

REVENUE SOURCES FOR FINANCING  
TRANSPORTATION SAFETY ACTIVITIES IN VIRGINIA  
PHASE TWO — STATE SOURCES

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(The opinions, findings, and conclusions expressed in this  
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## ABSTRACT

Senate Bill 85, an action of the 1978 General Assembly, amended the Code of Virginia to provide, in part, that the Division of Highway Safety be succeeded by the newly created Department of Transportation Safety effective July 1, 1978. In its Declaration of Policy, §33.1-390, the amended Code states that it is the policy of the Commonwealth to "investigate, evaluate and promote the safe movement of people and property by all modes — highway, railway, waterway, airway, and mass transit."

This report reviews possible sources of revenue for the support of safety activities in all of the above transportation modes except highway. It also identifies the Virginia agencies that are receiving these funds, or that are eligible to receive them, and the means by which the Virginia Department of Transportation Safety could interact with these agencies in the conduct of a statewide transportation safety program.

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## FINDINGS

1. There are several programs in the budget for the 1980-1982 biennium that have objectives paralleling those of the Virginia Department of Transportation Safety. These programs include highway, boating, shipping, air, and transit safety. Under the budget, these programs are entrusted to many agencies and departments.
2. Where appropriate, the Department of Transportation Safety could cooperate with these agencies and departments in the 1980-82 biennium by contracting with them to conduct all or part of the activities within identified safety programs. In some cases it might be mutually advantageous to transfer funds from the appropriation of one of the agencies or departments to the Department of Transportation Safety through the Governor's Office.
3. Beyond those noted in the immediate biennium, there are several possible sources of funds for financing activities of the Department of Transportation Safety. The most obvious would be an increased appropriation from the special funds through which the Department is presently funded. Other sources would be (a) the introduction of general funds appropriations, or (b) a transportation safety fund financed with portions of the monies now used to refund fuel taxes to those entities engaged in the many modes of transportation for which the Department has safety responsibilities, or from taxes on transportation related corporation charter or franchise fees, motor vehicle and aircraft sales and use taxes, insurance premium taxes, and alcohol taxes. The revenues from many of these levies go into the general fund, whereas some others go into special funds for departments or agencies. It seems that making a portion of these funds available to the Department would be reasonable in light of its expanded responsibilities.
4. Through an examination of the means of funding transportation safety programs in other states, the following potential sources of revenue were identified.
  - (a) The Gross Receipts Road Tax could be reimposed on motor carriers of passengers and this money allocated to transportation safety.
  - (b) A surcharge on traffic fines could be instituted and the monies derived assigned to the transportation safety program.



## RECOMMENDATIONS

1. The Department of Transportation Safety should analyze all potential sources of funds for transportation safety programs and investigate means for bringing these funds to bear on safety problems.
2. A way to finance transportation safety activities in the immediate future would be for the Department of Transportation Safety to contract to perform services for state agencies, where appropriate. Also, where it is mutually beneficial, a transfer of funds from an agency to the Virginia Department of Transportation Safety could be arranged through the Governor's Office.
3. Beyond the immediate biennium, the Department needs to actively pursue legislative endorsement of additional revenue for its transportation safety program via (a) appropriations from the general fund, (b) an increase in its special fund appropriation, or (c) the creation of a transportation safety fund that would derive its revenues from taxes already being levied.



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INTRODUCTION

The Virginia General Assembly passed Senate Bill 85 in its 1978 session. The bill directed that as of July 1, 1978, the Virginia Department of Transportation Safety was to become successor to the Highway Safety Division. This change in status broadened the Department's responsibilities to encompass safety in all modes of transportation where before its purview had been restricted to highway safety. Thus, the Department became authorized to evaluate current safety measures and to recommend to the General Assembly and the Governor corrective measures, policies, procedures, plans, and programs needed to make the movement of passengers and property in and through the Commonwealth as safe as reasonably practicable.

As part of an attempt to further define the parameters of the new operational responsibilities of the Department, a survey of available revenue sources for transportation safety projects was deemed to be warranted. Consequently, in October 1978, at the request of the Department of Transportation Safety, the Virginia Highway and Transportation Research Council conducted a review of possible federal sources of revenue to support safety activities in non-highway modes of transportation. The review identified those Virginia agencies eligible for or receiving funds and described non-highway safety activities being conducted in the Commonwealth. The review revealed that although a number of federal programs promote safety in non-highway modes of transportation, only a few provide revenues for state safety activities.

In view of the findings of the aforementioned review, it was decided that an assessment of state revenue sources available in Virginia agencies promoting safety in non-highway modes of transportation was needed.

## PURPOSE

The purpose of this study was to identify possible sources of funds for the operation of Virginia's transportation safety program. The study was limited to an examination of sources of state funds and did not consider federal sources. It was an attempt to suggest those sources of funds to which the Virginia Department of Transportation Safety might most logically seek access in light of the correlation between the fund sources and the Department's transportation safety goals and objectives. The study examined both the short-range possibilities — mechanisms for putting to use in safety programs some of those funds already in the budget for the 1980-82 biennium — as well as proposals for longer range efforts that would require legislative action.

## METHOD

Suggested sources of funding were identified through three major means. The short-range possibilities came from a reading of the proposed 1980-1982 budget for programs in agencies and departments that closely parallel or complement the transportation safety efforts of the Department of Transportation Safety. The longer range possibilities were identified through a perusal of the Code of Virginia. These possibilities were identified from among existing taxes and fees levied upon entities or objects which contribute to the transportation safety problems with which the Department deals or which benefit from the safety efforts of the Department.

In addition, the means of funding transportation safety activities in other states were examined in an effort to locate unique or novel-to-Virginia revenue sources. Information was gathered through a review of state tax publications, the Commerce Clearinghouse's State Tax Guide, and talks with state transportation officials. The few revenue sources so discovered have been fully incorporated into the body of the report. Since all other states have safety divisions with larger departments, the funding of these programs is an administrative matter which does not lend itself to extensive documentation.

## RESULTS

### Short-Range Possibilities

#### Funds in 1980-1982 Biennium Budget

In the immediate future, any funds that the Virginia Department of Transportation Safety could utilize in addition to its present

budgetary allocation would have to come through cooperative undertakings with agencies having funds earmarked for safety related programs in the budget for the 1980-1982 biennium. Possible sources of such funds are noted in Exhibit 1. It must be emphasized that these are possible sources, and that in every case only a part of the sum indicated, if any, would be available. The purpose of highlighting these programs is to bring attention to them for possible contact with the agencies responsible for them.

Exhibit 1, as mentioned above, depicts those agencies and organizations which have requests for funding of transportation safety related programs in the 1980-82 biennium. The information in this exhibit was excerpted from the Budget Bill and the Executive Budget. In the case of many of these agencies, a safety role is one of several of their objectives and often is not their highest priority. Also, the documentation was not sufficiently specific in several instances to allow the identification of funds that would be directed solely toward the safety aspect of the agencies' operations. Therefore, the monetary figures reported may be misleadingly large if viewed as a reflection of the transportation safety role. It should also be noted that several of these agencies' roles are to promulgate regulations that directly or indirectly impact transportation safety. Therefore, their safety roles and influence may be under- or overestimated if only the monetary appropriation is considered.

