2020 Commonwealth of Virginia Tax Legislation

Taxes Imposed by Virginia

Corporate Income Tax

- Subtraction for Commuter Benefits. Senate Bill 277 (Chapter 1033) amends §§ 58.1-322.03 and 58.1-402 to provide an individual income tax deduction and a corporate income tax subtraction to an employer for commuter benefits it provides to an employee. This tax incentive is limited to $265 per employee. This legislation would not become effective unless reenacted by the General Assembly during the 2021 Session. Upon reenactment, this legislation is effective for taxable years beginning on and after January 1, 2021 but before January 1, 2026.

- Extension of Motion Picture Production Tax Credit Sunset Date. House Bill 1318 (Chapter 966) and Senate Bill 923 (Chapter 967) amend § 58.1-439.12:03 to extend the sunset date from January 1, 2022 to January 1, 2027. This legislation is effective on July 1, 2020.

- Extension of Sunset Dates and Increase of the Aggregate Capos for the Research and Development Tax Credits. House Bill 748 (Chapter 469) and Senate Bill 110 (Chapter 470) amend §§ 58.1-439.12:08 and 58.1-439.12:11 to extend the sunset dates for the Research and Development Expenses Tax Credit and the Major Research and Development Expenses Tax Credit from January 1, 2022, to January 1, 2025. The annual credit cap for the Research and Development Expenses Tax Credit is increased from $7 million to $7.77 million per fiscal year. The annual credit cap for the Major Research and Development Expenses Tax Credit is increased from $20 million to $24 million per fiscal year. The deadline for submitting credit applications for both credits to the Tax Department is changed from July 1 to September 1 of the calendar year following the close of the taxable year in which the expenses were paid or incurred. The portions of this legislation that increases the aggregate caps is effective for taxable years beginning on and after January 1, 2021. All other provisions are effective on July 1, 2020.

- Extension of Sunset Date for Green Job Creation Tax Credit. House Bill 408 (Chapter 429) amends § 58.1-439.12:05 to extend the sunset date for the Green Job Creation Tax Credit from January 1, 2021 to January 1, 2025. This legislation is effective on July 1, 2020.

This document is only intended to be a summary of legislation passed in the 2020 session of the Virginia General Assembly. Please do not rely solely on this document. If you have any questions regarding this legislation or any other tax matter, please contact me.

- Expansion of and Establishment of a Sunset Date for the Tax Credit for Participating Landlords. House Bill 590 (Chapter 430) amends § 58.1-439.12:04 to modify the Tax Credit for Participating Landlords by permitting landlords renting a qualified housing unit located on an eligible census tract within the Washington-Arlington-Alexandria Metropolitan Statistical Area to qualify for the credit. Under current law, only landlords with qualified housing units located on eligible census tracts within either the Richmond Metropolitan or Virginia Beach-Norfolk-Newport News Metropolitan Statistical Areas may qualify for the credit. A January 1, 2025 sunset date on the credit is created by this legislation. This legislation is effective on July 1, 2020.

Individual Income Tax

- Fixed Date Conformity. House Bill 1413 (Chapter 255) and Senate Bill 582 (Chapter 1) amend § 58.1-301 to advance Virginia's date of conformity to the Internal Revenue Code from December 31, 2018 to December 31, 2019. This advancement allows Virginia to generally conform to the Further Consolidated Appropriations Act 2020 ("the federal extenders bill") and the Virginia Beach Strong Act. The Virginia Beach Strong Act provides that certain payments made by a tax-exempt organization to the spouse or dependent of the dead or wounded victims of the Virginia Beach tragedy are treated as related to such organization's tax-exempt purpose and not for the benefit of any private individual. This treatment protects the tax-exempt status of the tax-exempt organizations. In addition, the Virginia Beach Strong Act ensures that cash contributions made specifically for the relief of families of the dead or wounded victims of the Virginia Beach tragedy qualify for the charitable contributions deduction. However, this legislation specifically deconforms Virginia from the provision that temporarily reduces the medical expense deduction threshold from 10 percent to 7.5 percent. As this legislation had an emergency clause, it is effective for taxable years beginning on and after January 1, 2018.

