed pursuant to this section upon tobacco products not within the taxing  
246 power of the Commonwealth under the Commerce Clause of the United States Constitution.

247 C. A distributor that calculates and pays the tax pursuant to subdivision A 1 or A 2 in good faith  
248 reliance on the net weight listed by the manufacturer on the package or on the manufacturer's invoice  
249 shall not be liable for additional tax, or for interest or penalties, solely by reason of a subsequent  
250 determination that such weight information was incorrect.

251 *D. Beginning July 1, 2024, in addition to the taxes imposed pursuant to subsection A, an additional*  
252 *tax equivalent to the rates imposed by subsection A is hereby imposed on the privilege of selling or*  
253 *dealing in tobacco products. The revenues generated by the tax imposed by this subsection shall be*  
254 *deposited in the general fund.*

255 **§ 58.1-2217. Taxes levied; rate.**

256 A. (For contingent expiration date, see Acts 2020, cc. 1230 and 1275) There is hereby levied an  
257 excise tax on gasoline and gasohol as follows:

258 1. On and after July 1, 2020, but before July 1, 2021, the rate shall be 21.2 cents per gallon;

259 2. On and after July 1, 2021, but before July 1, 2022, the rate shall be 26.2 cents per gallon; and

260 3. On and after July 1, 2022, the rate shall be adjusted annually based on the greater of (i) the  
261 change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U),  
262 as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year or  
263 (ii) zero.

264 A. (For contingent effective date, see Acts 2020, cc. 1230 and 1275) There is hereby levied an  
265 excise tax on gasoline and gasohol at a rate of 16.2 cents per gallon.

266 B. (For contingent expiration date, see Acts 2020, cc. 1230 and 1275) There is hereby levied an  
267 excise tax on diesel fuel as follows:

268 1. On and after July 1, 2020, but before July 1, 2021, the rate shall be 20.2 cents per gallon;

269 2. On and after July 1, 2021, but before July 1, 2022, the rate shall be 27 cents per gallon; and

270 3. On and after July 1, 2022, the rate shall be adjusted annually based on the greater of (i) the  
271 change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U),  
272 as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year or  
273 (ii) zero.

274 B. (For contingent effective date, see Acts 2020, cc. 1230 and 1275) There is hereby levied an excise  
275 tax on diesel fuel at a rate of 20.2 cents per gallon.

276 C. Blended fuel that contains gasoline shall be taxed at the rate levied on gasoline. Blended fuel that  
277 contains diesel fuel shall be taxed at the rate levied on diesel fuel.

278 D. There is hereby levied a tax at the rate of five cents per gallon on aviation gasoline. Any person,  
279 whether or not licensed under this chapter, who uses, acquires for use, sells or delivers for use in  
280 highway vehicles any aviation gasoline shall be liable for the tax at the rate levied on gasoline and  
281 gasohol, along with any penalties and interest that may accrue.

282 E. There is hereby levied a tax at the rate of five cents per gallon on aviation jet fuel purchased or  
283 acquired for use by a user of aviation fuel other than an aviation consumer. There is hereby levied a tax  
284 at the rate of five cents per gallon upon the first 100,000 gallons of aviation jet fuel, excluding bonded  
285 aviation jet fuel, purchased or acquired for use by any aviation consumer in any fiscal year. There is  
286 hereby levied a tax at the rate of one-half cent per gallon on all aviation jet fuel, excluding bonded  
287 aviation jet fuel, purchased or acquired for use by an aviation consumer in excess of 100,000 gallons in  
288 any fiscal year. Any person, whether or not licensed under this chapter, who uses, acquires for use, sells  
289 or delivers for use in highway vehicles any aviation jet fuel taxable under this chapter shall be liable for  
290 the tax imposed at the rate levied on diesel fuel, along with any penalties and interest that may accrue.

291 F. In accordance with § 62.1-44.34:13, a storage tank fee is imposed on each gallon of gasoline,  
292 aviation gasoline, diesel fuel (including dyed diesel fuel), blended fuel, and heating oil sold and  
293 delivered or used in the Commonwealth.