#### Means of Access

There are two means by which the Virginia Department of Transportation Safety could cooperate with the agencies having responsibility for the above mentioned sources of funds in getting the monies effectively applied in safety programs. The first would be for the Department to contract with an agency to perform a transportation safety related service. Several of the agencies noted in Exhibit 1 have explicit statutory authority to contract with other agencies. For example, §5.1-1.5 of the Code of Va. (1979) specifies such power for the Department of Aviation, and of course the Virginia Department of Transportation Safety is likewise authorized to contract in §33.1-395 of the Code of Va. (1979 Supp.). However, as suggested by an official of the Department of Planning and Budget,\* such specific authorization is not necessary for an agency to enter into interagency contracts. The mechanics of making these contracts are the same as those for any other interagency contract and there is no need for approval from any other body.

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\*Personal communication, Mr. Obier, March 1980.

EXHIBIT 1

TRANSPORTATION SAFETY RELATED APPROPRIATION REQUESTS

Mode	Agency	Program	Budget Bill Reference	Executive Budget Reference	Goal - relation to Transportation Safety	Authority	Requested Appropriation
Air	Dept. of Aviation	Air transportation regulation & safety	\$1-145 P.156	p.G-458	Conduct aviation safety & education program inter alia	Code: Title 5.1 Chpt. 1	\$317,840.00
	Civil Air Patrol	Non-State agency	\$1-151 P.165	p.G-476	Conduct research and rescue missions	Discretionary Inclusion	80,000.00
	State Corporation Commission	Air transportation regulation & safety	\$1-154 P.171	p.G-482	Oversight role re. air carriers	Code: Title 5.1 Chpt. 9	22,940.00
Water	Commission of Game and Inland Fisheries	Boating safety information & education	\$1-61 P.43	p.G-142	Self-explanatory	Code: Title 62.1 Chpt. 17	37,930.00
		Boating safety regulation & law enf.					504,815.00
		Boat registration					398,425.00
Mass	Virginia Port Authority	Port facility planning	\$1-147 P.163	p.G-467	Provide port security services and operational management inter alia	Code: Title 62.1 Chpt. 10	426,400.00
		Maint. of Port facilities & security services					3,413,000.00
		Ground transp. system safety	\$1-79 P.61	p.G-179	Reduce accidents & injuries from pupil transportation	Code: §822 - 235.1,46.1-357	608,300.00
Rail	Department of Education	Interstate compact regional and National contributions	\$1-150 P.165	p.G-474	To promote safety inter alia of transp. services	Code: §856-529, 530 Chpt.627 1958 Acts of Assembly Chpt. 67 1962 Acts of Assembly	75,000.00
		Ground Transp. regulation - rail regulation	\$1-154 P.172	p.G-482	Regulation of rail-road industry including safety inter alia	Code: Title 56 Chpt. 13	169,535.00

A second method would be to effect an interagency transfer of funds through the Governor's office. This requires a more complicated procedure than does the interagency contract. The initial step is to meet the criteria for such a transfer set out in §4-1.03 of the Final Budget, page 229 (see Appendix A). This section of the budget states that the Governor may transfer an appropriation from one agency to another to supplement the latter's appropriation "for a closely and definitely related purpose for which an appropriation is made," and also that the agency heads and the Governor must "determine that the transfer effects the original intention of the General Assembly in making the appropriations."

### Long-Range Possibilities

Looking beyond the 1980-1982 biennium, this report next addresses several other possible means of increasing the funds available to the Virginia Department of Transportation Safety. These all would require legislative action.

#### General Fund Appropriation

One such possibility would be for the Department to get an appropriation of monies from the general fund commencing with the 1982-1984 biennium. Other transportation related agencies receive general funds (e.g., the Department of Aviation and the Virginia Port Authority). However, at the time of the creation of the Virginia Department of Transportation Safety, there appears to have been the expectation that general funds would not be used.

#### Increases in Special Fund Appropriation

The Governor's Package, Areas of Emphasis for 1980-82 Biennium Budget, page 17, reiterates the Assembly's understanding "that there would be no increase in the allocation of resources" to the then newly formed Virginia Department of Transportation Safety. In contrast to this policy, however, is the 41.9% increase in the non-general fund proposed appropriation for the Department from the 1978-80 biennium to the 1980-82 biennium. Thus there are conflicting indicators of the prospect for increases in general or non-general fund appropriations in the 1982-84 biennium.

#### Allocation From Decreased Fuel Tax Refunds

Another possible source of funds for transportation safety programs is the fuel tax monies which go into the non-general funds.

Bills could be enacted to reduce or eliminate the various refund provisions of the fuel tax legislation, with the increased revenues going to the Department. This would be similar to the arrangement now enjoyed by the Commission of Game and Inland Fisheries' game protection fund.

The Virginia Code contains several provisions for refunds of fuel taxes to certain purchasers of taxable motor fuels.\* Section 58-715 (1979 Supp.) authorizes a refund of the entire tax to persons who buy gasoline in quantities of 5 gallons or more at any one time for the purpose of operating or propelling, among others, buses owned and operated by a county or the school board thereof while being used to transport school children, buses owned or solely used by a private, nonprofit, nonsectarian school to transport its pupils (not to exceed \$2,000 per year to any such school), equipment of voluntary fire-fighting companies and volunteer rescue squads, and motor equipment belonging to municipalities. Section 58-730.3 (1979 Supp.) provides that 7½ cents per gallon shall be refunded to each applicant filing a statement that the gasoline was used for propelling a boat or boats, or a ship or ships, including commercial boats or ships. Section 58-753;1 (1979 Supp.) authorizes a full refund of the special fuels tax paid by those persons or aviation consumers who use the fuel in non-highway uses or in buses owned or solely used by private, nonprofit, nonsectarian schools and who purchase 5 gallons or more at a time. This section applies to the 4 cents per gallon tax on aviation fuels as well as the 9 cents per gallon tax on other special funds levied pursuant to §58-774 (1979 Supp.). Finally, §58-757.01 (1979 Supp.) provides for the refund of the tax paid by any person, firm, or corporation that purchases motor fuel to be used in operating urban or suburban bus lines or taxicab services. However, the refund to taxicab services is reduced by 1 cent per gallon of fuel (see Appendix B).

These refund provisions are administered by the Fuels Tax Department of the Division of Motor Vehicles. Exhibits 2-4 show the amounts refunded in calendar years 1977-1979. They demonstrate the significance of the sums so refunded according to the various types of consumption as well as the number of claimants in each category.

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This report is using the Code provisions preceding the fuel tax increase to 11¢ per gallon enacted during the 1980 session of the General Assembly.

EXHIBIT 2

FUEL TAX REFUNDS BY TYPES OF CONSUMPTION FOR CY 1977

<u>Type</u>	<u>Claims</u>	<u>Gallons</u>	<u>Amount</u>
Boats - Pleasure Use	3,281	1,295,499	\$ 97,170
Boats - Commercial Use	1,058	1,223,774	91,786
Rail Cars	36	265,961	23,936
Municipal Use	307	950,882	85,579
Miscellaneous	547	916,442	82,480
County Government	355	1,509,808	135,883
Political Subdivisions	446	5,175,711	465,814
Urban-Suburban Bus Lines	65	856,194	77,057
Taxicab Services	309	2,757,237	248,151
Private Schools	89	479,681	43,171
Aviation - Special Fuels	23	3,809,875	152,395
Aviation - Gasoline	12	112,652	4,506
Totals	6,528	19,353,716	\$1,507,928

Source: Table XLII, Refunds by Types of Consumption for Calendar Year 1977;  
 Fuels Tax Dept., Division of Motor Vehicles.