- Deduction for Commuter Benefits. Senate Bill 277 (Chapter 1033) amends §§ 58.1-322.03 and 58.1-402 to provide an individual income tax deduction and a corporate income tax subtraction to an employer for commuter benefits it provides to an employee. This tax incentive is limited to $265 per employee. This legislation would not become effective unless reenacted by the General Assembly during the 2021 Session. Upon reenactment, this legislation is effective for taxable years beginning on and after January 1, 2021 but before January 1, 2026.

- Exemption for Student Loan Forgiveness for Disabled Veterans. Senate Bill 745 (Chapter 606) amends § 58.1-321 to provide an individual income tax exclusion for any amount includable in the federal adjusted gross income of veterans who have been rated with a 100 percent service-connected, permanent, and total disability by the U.S. Department of Veterans Affairs, by reason of the whole or partial discharge of certain student loans. This legislation is effective for taxable years beginning on and after January 1, 2020, but before January 1, 2026.

Retail Sales and Use Tax

- Additional Tax for Central Virginia. House Bill 1541 (Chapter 1235) amends §§ 58.1-603.1, 58.1-604.01, 58.1-638, 58.1-2295, and 58.1-2299.20 and creates Chapter 37 in Title 33.2 which includes §§ 33.2-3700 through 33.2-3713 to levy an additional 0.7% sales and use tax in Charles City County, Chesterfield County, Goochland County, Hanover County, Henrico County, New Kent County, Powhatan County, the City of Richmond, and the Town of Ashland. This increase is effective on October 1, 2020.

- Additional Tax for Henry, Northampton, Patrick, & Pittsylvania Counties and the City of Danville. House Bill 486 (Chapter 327) amends §§ 58.1-602, 58.1-605, 58.1-605.1, and 58.1-606.1 to authorize Henry County, Northampton County, Patrick County, Pittsylvania County, or the City of Danville to impose an additional local sales and use tax at a rate of up to one percent as determined by the respective local governing body of each locality. The additional tax would not be levied on food purchased for human consumption that is taxed at a reduced rate. The tax may be imposed by ordinance with no referendum requirement. Revenue from the tax would be required to be used solely for capital projects for the construction or improvement of schools. This legislation is effective on July 1, 2020.

- Additional Tax for Gloucester County. Senate Bill 224 (Chapter 865) amends §§ 58.1-602, 58.1-605, 58.1-605.1, and 58.1-606.1 to authorize Gloucester County to impose an additional local sales and use tax at a rate of up to one percent as determined by its local governing body. The additional tax would not be levied on food purchased for human consumption or essential personal hygiene products that are taxed at a reduced rate. The tax may only be imposed by both the adoption of an ordinance and voter referendum approval. Revenue from the tax would be required to be used solely for capital projects for the construction or improvement of schools. This legislation is effective on July 1, 2020.

This document is only intended to be a summary of legislation passed in the 2020 session of the Virginia General Assembly. Please do not rely solely on this document. If you have any questions regarding this legislation or any other tax matter, please contact me.

2020 Commonwealth of Virginia Tax Legislation

- Additional Tax for Northampton County. Senate Bill 1028 (Chapter 708) amends §§ 58.1-602, 58.1-605, 58.1-605.1, and 58.1-606.1 to authorize Northampton County, to impose an additional local sales and use tax at a rate of up to one percent as determined by the respective local governing body of each locality. The additional tax would not be levied on food purchased for human consumption that is taxed at a reduced rate. The tax may be imposed by ordinance with no referendum requirement. Revenue from the tax would be required to be used solely for capital projects for the construction or improvement of schools. This legislation is effective on July 1, 2020.

- Additional Tax for Mecklenburg County. House Bill 200 (Chapter 427) and Senate Bill 943 (Chapter 428) amend §§ 58.1-602, 58.1-605, 58.1-605.1, and 58.1-606.1 to authorize Mecklenburg County to impose, by ordinance, an additional local sales and use tax at a rate of up to one percent as determined by its local governing body. The additional tax would not be levied on food purchased for human consumption that is taxed at a reduced rate. The tax may only be imposed by both the adoption of an ordinance and voter referendum approval. Revenue from the tax must be used solely for capital projects for the construction or improvement of schools. This legislation is effective on July 1, 2020.