294 *G. In addition to the taxes imposed pursuant to subsections A and B, an additional tax on gasoline,*  
295 *gasohol, and diesel fuel is hereby imposed in the following amounts:*

296 1. *On and after July 1, 2024, but before July 1, 2025, five cents per gallon;*

297 2. *On and after July 1, 2025, but before July 1, 2026, 10 cents per gallon;*

298 3. *On and after July 1, 2026, but before July 1, 2027, 15 cents per gallon;*

299 4. *On and after July 1, 2027, but before July 1, 2028, 20 cents per gallon; and*

300 5. *On and after July 1, 2028, 25 cents per gallon.*

301 *The revenues generated by the taxes imposed pursuant to this subsection shall be deposited in the*  
302 *general fund.*

303 **§ 58.1-2402. (Contingent expiration date) Levy.**

304 A. (For contingent expiration date, see Acts 2019, c. 52, cl. 2) There is hereby levied, in addition to

305 all other taxes and fees of every kind now imposed by law, a tax upon the sale or use of motor vehicles  
306 in Virginia, other than a sale to or use by a person for rental as an established business or part of an  
307 established business or incidental or germane to such business.

308 The amount of the tax to be collected shall be determined by the Commissioner by the application of  
309 the following rates against the gross sales price:

310 1. Three percent through midnight on June 30, 2013, four percent beginning July 1, 2013, through  
311 midnight on June 30, 2014, 4.05 percent beginning July 1, 2014, through midnight on June 30, 2015,  
312 4.1 percent beginning July 1, 2015, through midnight on June 30, 2016, and 4.15 percent beginning on  
313 and after July 1, 2016, of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is  
314 a manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each  
315 such manufactured home sold in the Commonwealth; if such vehicle is a mobile office as defined in  
316 § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in the  
317 Commonwealth; if such vehicle has a gross vehicle weight rating or gross combination weight rating of  
318 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile  
319 office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not  
320 designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero  
321 percent of the sale price of each such vehicle sold in the Commonwealth; and if such vehicle is an  
322 all-terrain vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, sold by a  
323 Virginia dealer, or, if sold by anyone other than a Virginia dealer, used or stored for use (a) in a county  
324 or city located in a planning district described in § 58.1-603.1, the tax shall be six percent of the sales  
325 price of each such vehicle or (b) in any county or city other than those set forth in clause (a), the tax  
326 shall be 5.3 percent of the sales price of each such vehicle. In any city or county located within the  
327 Historic Triangle, as defined in § 58.1-603.2, an additional one percent tax shall be imposed in addition  
328 to the tax prescribed in clause (a) if such vehicle is an all-terrain vehicle, moped, or off-road  
329 motorcycle.

330 2. Three percent through midnight on June 30, 2013, four percent beginning July 1, 2013, through  
331 midnight on June 30, 2014, 4.05 percent beginning July 1, 2014, through midnight on June 30, 2015,  
332 4.1 percent beginning July 1, 2015, through midnight on June 30, 2016, and 4.15 percent beginning on  
333 and after July 1, 2016, of the sale price of each motor vehicle, not sold in Virginia but used or stored  
334 for use in the Commonwealth; or three percent of the sale price of each manufactured home as defined  
335 in § 36-85.3, or two percent of the sale price of each mobile office as defined in § 58.1-2401, not sold  
336 in Virginia but used or stored for use in this Commonwealth. If such vehicle has a gross vehicle weight  
337 rating or gross combination weight rating of 26,001 pounds or more and is neither (i) a manufactured  
338 home as defined in § 36-85.3, (ii) a mobile office as defined in § 58.1-2401, (iii) a trailer or semitrailer  
339 as severally defined in § 46.2-100 that is not designed or used to carry property, nor (iv) a vehicle  
340 registered under § 46.2-700, the tax shall be zero percent of the sale price of each such vehicle not sold  
341 in the Commonwealth but used or stored for use in the Commonwealth. If such vehicle is an all-terrain  
342 vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, not sold in the  
343 Commonwealth but used or stored for use in the Commonwealth (a) in a county or city located in a  
344 planning district described in § 58.1-603.1, the tax shall be six percent of the sales price of each such  
345 vehicle or (b) in any county or city other than those set forth in clause (a), the tax shall be 5.3 percent  
346 of the sales price of each such vehicle. In any city or county located within the Historic Triangle, as  
347 defined in § 58.1-603.2, an additional one percent tax shall be imposed in addition to the tax prescribed  
348 in clause (a) if such vehicle is an all-terrain vehicle, moped, or off-road motorcycle. When any motor  
349 vehicle or manufactured home not sold in the Commonwealth is first used or stored for use in Virginia  
350 six months or more after its acquisition, the tax shall be based on its current market value.