## EXHIBIT 3

## FUEL TAX REFUNDS BY TYPES OF CONSUMPTION FOR CY 1978

<u>Type</u>	<u>Claims</u>	<u>Gallons</u>	<u>Amount</u>
Boats - Pleasure Use	2,814	1,055,459	\$ 79,167
Boats - Commercial Use	957	1,164,866	87,367
Rail Cars	21	166,261	14,964
Municipal Use	223	646,644	58,198
Miscellaneous	361	805,826	75,524
County Government	222	670,350	60,332
Political Subdivisions	537	6,215,621	559,406
Urban - Suburban Bus Lines	72	764,323	68,789
Taxicab Services	205	1,513,409	136,207
Private Schools	84	523,993	47,159
Aviation - Special Fuels	14	2,999,213	119,968
Aviation - Gasoline	15	145,947	5,838
Totals	5,525	16,671,912	\$1,312,919

Source: Table XLII, Refunds by Types of Consumption for Calendar Year 1978;  
Fuels Tax Dept., Division of Motor Vehicles.

EXHIBIT 4

FUEL TAX REFUNDS BY TYPES OF CONSUMPTION FOR CY 1979

Type	Claims	Gallons	Amount
Boats -- Pleasure Use	2,772	1,054,241	\$ 79,075
Boats -- Commercial Use	1,029	1,338,225	100,369
Rail Cars	33	191,731	17,256
Municipal Use	193	551,903	49,671
Miscellaneous	357	938,016	84,421
County Government	151	454,030	40,863
Political Subdivisions	508	4,568,305	411,147
Urban-Suburban Bus Lines	76	712,550	64,130
Taxicab Services	238	3,648,906	309,153
Private Schools	86	591,620	53,246
Aviation -- Special Fuels	4	1,133,354	45,334
Aviation -- Gasoline	15	149,457	5,976
Common Carriers	56	981,278	88,315
Totals	5,518	16,313,616	\$1,348,956

Source: Table XLII, Refunds by Types of Consumption for Calendar Year 1979; Fuels Tax Dept., Division of Motor Vehicles.

Under §58-730 (1979 Supp.), the gasoline tax monies from highway users that are not refunded are to be used for construction and maintenance of the highway system. Under §58-730.3 (1979 Supp.), the 1½ cents per gallon not refunded to boating or shipping users of gasoline go into the game protection fund of the Commission of Game and Inland Fisheries. These examples demonstrate the practice of correlating the tax source with the public service provided. The Department has been delegated the responsibility for the safety of the modes of transportation represented by the groups of fuel consumers now receiving refunds. It is logical and consistent with past practice to allow the Department to utilize these funds for the promotion of safety in the modes of transportation involved rather than refunding the money. These consumers are the parties who both create the safety problems the Department is addressing and who stand to benefit from achievements by the Department in its safety efforts.

#### Dedicated Allocations From Other Existing Taxes

Other possible sources of funds are the taxes and fees already levied upon goods and entities related to the transportation safety responsibilities of the Department. It is proposed that revenue from these sources could be allocated to or earmarked for the Department in whole or in part. For each such tax or fee, there is next presented a brief description of the tax or fee, the present application of its revenue, and its relationship to the Department's role in transportation safety.

#### Corporate Charter, Registration and Entrance Fees and Franchise Taxes (Title 58 Chap. 9 Code of Va.)

These fees are levied upon foreign and domestic corporations doing business in the Commonwealth. They are graduated according to the capital stock of the corporation and the proceeds go into the state treasury. The domestic transportation or transmission corporation charter fee is levied upon the grant or extension of the corporation's charter. The maximum fee is \$5,000 (§58-442 Code of Va. [1974]). As transportation companies, many of the corporations who pay this charter fee benefit from the Department's efforts and contribute to the safety problems it is addressing. The same is true for the three other major levies in this group when paid by transportation related corporations. Those fees are a maximum fee of \$10,000 for foreign corporations to get a certificate of authority to do business in the Commonwealth (§58-444 Code of Va. [1979 Supp.]), an annual registration fee with a maximum of \$50 (§58-450, Code of Va. [1979 Supp.]), and an annual franchise tax on domestic corporations with a maximum fee of \$20,000 (§58-456 Code of Va. [1979 Supp.]).

Public Service Corporation Taxes (Title 58 Chap. 12 Code of Va.)

The second group of taxes are particularly related to transportation and thus transportation safety. Under Article 2, railway companies pay two major levies. The first is a 1% tax on the assessed value of their rolling stock (§58-515 Code of Va. [1974]). The other tax is the corporate income tax (§58-519 Code of Va. [1979 Supp.]). Revenue from both of these taxes goes into the general fund. Article 5 provides for a 1% tax on the assessed value of the stock cars, tank cars, etc., of privately (non-railroad) owned freight car companies ( 58-560 Code of Va. [1974]). With the growing safety related emphasis on the hazardous materials oftentimes carried in such cars, the general funds raised by this tax would be especially appropriate for use by the Department.

Tax on Insurance Premiums (Title 58 Chap. 11 of the Code of Va.)

Another possibility for a Department earmarked revenue source is the 2.75% license tax levied against the subscriber fee or gross premium income of insurance companies doing business in the Commonwealth (§58-490 Code of Va. [1979 Supp.]). Since successful safety efforts would reduce the costs (claims paid) of the insurance companies, it seems reasonable that some portion of the tax derived from these companies, especially from the premiums on motor vehicle liability policies, should be used for financing transportation safety programs. A similar proposal was recently made by the Transportation Subcommittee of the Task Force to study State-Local Fiscal Relationships appointed by the General Assembly and the Governor of Maryland. (See A Study of Maryland's Transportation Needs and Financing, Report of Recommendations, December 12, 1979, pages 25-26.) It recommended the allocation of such funds to Maryland's Transportation Trust Fund.

Virginia Aircraft Sales and Use Tax (Title 58 Chap. 12.2 Code of Va.)

The role of aircraft and their purchasers in the Department's transportation safety function would justify Department use of a portion of the revenue from the 2% tax on the sale price of aircraft sold or used in the state (§58-685.29 Code of Va. [1979 Supp.]). However, this revenue is dedicated to the Department of Aviation's efforts to promote and develop aviation (§58-685.38 Code of Va. [1979 Supp.]). This fact could make it difficult to propose a dedication to the Virginia Department of Transportation Safety, but in light of the increased safety role mandated for this Department, it is not unreasonable to advocate this position. It is especially plausible to propose Department access to a portion of the revenue from this tax.

## Alcohol Related Taxes (Title 4 Chap. 1 & 1.1 Code of Va.)

The final group of taxes which could in part be earmarked for the Department comprises alcohol related taxes. These taxes are especially appropriate for dedication to the Department because of the correlation between transportation safety problems and alcohol. The alcohol related levies fall into two main categories. The first category is the taxes on the various types of alcohol. Among these are a tax on wine and alcohol sold by ABC stores and other retailers (§4-15.1 Code of Va. [1979]), an additional tax on alcoholic beverages bought for resale by the drink (§4-15.3 Code of Va [1979]), and an excise tax on beer (§4-40 Code of Va. [1979]).