- Additional Tax for Charlotte County. House Bill 1631 (Chapter 705) amends §§ 58.1-602, 58.1-605, 58.1-605.1, and 58.1-606.1 to authorize Charlotte County to impose, by ordinance, an additional local sales and use tax at a rate of up to one percent as determined by its local governing body. The additional tax would not be levied on food purchased for human consumption that is taxed at a reduced rate. The tax may only be imposed by both the adoption of an ordinance and voter referendum approval. Revenue from the tax would be required to be used solely for capital projects for the construction or improvement of schools. This legislation is effective on July 1, 2020.

- Exemption for Certain Gun Safes. House Bill 888 (Chapter 507) and Senate Bill 268 (Chapter 191) amend § 58.1-609.10 to create a retail sales and use tax exemption for gun safes with a selling price of $1,500 or less per item. To qualify for this exemption, a "gun safe" is defined as a safe or vault that is 1) commercially available; 2) secured with a digital or dial combination locking mechanism or biometric locking mechanism; and 3) designed for the storage of a firearm or for ammunition for use in a firearm. Glass-faced cabinets are specifically excluded from this definition. This legislation is effective on July 1, 2020.

This document is only intended to be a summary of legislation passed in the 2020 session of the Virginia General Assembly. Please do not rely solely on this document. If you have any questions regarding this legislation or any other tax matter, please contact me.

- Extension of Media-Related Sales and Use Tax Exemption Sunset Date. House Bill 1318 (Chapter 966) and Senate Bill 923 (Chapter 967) amend § 58.1-609.6 to extend the sunset date for the media-related sales and use tax exemption for certain tangible and intangible property used in the production of an audiovisual work from July 1, 2022 to July 1, 2027. This legislation is effective on July 1, 2020.

Other Taxes

- Cigarette Tax Increase. House Bill 30 (Chapter 1289) Item # 3-5.21 increases the state cigarette tax to $0.03 on each cigarette. This increase is a doubling of the current tax of $0.015 on each cigarette. As with the rest of the budget for fiscal years 2021 and 2022, this increase is effective on July 1, 2020.

- Tobacco Products Tax Increase. House Bill 30 (Chapter 1289) Item # 3-5.21 “doubles” the tobacco products taxes imposed under § 58.1-1021.02 and imposes a new tax of $0.066 per milliliter on liquid nicotine effective on July 1, 2020. The increased tobacco products taxes are as follows:

  - **Moist Snuff**: $0.36 per ounce ($0.18 previously);
  - **Loose Leaf Tobacco Single Unit**: $0.42 each ($0.21 previously);
  - **Loose Leaf Tobacco Half Pound Unit**: $0.80 each ($0.40 previously);
  - **Loose Leaf Tobacco Pound Unit**: $1.40 each ($0.70 previously);
  - **Loose Leaf Tobacco other units, pouches, or packages**: $0.42 each plus $0.42 for each increment of 4 ounces or portion thereof that the loose leaf tobacco exceeds 16 ounces (all $0.21 previously); and,
  - **Other Tobacco Products other than moist snuff or loose leaf tobacco**: 20% of the manufacturer's sales price of such tobacco products.

2020 Commonwealth of Virginia Tax Legislation

- Motor Vehicle Daily Rental Tax – Taxation of Peer-to-Peer Vehicle Sharing Platforms. Senate Bill 735 (Chapter 1266) amends §§ 38.2-2204, 58.1-1734, 58.1-1735, 58.1-1736, 58.1-1738, 58.1-1741, 59.1-207.29, 59.1-207.31, and 59.1-207.32 and adds §§ 46.2-1408, 46.2-1409, 46.2-1410, 46.2-1411, 46.2-1412, 46.2-1413, 46.2-1414, 46.2-1415, 46.2-1416, 46.2-1417, and 46.2-1418 to establish insurance, taxation, recordkeeping, disclosure, and safety recall requirements for peer-to-peer vehicle sharing platforms. This legislation imposes a tax upon peer-to-peer vehicle sharing in the Commonwealth as part of the Motor Vehicle Rental Tax. Taxes due on peer-to-peer vehicle sharing are to be collected by peer-to-peer vehicle sharing platforms that qualify as marketplace facilitators or the vehicle owner. However, the vehicle owner may not collect the tax where the sharing platform facilitating the transaction qualifies as a marketplace facilitator. This legislation is effective on July 1, 2020.

- Recordation Tax - Exemption for Spouses. House Bill 1580 (Chapter 643) amends § 58.1-810 to change the exemption for husbands and wives to spouses. This legislation is effective on July 1, 2020.