351 3. The minimum tax levied on the sale of any motor vehicle in the Commonwealth that is subject to  
352 taxation at a rate exceeding zero percent shall be \$75, except as provided by those exemptions defined  
353 in § 58.1-2403. This subdivision shall not apply to any all-terrain vehicle, moped, or off-road motorcycle  
354 subject to taxation under this chapter.

355 4. *In addition to the tax rates imposed pursuant to subdivisions 1 and 2, there shall be imposed an*  
356 *additional tax on each class of motor vehicles described in such subdivisions in the following amounts:*

- 357 a. *On and after July 1, 2024, but before July 1, 2025, one percent;*  
358 b. *On and after July 1, 2025, but before July 1, 2026, two percent;*  
359 c. *On and after July 1, 2026, but before July 1, 2027, three percent;*  
360 d. *On and after July 1, 2027, but before July 1, 2028, four percent; and*  
361 e. *On and after July 1, 2028, five percent.*

362 *Notwithstanding the provisions of § 58.1-2425, the revenues generated by the taxes imposed pursuant*  
363 *to this subdivision 4 shall be deposited in the general fund.*

364 A. (For contingent effective date — see Acts 2019, c. 52, cl. 2) There is hereby levied, in addition to  
365 all other taxes and fees of every kind now imposed by law, a tax upon the sale or use of motor vehicles  
366 in Virginia, other than a sale to or use by a person for rental as an established business or part of an

367 established business or incidental or germane to such business.

368 The amount of the tax to be collected shall be determined by the Commissioner by the application of  
369 the following rates against the gross sales price:

370 1. Three percent through midnight on June 30, 2013, four percent beginning July 1, 2013, through  
371 midnight on June 30, 2014, 4.05 percent beginning July 1, 2014, through midnight on June 30, 2015,  
372 4.1 percent beginning July 1, 2015, through midnight on June 30, 2016, and 4.15 percent beginning on  
373 and after July 1, 2016, of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is  
374 a manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each  
375 such manufactured home sold in the Commonwealth; if such vehicle is a mobile office as defined in  
376 § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in the  
377 Commonwealth; if such vehicle has a gross vehicle weight rating or gross combination weight rating of  
378 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile  
379 office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not  
380 designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero  
381 percent of the sale price of each such vehicle sold in the Commonwealth; and if such vehicle is an  
382 all-terrain vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, sold by a  
383 Virginia dealer, or, if sold by anyone other than a Virginia dealer, used or stored for use (a) in a county  
384 or city located in a planning district described in § 58.1-603.1, the tax shall be six percent of the sales  
385 price of each such vehicle or (b) in any county or city other than those set forth in clause (a), the tax  
386 shall be 5.3 percent of the sales price of each such vehicle.

387 2. Three percent through midnight on June 30, 2013, four percent beginning July 1, 2013, through  
388 midnight on June 30, 2014, 4.05 percent beginning July 1, 2014, through midnight on June 30, 2015,  
389 4.1 percent beginning July 1, 2015, through midnight on June 30, 2016, and 4.15 percent beginning on  
390 and after July 1, 2016, of the sale price of each motor vehicle, not sold in Virginia but used or stored  
391 for use in the Commonwealth; or three percent of the sale price of each manufactured home as defined  
392 in § 36-85.3, or two percent of the sale price of each mobile office as defined in § 58.1-2401, not sold  
393 in Virginia but used or stored for use in this Commonwealth. If such vehicle has a gross vehicle weight  
394 rating or gross combination weight rating of 26,001 pounds or more and is neither (i) a manufactured  
395 home as defined in § 36-85.3, (ii) a mobile office as defined in § 58.1-2401, (iii) a trailer or semitrailer  
396 as severally defined in § 46.2-100 that is not designed or used to carry property, nor (iv) a vehicle  
397 registered under § 46.2-700, the tax shall be zero percent of the sale price of each such vehicle not sold  
398 in the Commonwealth but used or stored for use in the Commonwealth. If such vehicle is an all-terrain  
399 vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, not sold in the  
400 Commonwealth but used or stored for use in the Commonwealth (a) in a county or city located in a  
401 planning district described in § 58.1-603.1, the tax shall be six percent of the sales price of each such  
402 vehicle or (b) in any county or city other than those set forth in clause (a), the tax shall be 5.3 percent  
403 of the sales price of each such vehicle. When any motor vehicle or manufactured home not sold in the  
404 Commonwealth is first used or stored for use in Virginia six months or more after its acquisition, the  
405 tax shall be based on its current market value.