The other category is made up of the taxes on various state licenses. Among these are a tax on state licenses for wholesale, retail, and distillery operations, which ranges from \$20 to \$15,000 per annum (§4-33 Code of Va. [1979]); and a tax on state mixed beverages licenses, which ranges from \$200 to \$750 per annum (§4-98.1 Code of Va. [1979]). The revenue from these levies, less a special fund for the operation of the ABC stores, goes into the general fund (§4-15.1(e) Code of Va. [1979]). At least part of this revenue might be dedicated for financing transportation safety programs, because it is not presently earmarked for another agency and because of the strong correlation between alcohol and the transportation safety problems with which the Department is concerned (see Appendix C).

### Creation of a Transportation Safety Fund

It has been shown that many taxes already being levied could appropriately be earmarked for the use of the Department of Transportation Safety. These revenues include the proceeds from a reduction in the fuel tax refunds as well as the other taxes discussed above that currently go into the general fund, such as the various charter fees, the insurance premium tax, and the alcohol related taxes. A corollary to this dedication of revenues is the creation of a "transportation safety fund." Through contributions from the above discussed taxes, the fund would be derived from all those modes of transportation or the users thereof that benefit most from the Department's safety activities or that contribute most to the problems the Department strives to remedy. The fund would thus be a very rational method of financing the state appropriation for the Department from a very broad spectrum of the beneficiaries of its efforts.

Texas has a "safety fund" that receives all state appropriations and federal money available under the Highway Safety Act (§670j-1, Vernonr's Texas Statutes, 1966). However, this is purely a fund for "accounting purposes," according to an official of the Texas Highway Department, Safety Section.\* Maryland has a "transportation Trust Fund" that receives dedicated income from a variety of sources, but this money is expended by the Transportation Department, a much larger entity than the Department of Transportation Safety. Even a limited purpose account such as the Texas Safety Fund is a useful first step, however, since it provides for a separation of sources and could later include any dedicated revenues.

Reinstatement of the Gross Receipts Road Tax and Fuel Tax on Motor Carriers of Passengers

In 1978 the General Assembly repealed the Gross Receipts Road Tax (Acts 1978, Chap. 673). In 1979 motor carriers of passengers were exempted from payment of fuel taxes. Thus these carriers — bus companies and van services — currently pay no compensation to Virginia for the use of its roads.

A good case can be made for reinstating these taxes and dedicating the revenue to the Department of Transportation Safety. The Department clearly produces safety services for the bus industry in the form of highway and street improvements.

In lobbying to have the levies removed, the Virginia Bus Association contended that the industry is depressed. They asserted that without tax relief the private companies would go broke, and low income people would thus be deprived of a valuable service.\*\* Yet a report written for the General Assembly suggests that since no firms have left the market in the last ten years, "the industry is fairly healthy." (See Gary Allen, An Analysis of State Imposed Taxes and Fees on Motor Carriers of Passengers, p. 12, S.D. 29 1980.)

Surcharge on Traffic Fines

The Michigan Highway Safety Division is considering placing a surcharge on traffic fines which would go into a "traffic safety

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\*Personal communication, Mr. Hodges, June 1980.

\*\*Personal communication, Mr. Majors, June 1980.

fund." Because of the current "proposition 13" type voter sentiments against any increase in the state's revenue base, the Michigan official contacted did not wish to be quoted by name. The surcharge has only a small chance of ever being enacted in Michigan because of judicial opposition to the reduced discretion in sentencing that the necessary standardization of fines would bring about; a reluctance among the present state and local recipients of traffic fine revenues to share them; and a fear that a surcharge would set up incentives for a bounty type enforcement of the traffic laws.

Only the bounty argument would not be a problem in Virginia, since the Department of Transportation Safety could receive the proceeds from the fines free and clear from either state or local police. In Virginia, proceeds from fines written on local ordinances go to the local general coffers and proceeds from state violations go to the Literary fund (§40.1-182 of the Va. Code). Judges everywhere object to any standardization of penalties, since it reduces their discretion to fit punishment to the circumstances of the violation. Thus a surcharge on traffic fines would be difficult to impose in Virginia, as elsewhere. But it is a possibility that should be advocated and could be enacted.

## APPENDIX A

## REQUIREMENTS FOR INTERAGENCY TRANSFER OF APPROPRIATIONS

Section 4-1.03 of the Final Budget, page 229.

§ 4-1.03 APPROPRIATION TRANSFERS - GENERAL

a. Subject to the conditions stated in this paragraph, the Governor may transfer an appropriation within a State agency, or from one such agency to another, to supplement an appropriation or reappropriation for a closely and definitely related purpose for which an appropriation is made. The Governor and the governing board(s), and/or executive head(s) if there is no governing board, of the affected State agency(ies) must first determine that the transfer effects the original intention of the General Assembly in making the appropriations. The total amount appropriated to the respective State agencies shall in no case be exceeded.

b. Also, the Governor may transfer an appropriation or portion thereof within a State agency, or from one such agency to another, to support changes in agency organization or program responsibility enacted by the General Assembly to be effective during the current biennium.

Provided further, the Governor may transfer an appropriation or portion thereof within a State agency or from one such agency to another to effect the budgeted program purposes of the General Assembly, or to supplement appropriations to provide for unbudgeted increases in costs which he determines a State agency must receive to render essential services.

The Governor shall provide to the chairmen of the House Appropriations Committee and the Senate Finance Committee quarterly reports summarizing all actions taken under the provisions of this paragraph.

c. No transfer of funds other than by appropriation (e.g., by interdepartmental transfer invoice, letter or other means), whether for provision of services or other purpose, shall be effected unless in accordance with regulations issued by the Governor.

d. The Governor's Secretaries are authorized: 1) without transferring appropriations, to request, and have assigned for limited periods, staff and support services of agencies within their respective Offices for special projects; and 2) with the Governor's prior written approval, to effect transfers of appropriations to their Offices from appropriations to such agencies.



## APPENDIX B

## CODE SECTIONS PERTAINING TO FUEL TAX REFUND

## Title 58 Chap. 13. Motor Fuel Tax

**§ 58-715. Refund of tax on motor fuel.** — (a) Any person who shall buy, in quantities of five gallons or more at any one time, any motor fuel for the purpose of operating or propelling (1) boats, ships, stationary gas engines, or pumping or mixing equipment on motor vehicles where the motor fuel used to operate such equipment is stored in an auxiliary tank separate from the motor fuel tank used to propel the motor vehicle, and the motor vehicle is mechanically incapable of self-propulsion while motor fuel is being used from the auxiliary tank, (2) tractors used for agricultural purposes, (3) buses owned and operated by a county or the school board thereof while being used to transport children to and from public schools, (4) buses owned or solely used by a private nonprofit nonsectarian school while being used to transport children to and from such school or from such school to and from educational or athletic activities, provided that the total of refunds in all cases under this provision No. (4) of this paragraph with respect to all motor fuel and special fuels as are subject to the tax imposed by chapter 14 (§ 58-731 et seq.) shall not, in any fiscal year, exceed the sum of two thousand dollars, (5) equipment of voluntary fire-fighting companies within the State actually and necessarily used for fire-fighting purposes, equipment of volunteer rescue squads within the State actually and necessarily used for rescue purposes, (6) motor equipment belonging to cities, towns and counties used exclusively in public activities and shall actually use the same for such purpose, (7) any person who shall purchase and use any of such fuel for spraying purposes or for cleaning, dyeing or other commercial use except in motor vehicles operated, or intended to be operated in whole or in part upon any of the public highways, streets or alleys of this State and (8) any person who shall lose any of such fuel by accident, except through personal negligence or theft, on which motor fuel the tax or taxes imposed by this chapter shall have been paid, shall, except as otherwise provided in subsection (b) of this section, be reimbursed and repaid the amount of such tax or taxes paid by such person. Any resident of this State who operates a farm on any island outside the State but within one mile of its boundaries shall be reimbursed and repaid the amount of such tax or taxes paid by such person on motor fuel used for farming purposes on such island.