- Recordation Tax – Open Space Preservation Fees. House Bill 1623 (Chapter 623) amends §§ 58.1-812 and 58.1-817 to increase from $1 to $3 the fee for open-space preservation charged for every deed, deed of trust, contract, or other instrument admitted to record in those jurisdictions in which open-space easements are held by the Virginia Outdoors Foundation. This legislation also clarifies that the fee applies to any "deed of trust, contract, or other instrument" admitted to record. This legislation is effective on July 1, 2020.

- Recordation Tax – Tax Imposed on Security for Property That Lies Both Inside and Outside the Commonwealth. House Bill 1615 (Chapter 334) amends § 58.1-803 to clarify that on deeds of trust or mortgage that convey property within the Commonwealth to secure bonds or obligations secured by deeds of trust or mortgage on property outside the Commonwealth, recordation tax shall be imposed only upon such proportion of the bonds or obligations as the actual value of the property located within the Commonwealth bears to the actual value of the entire amount of property conveyed only when the deed or mortgage being recorded secures the entire amount of such bonds or obligations. This legislation is effective on July 1, 2020.

This document is only intended to be a summary of legislation passed in the 2020 session of the Virginia General Assembly. Please do not rely solely on this document. If you have any questions regarding this legislation or any other tax matter, please contact me.

- Recordation Tax – Allowance of Grantee to Pay Grantor's Tax and Regional Transportation Improvement Fee. Senate Bill 230 (Chapter 866) amends §§ 58.1-802 and 58.1-802.3 to allow a grantor and grantee to agree that the grantee pay all or a portion of the Grantor's Tax or Regional Transportation Improvement Fee. This legislation is effective on July 1, 2020.

- Public Service Company Special Regulatory Taxes - Maximum Allowable Rates. House Bill 129 (Chapter 697) amends §§ 58.1-2660, 58.1-2900, and 58.1-2904 to increase the maximum allowable rates of special regulatory taxes that the State Corporation Commission can apply to public service companies and others such as providers of water, heat, light, or power. The maximum allowable rate of the gross receipts tax increases from 2/10 of 1 percent to 26/100 of 1 percent. The maximum allowable rates of three electricity consumption taxes that are measured per kilowatt hour are increased. The maximum allowable rate of the natural gas consumption tax increase from $0.0020 per cubic foot to $0.0026 per cubic foot. This legislation is effective on July 1, 2020.

Procedural Changes

- Partnership Reporting. House Bill 1417 (Chapter 1030) amends §§ 58.1-311, 58.1-499, and 58.1-1823 and creates § 58.1-311.2 and Article 9.1 in Title 58.1 which includes §§ 58.1-396 through 58.1-399.7 to update procedures for reporting certain partnership adjustments that result from federal tax changes and other changes to federal taxable income to the Department. While federal partnership audit rules have changed, this legislation allows for a Virginia income tax audit to be handled at the partnership level. This legislation also specifies when Virginia income taxpayers must report federal tax changes and other changes to federal taxable income to the Virginia Tax Department. This legislation is effective on July 1, 2020.

- Misclassification of Employees. House Bill 1407 (Chapter 681) and Senate Bill 744 (Chapter 682) amend §§ 2.2-4321, 2.2-4343, 58.1-1821, and 58.1-1825 and adds §§ 58.1-3.4, 58.1-1900, 58.1-1901, 58.1-1902, 58.1-1903, 58.1-1904, and 58.1-1905 to provide that, if an individual performs services for an employer for remuneration, that individual is considered an employee of the party that pays that remuneration unless such individual or his employer demonstrates that such individual is an independent contractor. Any employer, or officer or agent of the employer, that fails to properly classify an individual as an employee and fails to pay taxes, benefits, or other contributions required to be paid with respect to an employee would be subject to a civil penalty of up to $1,000 per misclassified individual for the first offense, up to $2,500 per misclassified individual for the second offense, and up to $5,000 per misclassified individual for the third offense or any subsequent offenses. If the Department of Taxation determines that an employer failed to properly classify an individual as an employee, all public bodies and covered institutions would be prohibited from awarding a contract to such employer or to any firm, corporation, or partnership in which the employer has an interest in for up to one year from the date of the notice for a second offense or up to two years (HB 1407) or three years (SB 744) from the date of notice for a third or subsequent offense. The Tax Commissioner is allowed to work and share information with certain state agencies to identify employers who fail to properly classify individuals as employees. This legislation is effective on January 1, 2021.