406 3. The minimum tax levied on the sale of any motor vehicle in the Commonwealth that is subject to  
407 taxation at a rate exceeding zero percent shall be \$75, except as provided by those exemptions defined  
408 in § 58.1-2403. This subdivision shall not apply to any all-terrain vehicle, moped, or off-road motorcycle  
409 subject to taxation under this chapter.

410 4. *In addition to the tax rates imposed pursuant to subdivisions 1 and 2, there shall be imposed an*  
411 *additional tax on each class of motor vehicles described in such subdivisions in the following amounts:*

- 412 a. *On and after July 1, 2024, but before July 1, 2025, one percent;*
- 413 b. *On and after July 1, 2025, but before July 1, 2026, two percent;*
- 414 c. *On and after July 1, 2026, but before July 1, 2027, three percent;*
- 415 d. *On and after July 1, 2027, but before July 1, 2028, four percent; and*
- 416 e. *On and after July 1, 2028, five percent.*

417 *Notwithstanding the provisions of § 58.1-2425, the revenues generated by the taxes imposed pursuant*  
418 *to this subdivision 4 shall be deposited in the general fund.*

419 B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall  
420 the same transaction be taxed more than once under either subdivision.

421 C. Any motor vehicle, trailer or semitrailer exempt from this tax under subdivision 1 or 2 of  
422 § 58.1-2403 shall be subject to the tax, based on the current market value when such vehicle is no  
423 longer owned or used by the United States government or any governmental agency, or the  
424 Commonwealth of Virginia or any political subdivision thereof, unless such vehicle is then rented, in  
425 which case the tax imposed by § 58.1-1736 shall apply, subject to the exemptions provided in  
426 § 58.1-1737. Further, any motor vehicle, trailer or semitrailer exempt from the tax imposed by this  
427 chapter under subdivision 11 of § 58.1-2403 or §§ 46.2-663 through 46.2-674 shall be subject to the tax,

428 based on the current market value, when such vehicle is subsequently licensed to operate on the  
429 highways of the Commonwealth.

430 D. Any person who with intent to evade or to aid another person to evade the tax provided for  
431 herein falsely states the selling price of a vehicle on a bill of sale, assignment of title, application for  
432 title, or any other document or paper submitted to the Commissioner pursuant to any provisions of this  
433 title or Title 46.2 shall be guilty of a Class 3 misdemeanor.

434 E. Effective January 1, 1997, any amount designated as a "processing fee" and any amount charged  
435 by a dealer for processing a transaction, which is required to be included on a buyer's order pursuant to  
436 subdivision A 10 of § 46.2-1530, shall be subject to the tax.

437 **§ 58.1-2402. (Contingent effective date) Levy.**

438 A. (For contingent expiration date — see Acts 2019, c. 52, cl. 2) There is hereby levied, in addition  
439 to all other taxes and fees of every kind now imposed by law, a tax upon the sale or use of motor  
440 vehicles in Virginia, other than a sale to or use by a person for rental as an established business or part  
441 of an established business or incidental or germane to such business.

442 The amount of the tax to be collected shall be determined by the Commissioner by the application of  
443 the following rates against the gross sales price:

444 1. Three percent of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is a  
445 manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each such  
446 manufactured home sold in the Commonwealth; if such vehicle is a mobile office as defined in  
447 § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in the  
448 Commonwealth; if such vehicle has a gross vehicle weight rating or gross combination weight rating of  
449 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile  
450 office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not  
451 designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero  
452 percent of the sale price of each such vehicle sold in the Commonwealth; and if such vehicle is an  
453 all-terrain vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, the tax shall  
454 be five percent of the sales price of each such vehicle; except that in any city or county located within  
455 the Historic Triangle, as defined in § 58.1-603.2, the tax shall be six percent of the sales price of each  
456 such vehicle.