(b) If the applicant for refund includes with such application a statement that the fuel was used for agricultural purposes, the Commissioner shall refund to such applicant eight and one-half cents per gallon on all such motor fuel. One-half cent per gallon on such fuel so used shall be paid by the Commissioner into the State treasury to the credit of the Virginia Agricultural Foundation Fund.

On any island in this State on which no motor vehicle is operated upon any public highways, streets or alleys, the refund provided for by this section may be made to the merchant selling such motor fuel to the consumer. (1932, p. 394; 1934, p. 58; 1936, p. 603; 1942, p. 260; Michie Code 1942, § 2154(215); 1944, p. 179; 1946, p. 603; 1954, c. 17; 1958, c. 459; 1960, cc. 398, 603; 1962, c. 423; 1964, c. 122; 1966, c. 536; 1972, c. 490; 1974, cc. 31, 388; 1975, c. 26; 1976, c. 530.)

(1979 Supp.). -

§ 58-730. **Disposition of funds collected.** — After providing for the refunds under this chapter, the Commissioner shall promptly pay all taxes and fees collected by him under this chapter into the State treasury. The revenue derived from the tax levied as aforesaid is hereby appropriated for the construction, reconstruction or maintenance of the roads and projects comprising the State Highway System, Interstate System and secondary system of State highways and shall be applied to no other purpose, except that:

(1) There may be paid out of this fund as a contribution towards the construction, reconstruction or maintenance of streets in cities and towns such sums as may be provided by law,

(2) Such sums out of such funds may be expended for the operation and maintenance of the State Highway Department and the Division of Motor Vehicles as may be provided by law,

(3) The Governor is hereby authorized to transfer out of such fund an amount necessary for the purpose of inspection of gasoline and motor grease measuring and distributing equipment, and for inspection and analysis of gasoline for purity,

(4) The Commissioner of the Division of Motor Vehicles shall also pay, at the rate of four cents a gallon for each and every gallon of aviation fuel sold and delivered or used in this State into the treasury, as a special fund, to be disbursed upon order of the State Corporation Commission, on warrants of the Comptroller to defray the cost of the administration of the laws of this State relating to aviation and for the construction, maintenance and improvement of airports and landing fields to which the public now, or which it is proposed shall, have access, and for the promotion of aviation in the interest of operators and the public generally,

(5) [Repealed.]

(6) The Commissioner of the Division of Motor Vehicles shall also pay at the rate of one-half cent per gallon for each and every gallon of motor fuel on which the refund has been paid at the rate of eight and one-half cents per gallon in accordance with the provisions of § 58-715 or § 58-719 relating to refunds for fuel consumed in tractors and unlicensed equipment used for agricultural purposes into the State treasury as a special fund known as the Virginia Agricultural Foundation Fund to be disbursed as provided by law to make certain refunds and defray the costs of the research and educational phases of the agricultural program, including supplemental salary payments to certain employees at the Virginia Polytechnic Institute and State University, the State Department of Agriculture and the Virginia Truck Experiment Station including reasonable expenses of the Virginia Agricultural Foundation.

(7) [Repealed.] (1932, p. 394; 1942, p. 260; Michie Code 1942, § 2154(214); 1948, p. 971; 1950, p. 401; 1958, cc. 459, 625; 1960, c. 603; 1966, c. 536; 1972, c. 490; 1974, c. 388; 1976, c. 434; 1977, c. 578.)

(1979 Supp.).

58-730.3. Refund of tax on fuel used in boats, etc.; use of remainder of such tax and tax for which no refund application is made. — Notwithstanding provisions of §§ 58-715, 58-730, 58-730.1, or any other provision of law, if the applicant for refund of motor fuel tax collected pursuant to this chapter includes in such application a statement that the fuel was used for propelling a boat or boats, or a ship or ships, including commercial boats or ships, the Commissioner shall refund to such applicant seven and one-half cents per gallon on all such motor fuel, and the Commissioner shall pay into the State treasury the credit of the game protection fund one and one-half cents per gallon on each fuel so used, and all money so credited to that fund shall be available to the Commission of Game and Inland Fisheries until expended for the purposes provided for generally in § 62.1-168 (c) including acquisition, construction, improvement and maintenance of public boating access areas on the public waters of this State and for other activities and purposes of direct benefit and interest to the boating public and for no other purpose; provided that the one and one-half cents per gallon on fuel used by commercial fishing, oystering, clamming, and crabbing boats shall be paid to the Department of Highways to be used for the construction, repair, improvement and maintenance of the public roads of the State used by said commercial boats; provided, however, that if any applicant so requests, the Commission shall pay into the State treasury, to the credit of the game protection fund, the entire nine cents per gallon tax paid by each applicant for the purposes aforesaid. From the tax collected pursuant to the provisions of this chapter from the sales of motor fuels used for the propelling of a boat or boats or a ship or ships, on which no application for refund is received, there shall be paid into the State treasury for use by the Marine Resources Commission, for its purposes in improving commercial and sports fisheries in Virginia's tidal waters, a sum not to exceed fifty thousand dollars per annum. (1970, c. 277; 1972, c. 490; 1974, cc. 470, 474; 1976, c. 555.)

1979 Supp.).

## Title 58 Chap. 14. Special Fuels Tax

§ 58-744. Levy of tax and exemptions. — A. A tax at the rate of nine cents per gallon is hereby imposed upon all fuel sold or delivered by any supplier to any licensed user-seller, or used by any such supplier in any motor vehicle owned, leased, or operated by him, or delivered by such supplier directly into the fuel supply tank of a motor vehicle, or imported by a user-seller into, or acquired tax free by a user-seller or user in this State for resale or use for the propulsion of a motor vehicle.

Except that (1) fuel sold to the United States or any of the governmental agencies thereof, (2) fuel sold to the State of Virginia or any political subdivision thereof, (3) fuel sold to any volunteer fire-fighting company or volunteer rescue squad within the State for use in equipment used for fire-fighting and rescue purposes, (4) aviation fuel sold to aviation consumers or (5) liquid petroleum gas, commonly referred to as "LP gas" or "propane gas," sold or delivered to any licensed user-seller that does not own or operate a motor vehicle propelled by liquified petroleum gas or maintain storage facilities for resale or delivery of such fuel for highway consumption shall not be subject to the tax imposed by this subsection A.

B. A tax at the rate of four cents per gallon is hereby imposed upon all aviation fuel sold or delivered by any supplier, other than an aviation consumer, to any licensed user-seller or used by any such supplier, other than an aviation consumer, in any aircraft owned, leased or operated by him or delivered by such supplier directly into the fuel supply tank of an aircraft, other than an aircraft owned, leased or operated by a licensed aviation consumer, or imported by a user-seller into, or acquired tax free by a user-seller or user in this State for resale or use for the propulsion of an aircraft and a tax at the rate of four cents per gallon is hereby imposed upon the first one hundred thousand gallons of aviation fuel, excluding bonded aviation fuel, purchased or acquired for use by any aviation consumer in any fiscal year, and a tax at the rate of one quarter of one cent per gallon on all aviation fuel, excluding bonded aviation fuel, purchased or acquired for use in excess of one hundred thousand gallons by an aviation consumer in any fiscal year. Aviation consumers shall be allowed credit for aviation fuels purchased tax paid not to exceed the amount due and not to be carried forward to the next fiscal year. Any person, who shall, while licensed or unlicensed under this chapter, use, acquire for use, sell or deliver for use in highway vehicles any aviation fuel taxable under this chapter shall be liable for the tax imposed at the rate of nine cents per gallon under this section, along with any penalties and interest which may accrue.