- Third-Party Settlement Organization; Reporting Requirements. House Bill 730 (Chapter 248) and Senate Bill 211 (Chapter 63) add § 58.1-356 to require third-party settlement organizations to report to the Department of Taxation and to any participating payee, all information required to be reported for federal tax purposes on Form 1099-K using the thresholds imposed for purposes of Form 1099-MISC. The threshold for reporting Form 1099-K information is lowered for Virginia tax purposes creating a difference with federal thresholds. This requirement only applies to payments made to participating payees with a Virginia mailing address. This legislation is effective for all payments made on or after January 1, 2020.

- Information Sharing with Department of Social Services. House Bill 341 (Chapter 325) amend § 58.1-3 to expand the types of confidential tax information that the Department of Taxation is authorized to share with Department of Social Services ("DSS") by allowing the two agencies to enter into a written agreement to provide information, upon written request, regarding whether a taxpayer has claimed the federal earned income tax credit ("EITC"), the Virginia EITC, and the Virginia Tax Credit for Low-Income Individuals. This bill would also expand the purposes for which DSS can obtain confidential tax information by allowing the disclosure of information to the extent that DSS intends to use it to facilitate the administration of outreach and enrollment related to the federal EITC, the Virginia EITC, and the Virginia Tax Credit for Low-Income Individuals. This legislation is effective on July 1, 2020.

Taxes Imposed by Local Governments

Real Property Taxes

- Exemption for Property in Redevelopment or Conservation Areas. House Bill 537 (Chapter 246) and Senate Bill 727 (Chapter 66) amend § 58.1-3219.4 to increase the maximum duration of a local real estate tax exemption for structures in redevelopment or conservation or rehabilitation areas or rehabilitation districts from 15 to 30 years. This legislation is effective on July 1, 2020.

- Separate Class of Property for Blighted and Derelict Properties. House Bill 755 (Chapter 1213) adds § 58.1-3221.6 and amends § 58.1-3965 to provide that, in qualifying localities, blighted properties and derelict structures constitute a separate class of property for local taxation of real property. Qualifying localities will have the authority to levy a tax on blighted properties and derelict structures at a rate that exceeds the general real property tax rate by five and ten percent, respectively. Qualifying localities will also have the authority to sell delinquent tax lands six months after incurring abatement costs for buildings that have been condemned, constitute a nuisance, are derelict buildings, or are declared to be blighted.

2020 Commonwealth of Virginia Tax Legislation

- Separate Classification for Improvements in Richmond. Senate Bill 725 (Chapter 790) amends § 58.1-3221.1 to reclassify improvements to real property located in the City of Richmond as a separate class of real property. As a result of this reclassification, Richmond is authorized to levy a tax on the improvements at a different rate than the tax imposed upon the land on which it is located, provided that the rate of tax on does not exceed the rate of tax on the land and the rate of tax on improvements is not zero. This legislation is effective on July 1, 2020.

- Real Estate with Delinquent Taxes or Liens; Sales by Nonprofit Organizations. House Bill 535 (Chapter 244) amends § 58.1-3970.1 to allow nonprofit organizations selling parcels of real estate encumbered by delinquent taxes or liens acquired from the cities of Norfolk, Richmond, Hopewell, Newport News, Petersburg, Fredericksburg, Hampton, or Martinsville as a result of the execution of a deed by a special commissioner to sell either (i) both the land and the structural improvements on the property or (ii) only the structural improvements. Under this bill, a sale of only the structural improvements of such parcels must be subject to a ground lease with a community land trust with a term of at least 90 years and the trust must retain the preemptive option to purchase the structural improvements subject to a formula designed to ensure affordability of the improvements to low and moderate income families in perpetuity. This legislation is effective on July 1, 2020.

- Timing of Certification for Tax-Exemption for Certified Pollution Control Equipment and Facilities. House Bill 1173 (Chapter 252) and Senate Bill 685 (Chapter 65) amend § 58.1-3660 to allow localities to request certification of tax-exempt certified pollution control equipment used in conjunction with a locality's water, storm-water, wastewater, or solid waste management facilities or equipment prior to completion of the facility. This legislation is effective on July 1, 2020.