457 2. Three percent of the sale price of each motor vehicle, or three percent of the sale price of each  
458 manufactured home as defined in § 36-85.3, or two percent of the sale price of each mobile office as  
459 defined in § 58.1-2401, not sold in Virginia but used or stored for use in the Commonwealth. If such  
460 vehicle has a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more  
461 and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile office as defined in  
462 § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not designed or used to  
463 carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero percent of the sale  
464 price of each such vehicle not sold in the Commonwealth but used or stored for use in the  
465 Commonwealth. If such vehicle is an all-terrain vehicle, moped, or off-road motorcycle, as those terms  
466 are defined in § 46.2-100, not sold in the Commonwealth but used or stored for use in the  
467 Commonwealth, the tax shall be five percent of the sales price of each such vehicle, except that in any  
468 city or county located within the Historic Triangle, as defined in § 58.1-603.2, the tax shall be six  
469 percent of the sales price of each such vehicle. When any motor vehicle or manufactured home not sold  
470 in the Commonwealth is first used or stored for use in Virginia six months or more after its acquisition,  
471 the tax shall be based on its current market value.

472 3. The minimum tax levied on the sale of any motor vehicle in the Commonwealth that is subject to  
473 taxation at a rate exceeding zero percent shall be \$35, except as provided by those exemptions defined  
474 in § 58.1-2403. This subdivision shall not apply to any all-terrain vehicle, moped, or off-road motorcycle  
475 subject to taxation under this chapter.

476 4. *In addition to the tax rates imposed pursuant to subdivisions 1 and 2, there shall be imposed an*  
477 *additional tax on each class of motor vehicles described in such subdivisions in the following amounts:*

- 478 a. *On and after July 1, 2024, but before July 1, 2025, one percent;*
- 479 b. *On and after July 1, 2025, but before July 1, 2026, two percent;*
- 480 c. *On and after July 1, 2026, but before July 1, 2027, three percent;*
- 481 d. *On and after July 1, 2027, but before July 1, 2028, four percent; and*
- 482 e. *On and after July 1, 2028, five percent.*

483 *Notwithstanding the provisions of § 58.1-2425, the revenues generated by the taxes imposed pursuant*  
484 *to this subdivision 4 shall be deposited in the general fund.*

485 A. (For contingent effective date — see Acts 2019, c. 52, cl. 2) There is hereby levied, in addition to  
486 all other taxes and fees of every kind now imposed by law, a tax upon the sale or use of motor vehicles  
487 in Virginia, other than a sale to or use by a person for rental as an established business or part of an  
488 established business or incidental or germane to such business.

489 The amount of the tax to be collected shall be determined by the Commissioner by the application of



490 the following rates against the gross sales price:

491 1. Three percent of the sale price of each motor vehicle sold in Virginia. If such motor vehicle is a  
 492 manufactured home as defined in § 36-85.3, the tax shall be three percent of the sale price of each such  
 493 manufactured home sold in the Commonwealth; if such vehicle is a mobile office as defined in  
 494 § 58.1-2401, the tax shall be two percent of the sale price of each mobile office sold in the  
 495 Commonwealth; if such vehicle has a gross vehicle weight rating or gross combination weight rating of  
 496 26,001 pounds or more and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile  
 497 office as defined in § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not  
 498 designed or used to carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero  
 499 percent of the sale price of each such vehicle sold in the Commonwealth; and if such vehicle is an  
 500 all-terrain vehicle, moped, or off-road motorcycle, as those terms are defined in § 46.2-100, the tax shall  
 501 be five percent of the sales price of each such vehicle.

502 2. Three percent of the sale price of each motor vehicle, or three percent of the sale price of each  
 503 manufactured home as defined in § 36-85.3, or two percent of the sale price of each mobile office as  
 504 defined in § 58.1-2401, not sold in Virginia but used or stored for use in the Commonwealth. If such  
 505 vehicle has a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more  
 506 and is neither (i) a manufactured home as defined in § 36-85.3, (ii) a mobile office as defined in  
 507 § 58.1-2401, (iii) a trailer or semitrailer as severally defined in § 46.2-100 that is not designed or used to  
 508 carry property, nor (iv) a vehicle registered under § 46.2-700, the tax shall be zero percent of the sale  
 509 price of each such vehicle not sold in the Commonwealth but used or stored for use in the  
 510 Commonwealth. If such vehicle is an all-terrain vehicle, moped, or off-road motorcycle, as those terms  
 511 are defined in § 46.2-100, not sold in the Commonwealth but used or stored for use in the  
 512 Commonwealth, the tax shall be five percent of the sales price of each such vehicle. When any motor  
 513 vehicle or manufactured home not sold in the Commonwealth is first used or stored for use in Virginia  
 514 six months or more after its acquisition, the tax shall be based on its current market value.