C. The tax levied under this chapter on fuel sold to any corporation, partnership or other entity performing transportation under contract or lease with any transportation district when such special fuels or other like products of petroleum are used in a motor vehicle controlled by a transportation district created under the Transportation District Act of 1964 which motor vehicle is used in providing transit service by the transportation district by contract or lease shall be refunded to such corporation, partnership or other entity upon application in the manner provided for in §§ 58-753 and 58-753.1. (1940, p. 494; Michie Code 1942, § 2154(230e); 1946, p. 335; 1952, c. 633; 1954, c. 335; 1960, cc. 398, 603; 1964, c. 255; 1972, cc. 490, 862; 1973, c. 331; 1974, c. 388; 1976, c. 534; 1978, c. 71.)

(1979 Supp.).

§ 58-753.1. Refund of tax on special fuels. — Any person or aviation consumer other than a person to whom § 58-753.1:2 applies who shall purchase fuel at the rate of nine cents per gallon in quantities of five gallons or more at any one time and pay the tax thereon and use the same for (1) purposes other than to propel vehicles operated or intended to be operated on the highway or (2) buses owned or solely used by a private nonprofit nonsectarian school while being used to transport children to and from such school or from such school to and from educational or athletic activities, and any person who shall lose any of such fuel by accident, except through personal negligence or theft, shall, upon making application therefor as herein provided, be reimbursed the amount of such tax paid; provided, however, that the total refunds in all cases pursuant to provision (2) of this paragraph with respect to all special fuels and motor fuel as are subject to the tax imposed by chapter 13 (§ 58-686 et seq.) shall not, in any fiscal year, exceed the sum of two thousand dollars. Application for refund shall be filed with the Commissioner within twelve months from the date of sale, shall show the purpose for which the fuel was used, and shall be accompanied by the invoice covering sale of the fuel to such person. In the event an assessment is rendered for failure to report and pay any tax imposed by § 58-744 and such fuel has been used for nonhighway purposes by the consumer, application for refund may be filed with the Commissioner by the consumer within twelve months from the date such assessment is paid and shall be accompanied by invoices covering the sale of the fuel and billing of tax to such person. Such refunds shall be paid in the manner provided in § 58-753. (1952, c. 633; 1966, c. 42; 1970, c. 458; 1974, cc. 31, 388; 1976, c. 530.)

(1979 Supp.).

## Title 58 Chap. 14.1. Refunds of Certain Fuel Taxes to Urban and Suburban Bus Lines

**§ 58-757.01. Who entitled to refund; application; time for filing; records to be kept; applicability of other laws as to refunds; conditions to be shown by taxicab services.** — Notwithstanding any other provisions of law, any person, firm or corporation who purchases motor fuel for consumption in motor vehicles used in operating urban or suburban bus lines or taxicab services in this State, or used in regular route service over the highways of this State by common carriers of passengers certificated pursuant to § 56-280, upon which motor fuel taxes imposed by the laws of this State have been paid, shall be entitled to a refund of such motor fuel taxes except that the refund to taxicab services shall be reduced by one cent per gallon of fuel consumed upon presentation to the Commissioner of an application for such refund setting forth the fact that such motor fuel was consumed in motor vehicles while being used in operating urban or suburban bus lines or taxicab services in this State, which are hereby defined as bus lines or taxicab services the majority of whose passengers use the buses or taxicabs for traveling a distance of not exceeding forty miles, measured one way, on the same day between their places of abode and their places of work, shopping areas or schools, or while being used in operating regular route service over the highways of this State by common carriers of passengers certificated pursuant to § 56-280.

Appropriate records and books shall be kept and accurately maintained by the applicant, showing the quantity and cost of the fuel purchased, the date of purchase, the dealer or retailer from whom such fuel was purchased and how such fuel was used by the applicant, so as to satisfy the Commissioner of the correctness of any refund applied for. Such books and records shall be available for inspection by the Commissioner at all reasonable times.

Any person entitled to such refund shall file with the Commissioner an application in writing duly signed by the applicant, accompanied by a paid ticket or invoice from the dealer or retailer showing such purchase. Such application shall set forth the total amount of such fuel so purchased and used in operating urban or suburban bus lines or taxicab services upon any of the public highways, streets or alleys of this State, and in operating regular route service over highways of this State by common carriers of passengers certificated pursuant to § 56-280, and how used. The Commissioner, upon the presentation of such application and such paid ticket, invoice or other document, shall pay to such person from the taxes collected on motor fuels such refund as herein provided on fuels sold, delivered and used as aforesaid. But the application for refund as provided herein, must be filed with the Commissioner within three months from the date of the sale or invoice on forms prepared and furnished by the Commissioner.

Except as otherwise provided in this chapter, all provisions of law applicable to the refund of gasoline taxes and other motor fuel taxes by the Commissioner shall apply to the refunds authorized by this chapter. Provided, however, that cities and towns and any county having withdrawn its roads from the secondary system of State highways under the provisions of § 11 of Chapter 415 of the Acts of 1932 shall receive their proportionate share of such special funds as is now provided by law with respect to other motor fuel tax receipts.

No refund shall be granted for motor vehicle fuel taxes paid on taxicab services unless the applicant is the holder of a permit from the State Corporation Commission. No such applicant shall be denied a refund by reason of the fee arrangement between the holder of the permit and the driver or drivers, if all other conditions of this section have been met. Any refunds made hereunder shall be deducted from the urban highway funds allocated to the highway construction district in which the recipient has its principal place of business. (1960, c. 603; 1972, c. 831; 1974, c. 485; 1975, c. 494; 1978, c. 663; 1979, c. 710.)

CODE SECTIONS PERTAINING TO OTHER TAXES SUITABLE FOR VDTs DEDICATION

Title 4 Chap. 1. Alcohol Beverage Control

§ 4-15.1. State tax on certain alcoholic beverages. — (a) There is hereby levied a State tax (1) upon all alcoholic beverages sold either by or through the Virginia Alcoholic Beverage Control Board, and (2) upon all other wine sold to persons licensed under the provisions of this chapter to sell such wine at retail, subject to the provisions hereafter in this section contained. The State tax hereby levied shall be collected by the Board as to each sale of alcoholic beverages made either by or through the Board from the purchaser of such alcoholic beverages at the time of or prior to such sale; and the State tax hereby levied shall be collected by the Board as to each sale of wine made by a wholesale wine distributor to a retail licensee from the person making such sale. In establishing the prices for items sold by it, the Board shall add the amount of the tax hereby levied to the price of each package of alcoholic beverages; provided, however, that the final price for each package may be established so as to be divisible by five. As to sales by or through the Board, the tax provided for by this section shall be computed by the Board on all net sales for each quarter by dividing the total net sales for the quarter by 1.15 and multiplying the result by fifteen per centum.

(b) On all wine sold to retail licensees, the State tax imposed hereby shall be eleven and one-half per centum of the price charged such retail licensees; on all wine sold by the Board to persons other than retail licensees, the State tax shall be fifteen per centum of the price charged for such wine.