- Exemption for Certain Solar Facilities. House Bill 1434 (Chapter 1028) and Senate Bill 763 (Chapter 1029) amend § 58.1-3660 to expand the certified pollution control property tax exemption for solar projects generating greater than five megawatts for which certain necessary applications have been filed with the locality before July 1, 2030. The bill would also provide that, for solar projects generating between 20 and 150 megawatts for which an interconnection request has been filed on or after January 1, 2019, and upon which a locality has not assessed a revenue share, the value of the exemption shall be reduced by multiplying it by 80 percent for the first five years, 70 percent for the next five years, and 60 percent from ten years until the project ceases to operate. This legislation is effective on July 1, 2020.

- Solar Project Revenue Sharing and Application of Exemption. House Bill 1131 (Chapter 1224) and Senate Bill 762 (Chapter 1270) amend § 58.1-3660 and add § 58.1-2636 to allow localities to assess a revenue share of up to $1,400 per megawatt of generation capacity on a solar photovoltaic project. Localities are prohibited from assessing revenue shares upon certain customer-generators, small agricultural generators, solar projects that are 5 megawatts or less, or projects that are 20 megawatts or less for which an interconnection request form has been filed on or before December 31, 2018. If a locality adopts a revenue share ordinance, the certified pollution control exemption for that solar project is 100 percent. For solar projects greater than 5 megawatts that are not eligible for the 100 percent exemption, an 80 percent exemption is available so long as application is made before July 1, 2030. No revenue share is permitted to be established for projects for which an application was filed prior to July 1, 2020 unless the owner and locality agree to waive a portion of the pollution control exemption that applies to the project and return the exemption to the locality or the owner and locality agree to enter into a new payment agreement. This legislation is effective on July 1, 2020.

- Classification of Solar Energy and Recycling Equipment for Exemption Purposes. Senate Bill 1039 (Chapter 633) amends § 58.1-3661 to provide that the property tax exemption for certified solar energy and recycling equipment is retroactive to the date of installation if the taxpayer obtains certification by the local building department or the Department of Environmental Quality within one year of installation. This legislation is effective on July 1, 2020.

Tangible Personal Property Tax and Machinery and Tools Tax

- Taxation of Wind Turbines Used by Electric Suppliers. House Bill 1327 (Chapter 508) amends § 58.1-2606 to allow localities to tax generating equipment owned by electric suppliers utilizing wind turbines for which an initial interconnection request has been filed on or before July 1, 2020 at a rate not to exceed the real estate tax rate by more than $0.20 per $100 of assessed value. This legislation is effective on July 1, 2020.

- Extension of Sunset Date for Certain Satellites. House Bill 724 (Chapter 247) and Senate Bill 273 (Chapter 64) amend § 58.1-3506 to extend the sunset date for the classification of tangible personal property used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District as a separate class of property from June 30, 2019, to June 30, 2029. This legislation is effective for taxable years beginning on and after January 1, 2019.

- Clarification of Property Taxation for Certain Farm Machinery and Implements. House Bill 1021 (Chapter 251) amends §§ 58.1-3505 and 58.1-3506 to clarify that equipment used for forest harvesting and silvicultural activities qualifies as farm machinery and farm implements that localities may choose to exempt. The bill would also clarify that localities may not classify exempt equipment used for forest harvesting and silvicultural activities as a separate class of tangible personal property subject to tax at a lower rate. This legislation is effective on July 1, 2020.

Business License Taxes

- Waiver of License Requirement. House Bill 466 (Chapter 242) amends § 58.1-3703.1 to allow localities with a population of greater than 50,000 to waive the license requirements for businesses with gross receipts of $200,000 or less. Currently, this waiver is allowed for businesses with gross receipts of $100,000 or less. This legislation is effective on July 1, 2020.

- Acceptable Identification for Business License. House Bill 1679 (Chapter 258) adds § 58.1-3703.2 to provide that on any application for a license issued by a locality under its business, professional, and occupational license (BPOL) taxing authority, the locality will not be permitted to require an applicant to provide a social security number if the applicant provides his federal employer identification number (FEIN) instead. If a valid FEIN is provided, the locality will not be required to determine the residency status of the applicant. This legislation is effective on July 1, 2020.