515 3. The minimum tax levied on the sale of any motor vehicle in the Commonwealth that is subject to  
 516 taxation at a rate exceeding zero percent shall be \$35, except as provided by those exemptions defined  
 517 in § 58.1-2403. This subdivision shall not apply to any all-terrain vehicle, moped, or off-road motorcycle  
 518 subject to taxation under this chapter.

519 4. *In addition to the tax rates imposed pursuant to subdivisions 1 and 2, there shall be imposed an*  
 520 *additional tax on each class of motor vehicles described in such subdivisions in the following amounts:*

- 521 a. *On and after July 1, 2024, but before July 1, 2025, one percent;*
- 522 b. *On and after July 1, 2025, but before July 1, 2026, two percent;*
- 523 c. *On and after July 1, 2026, but before July 1, 2027, three percent;*
- 524 d. *On and after July 1, 2027, but before July 1, 2028, four percent; and*
- 525 e. *On and after July 1, 2028, five percent.*

526 *Notwithstanding the provisions of § 58.1-2425, the revenues generated by the taxes imposed pursuant*  
 527 *to this subdivision 4 shall be deposited in the general fund.*

528 B. A transaction taxed under subdivision A 1 shall not also be taxed under subdivision A 2, nor shall  
 529 the same transaction be taxed more than once under either subdivision.

530 C. Any motor vehicle, trailer or semitrailer exempt from this tax under subdivision 1 or 2 of  
 531 § 58.1-2403 shall be subject to the tax, based on the current market value when such vehicle is no  
 532 longer owned or used by the United States government or any governmental agency, or the  
 533 Commonwealth of Virginia or any political subdivision thereof, unless such vehicle is then rented, in  
 534 which case the tax imposed by § 58.1-1736 shall apply, subject to the exemptions provided in  
 535 § 58.1-1737. Further, any motor vehicle, trailer or semitrailer exempt from the tax imposed by this  
 536 chapter under subdivision 11 of § 58.1-2403 or §§ 46.2-663 through 46.2-674 shall be subject to the tax,  
 537 based on the current market value, when such vehicle is subsequently licensed to operate on the  
 538 highways of the Commonwealth.

539 D. Any person who with intent to evade or to aid another person to evade the tax provided for  
 540 herein falsely states the selling price of a vehicle on a bill of sale, assignment of title, application for  
 541 title, or any other document or paper submitted to the Commissioner pursuant to any provisions of this  
 542 title or Title 46.2 shall be guilty of a Class 3 misdemeanor.

543 E. Effective January 1, 1997, any amount designated as a "processing fee" and any amount charged  
 544 by a dealer for processing a transaction, which is required to be included on a buyer's order pursuant to  
 545 subdivision A 10 of § 46.2-1530, shall be subject to the tax.

546 **2. That the Secretary of Finance shall convene a workgroup to examine reforms to the**  
 547 **Commonwealth's tax structure that would be needed to eliminate personal income tax liability in a**  
 548 **manner consistent with the provisions of this act. The workgroup shall develop recommendations**  
 549 **for adjusting tax rates, changing the tax base for sales and use taxes, shifting the Commonwealth's**  
 550 **tax structure to place a greater emphasis on excise taxes, finding opportunities to expand**

551 nongeneral fund revenue sources in a manner that would generate additional general fund  
552 revenues, or developing other sources of revenues in order to replace the revenues lost by  
553 eliminating the personal income tax. The workgroup shall include the Secretary of Finance, the  
554 Secretary of Commerce and Trade, and the State Tax Commissioner, or their designees; three  
555 members of the House Committee on Finance, to be appointed by the Chair of the House  
556 Committee on Finance; three members of the Senate Committee on Finance and Appropriations,  
557 to be appointed by the Chair of the Senate Committee on Finance and Appropriations;  
558 independent tax policy experts; representatives of the private sector; and other individuals in the  
559 discretion of the Secretary of Finance. The staffs of the House Committee on Appropriations and  
560 the Senate Committee on Finance and Appropriations, the Division of Legislative Services, and the  
561 Department of Taxation shall provide staffing for the workgroup as needed. The workgroup shall  
562 complete its work and present a report of its findings to the Governor and the Chairmen of the  
563 House Committees on Appropriations and Finance and the Senate Committee on Finance and  
564 Appropriations no later than December 1, 2023.