(c) On all other alcoholic beverages sold by or through the Board, the State tax shall be fifteen per centum of the price charged by the Board.

(d) To enable the Board to collect the State tax hereby levied from wholesale wine distributors, such distributors shall make such reports in such manner and at such times as the Board may from time to time require and shall pay the State tax hereby levied to the Board at or prior to each sale of wine to a retail licensee or at such other time or times as the Board shall require.

(e) The amount of tax collected under this section during each quarter shall, within fifty days after the close of such quarter, be certified to the Comptroller by the Board and shall be transferred by him from the special fund described in § 4-23 of the Code of Virginia to the general fund of the State treasury; provided, however, that in the month of June, nineteen hundred sixty-nine, and in the month of June of every year thereafter, the Board shall, not later than the twentieth day of the month, estimate the yield of the tax imposed by this section for the quarter ending June thirtieth and certify the amount of such estimate to the Comptroller, whereupon the Comptroller shall, before the end of the month, transfer the amount of such estimate from the special fund described in § 4-23 of the Code of Virginia to the general fund of the State treasury, subject to such adjustment on account of an overestimate or an underestimate as may be indicated within fifty days after the close of the quarter ending on June thirtieth.

(f) The provisions of this section shall not apply to (1) sales of wine to wholesale wine distributors for resale to retail licensees, but the provisions of this section shall apply to such resale, (2) sales, other than by or through government stores, of alcoholic beverages for manufacturing and industrial purposes, or either of such purposes, (3) sales, other than by or through government stores, of alcohol for hospital and laboratory purposes, or either of such purposes, (4) alcoholic beverages shipped from Virginia to points outside Virginia for resale outside Virginia, (5) sales to any instrumentality of the federal government, and (6) beer.

(g) The term "wholesale wine distributor," as used in this section, means one who holds a wholesale wine distributor's license issued under the provisions of this chapter. The term "retail licensee," as used in this section, means one who is licensed under this chapter to sell wine at retail. As used in this section, the term "net sales" shall mean gross sales less refunds to customers. The definitions contained in this chapter shall apply to the words and terms used in this section.

(h) Provided, however, that the counties, cities and towns shall in no event receive from the profits from the sale of alcoholic beverages less cash revenue than was received by such counties, cities and towns for the year ending June thirtieth, nineteen hundred seventy-six.

(i) [Repealed.] (1960, c. 393; 1962, c. 151; 1964, c. 85; 1966, c. 356; 1968, c. 11; 1970, c. 688; 1976, c. 693.)

**§ 4-15.3. Additional tax on alcoholic beverages bought for resale by the drink; dispensing drinks from unstamped bottle a misdemeanor; penalties.** — On every bottle of alcoholic beverage bought for resale by the drink pursuant to chapter 1.1 (§ 4-98.1 et seq.) of Title 4 of the Code of Virginia, there is hereby levied, in addition to all other taxes imposed on such beverages, a tax of fifty cents on distilled spirits per quart; forty cents on distilled spirits per one-fifth gallon; twenty-five cents per pint of distilled spirits or less except in amounts of two ounces or less the tax shall be five cents; and ten cents per bottle of wine containing more than fourteen percent of alcohol by volume. The proceeds of such tax shall be paid into the State treasury to the credit of the Treasurer of Virginia as provided in § 4-23.

Any person who dispenses alcoholic beverages from any bottle not displaying a stamp for the payment of the tax hereby imposed shall be guilty of a misdemeanor. The penalty upon a first conviction for a violation hereunder shall be a fine of five hundred dollars. Upon a second conviction hereunder the penalty shall be a fine of five thousand dollars.

In addition to the above penalties, the holder of any A.B.C. license to dispense alcoholic beverages under the provisions of chapter 1.1 of Title 4 of the Code of Virginia shall, after two convictions under this section have his A.B.C. license permanently revoked. (1968, c. 771.)

(1979).

**§ 4-33. Taxes on State licenses.** — (a) *Amount of tax.* — The taxes on State licenses issued pursuant to the provisions of this chapter shall be as follows:

(1) For each distiller's license, if to manufacture not in excess of five thousand gallons of alcohol or spirits, or both, during the year in which the license is issued, one hundred fifty dollars; and if to manufacture more than five thousand gallons during such year, one thousand five hundred dollars per annum;

(2) For each winery license, if to manufacture not in excess of five thousand gallons of wine during the year in which the license is issued, one hundred fifty dollars, and if to manufacture more than five thousand gallons during such year, one thousand five hundred dollars per annum;

(3) For each brewery license, one thousand five hundred dollars per annum;

(4) For each bottler's license, five hundred dollars per annum;

(5) For each wholesale beer license, three hundred dollars for any wholesaler who sells two hundred thousand cases of beer a year or less, and six hundred fifty dollars for any wholesaler who sells more than two hundred thousand cases of beer a year, per annum;

(6) For each wholesale wine distributor's license, four hundred fifty dollars for any wholesaler who sells one hundred thousand gallons of wine or less per year and six hundred fifty dollars for any wholesaler who sells more than one hundred thousand gallons of wine per year, and for each wholesale druggist's license, twenty dollars per annum;

(7) For each retail on-premises wine and beer license to a hotel, restaurant, club or other person (except a person operating a boat, dining car, buffet car, club car, or airplane), eighty dollars per annum; for each such license to a person operating a boat, dining car, buffet car or club car, eighty dollars per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in this State, and for each such license issued to a person operating as an air carrier of passengers, three hundred dollars per annum;

(8) For each retail on-premises beer license to a hotel, restaurant, club or other person (except a person operating a boat, dining car, buffet car or club car), forty dollars per annum; for each such license to a person operating a boat, dining car, buffet car or club car, forty dollars per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in this State;

(Continued)

(9) For each retail off-premises wine and beer license, eighty dollars per annum;

(10) For each retail winery off-premises license, forty dollars per annum;

(11) For each retail off-premises beer license, forty dollars per annum;

(12) For each retail on-and-off premises wine and beer license to a hotel, restaurant, club or other person (except a person operating a boat, dining car, buffet car or club car), one hundred sixty dollars per annum; for each such license to a person operating a boat, dining car, buffet car or club car, one hundred sixty dollars per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in this State;

(13) For each retail on-and-off premises beer license to a hotel, restaurant, club or other person (except a person operating a boat, dining car, buffet car or club car), eighty dollars per annum; for each such license to a person operating a boat, dining car, buffet car or club car, eighty dollars per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in this State;

(14) For each druggist license, forty dollars per annum;

(15) For each banquet license, fifteen dollars;

(16) For each fruit distiller's license, one thousand five hundred dollars;

(17) For each beer importer's license, one hundred dollars;

(18) For each hospital license, forty dollars per annum;

(19) For each wine importer's license, one hundred dollars per annum.

(b) *Proration of tax.* — The tax on each such license shall be subject to proration to the following extent: If the license is issued in the second quarter of any year the tax shall be decreased by one fourth; if issued in the third quarter of any year the tax shall be decreased by one half; and if issued in the fourth quarter of any year the tax shall be decreased by three fourths. If the license on which the tax is prorated be a distiller's license to manufacture not in excess of five thousand gallons of alcohol or spirits, or both, during the year in which the license is issued, or a winery license to manufacture not in excess of five thousand gallons of wine during the year in which the license is issued, the number of gallons permitted to be manufactured shall be prorated likewise; provided, that should the holder of a distiller's license or a winery license to manufacture not in excess of five thousand gallons of alcohol or spirits, or both, or wine, apply during the license year for an unlimited distiller's or winery license, such person shall pay for such unlimited license a license tax equal to the amount that would have been charged had such license been applied for at the time that the license to manufacture less than five thousand gallons of alcohol or spirits or wine, as the case may be, was issued, and such person shall be entitled to a refund of the amount of license tax previously paid on the limited license.