Other Taxes

- Local Tax Authority. House Bill 785 (Chapter 1214) and Senate Bill 588 (Chapter 1263) amend §§ 58.1-3818, 58.1-3819, 58.1-3823, 58.1-3825.3, 58.1-3830, 58.1-3833, 58.1-3834, and 58.1-3840 and repeal 58.1-3818.01, 58.1-3818.03, 58.1-3818.04, 58.1-3820, 58.1-3821, and 58.1-3831 to grant counties the same taxing powers now granted to cities and towns. Currently, most counties may not impose admissions taxes unless authorized by state law, food and beverage taxes (meals tax) over 4% without a referendum, transient occupancy taxes over 2% unless authorized by state law, and cigarette taxes. Per this legislation, counties are allowed to impose admissions taxes and transient occupancy taxes at will. The referendum requirement for meals taxes is eliminated and all counties may impose cigarette taxes. This legislation is effective on July 1, 2020 except for provisions related to cigarette taxes which is effective on July 1, 2021.

- Plastic Bag Tax. House Bill 534 (Chapter 1022) and Senate Bill 11 (Chapter 1023) add §§ 58.1-1745, 58.1-1746, 58.1-1747 and 58.1-1748 to permit any county or city to impose by ordinance a tax in the amount of five cents ($0.05) for each disposable plastic bag provided, whether or not provided free of charge, to a consumer of tangible personal property by retailers in grocery stores, convenience stores, or drugstores. This legislation is effective on July 1, 2020 and any taxes enacted under this authority may not become effective before January 1, 2021.

- Meals Tax – Exemption for Farmers Markets and Roadside Stands. House Bill 342 (Chapter 241) amends §§ 58.1-3833 and 58.1-3840 to exempt sellers at farmers markets and roadside stands from having to collect meals tax or food and beverage tax on their sales when the seller's annual income from such sales at all local farmers markets and roadside stands does not exceed $2,500. This legislation is effective on July 1, 2020.

- Merchants' Capital Tax – Separate Classification for Certain Retailers. House Bill 1575 (Chapter 541) amends § 58.1-3510.02 to expand the separate classification of merchants' capital currently established for property owned by wholesalers, to include property owned by retailers that is reported as inventory, and is normally located in a structure that contains at least 200,000 square feet, with at least 200,000 square feet used solely to store such inventory. This legislation is effective on July 1, 2020.

Procedural

- Refunds of Local Taxes; Authority of Treasurers. House Bill 316 (Chapter 240) amends § 58.1-3981 to increase to $5,000 from $2,500 the maximum amount that a governing body of a county or city may authorize its treasurer to refund for taxes paid as a result of an erroneous tax assessment. This legislation is effective on July 1, 2020.

- Collection of Property Taxes Imposed by Towns. House Bill 1534 (Chapter 504) and Senate Bill 649 (Chapter 505) amend § 15.2-826 to authorize the board of supervisors of any county that has adopted the urban county executive form of government to enter into agreements with towns located partially or wholly within such county for the collection and enforcement of real or personal property taxes by the county official responsible for assessment or collection of taxes. This legislation is effective on July 1, 2020.

- Threshold for Nonjudicial Sale of Delinquent Tax Lands. House Bill 1582 (Chapter 257) amends § 58.1-3975 to permit the nonjudicial sale of improved and unimproved real property valued $10,000 or less, if taxes levied upon it are delinquent for at least three years. This legislation also permits the nonjudicial sale of any real property valued at more than $10,000 but no greater than $25,000, if taxes are delinquent for at least three years and the property (i) is unimproved and measures no more than one acre; (ii) is unimproved and has been determined to be unsuitable for building; (iii) has a structure on it that has been condemned by the local building official; (iv) has been declared a nuisance by the locality; (v) contains a derelict building; or (vi) has been declared to be blighted by the locality. This legislation is effective on July 1, 2020.

- Correction of Tax Records for Delinquent Real Property Taxes. House Bill 1581 (Chapter 644) amends §§ 8.01-98 and 58.1-3981 to clarify that it is the responsibility of the treasurer rather than the circuit court clerk to update the delinquent tax books regarding the correction or satisfaction of delinquent real property taxes encumbering properties sold for delinquent taxes and other debts. This legislation is effective on July 1, 2020.