(c) *Other State taxes.* — Nothing in this chapter shall be construed as exempting any licensee from any State merchants' license or State restaurant license or any other State tax whatsoever; and every licensee, in addition to the taxes imposed by this chapter, shall be liable to State merchants' license taxation and State restaurant license taxation and other State taxation the same as if the alcoholic beverages were nonalcoholic; provided, however, that in ascertaining the liability of a beer wholesaler to merchants' license taxation, and in computing the wholesale merchants' license tax on a beer wholesaler, the first one hundred sixty-three thousand eight hundred dollars of beer purchases shall be disregarded; and in ascertaining the liability of a wholesale wine distributor to merchants' license taxation, and in computing the wholesale merchants' license tax on a wholesale wine distributor, the first one hundred sixty-three thousand eight hundred dollars of wine purchases shall be disregarded; and provided, further, that if any such beer wholesaler or wholesale wine distributor pays no separate beverage license tax under chapter 2 (§ 4-99 et seq.) of this title by reason of § 4-39, the words "beer" and "wine" as used in the foregoing proviso shall be construed to include the beverages covered by such chapter.

(Continued)

merchants' license tax equal to the local wholesale beer license tax paid by such wholesaler; and such ordinance shall also provide that, in ascertaining the liability of a wholesale wine distributor to local merchants' license taxation under the ordinance, and in computing the local wholesale merchants' license tax on such wholesale wine distributor, purchases of wine up to a stated amount shall be disregarded, which stated amount shall be the amount of wine purchases which would be necessary to produce a local wholesale merchants' license tax equal to the local wholesale wine distributors' license tax paid by such wholesale wine distributor; and provided, further, that if any such beer wholesaler or wholesale wine distributor pays no separate beverage license tax under chapter 2 (§ 4-99 et seq.) of this title by reason of § 4-39, the words "beer" and "wine" as used in the foregoing proviso shall be construed to include the beverages covered by such chapter.

(f) *Delivery.* — No county, city or town shall impose any local alcoholic beverages license tax on any wholesaler or distributor for the privilege of delivering alcoholic beverages in the county, city or town when such wholesaler or distributor maintains no place of business in such county, city or town.

(g) *Application of county tax within town.* — Any county license tax imposed under this section shall not apply within the limits of any town located in such county, where such town now, or hereafter, imposes a town license tax on the same privilege. (1934, p. 115; Michie Code 1942, § 4675(26); 1946, p. 209; 1952, c. 535; 1970, cc. 627, 734; 1976, c. 496; 1978, c. 190.)

(1979).

**§ 4-10. Excise tax on beer.** — (a), (a1) [Repealed.]

(b) *Tax on beer sold.* — There is hereby levied on all beer sold in Virginia, an excise tax at the rate of seven dollars and ninety-five cents per barrel of thirty-one gallons and a tax at the same rate on such beer in containers of more or less than thirty-one gallons, but on such beer in bottles of not more than seven ounces each the tax shall be two cents per bottle, and on such beer in bottles of more than seven ounces each but not more than twelve ounces each the tax shall be two and sixty-five hundredths cents per bottle; and on such beer in bottles of more than twelve ounces each, the tax shall be at the rate of two and twenty-two one hundredths mills per ounce per bottle. The tax herein levied shall be paid by the brewery, bottler or wholesaler selling such beer to persons licensed hereunder to sell beer at retail.

(b1) [Repealed.]

(c) *When seller to pay tax.* — When any person shall sell or offer for sale in Virginia any beer purchased or obtained from any person not licensed either as a brewery, bottler or wholesaler under the provisions of this chapter, and on which the State excise tax herein levied has not been paid, such person shall pay the tax levied in the preceding subsection.

(g) *Disposition of moneys collected.* — All moneys collected by the State Tax Commissioner under the provisions of this chapter shall be promptly paid into the general fund of the State treasury.

§ 4-98.18. Taxes on State licenses. — (a) The taxes on State licenses issued pursuant to the provisions of this chapter shall be as follows:

(1) Mixed beverage restaurant licenses issued to persons operating restaurants and caterers including restaurants located on premises of and operated by hotels or motels:

(i) For each restaurant with a seating capacity at tables for fifty to one hundred persons, two hundred dollars per annum;

(ii) For each restaurant with a seating capacity at tables for more than one hundred but not more than one hundred fifty persons, three hundred fifty dollars per annum;

(iii) For each restaurant with a seating capacity at tables for more than one hundred fifty persons, five hundred dollars per annum;

(iv) For each caterer, five hundred dollars;

(v) Mixed beverage special events licenses, fifteen dollars for each day of each event; and

(vi) Annual mixed beverage special events licenses, two hundred dollars per annum, which tax shall not be subject to proration, notwithstanding the provisions of subsection (d) hereof.

(2) Mixed beverage restaurant licenses for restaurants located on the premises of and operated by private, nonprofit clubs:

(i) For each club with not more than two hundred resident members based on the average membership during the preceding twelve months, two hundred dollars per annum;

(ii) For each club with more than two hundred but not more than five hundred resident members based on the average membership during the preceding twelve months, five hundred dollars per annum; and

(iii) For each club with more than five hundred resident members based on the average membership during the preceding twelve months, seven hundred fifty dollars per annum.

(3) Mixed beverage carrier licenses:

(i) Seventy-five dollars per annum for each of the average number of dining cars, buffet cars or club cars operated daily in this State by a common carrier of passengers by train;

(ii) Two hundred fifty dollars per annum for each passenger ship operated by a common carrier of passengers by ship; and

(iii) Seven hundred fifty dollars per annum for each license issued to a person operating common carriers of passengers by airplane.

(b) All licenses granted or issued pursuant to the provisions of this chapter shall expire on the thirtieth day of June next following the date on which they were granted or issued. The Commission may, however, within its discretion, extend any license granted or issued hereunder, for a period not to exceed in any case sixty days.

(c) The State license taxes provided for herein shall be collected by the Commission and shall be paid into the State treasury and treated in the same manner as license taxes collected by the Commission under the provisions of chapter 1 (§ 4-1 et seq.) of this title.

(d) The provisions of subsections (b) through (d) of § 4-33 having to do with the proration of tax, other State taxes and refunds shall apply mutatis mutandis to taxes on State licenses issued pursuant to the provisions of this chapter and to those persons and places within the purview of this chapter. (1968, c. 609; 1972, cc. 691, 717; 1975, cc. 2, 483; 1978, c. 153; 1979, c. 366.)

(1979).

Title 58 Chap. 9. Corporate Charter, Registration and Entrance Fees and Franchise Taxes.

**§ 58-442. Charter fees of certain domestic public service corporations.**

— Every domestic corporation authorized by its charter to exercise the powers of a transportation or transmission company or to own, lease, construct, maintain and operate a public service line or road of any kind, upon the granting or extension of its charter, shall pay a fee into the State treasury to be ascertained and fixed as follows:

For a company whose maximum capital stock is:

- (1) Five thousand dollars or under, twenty-five dollars;
- (2) Over five thousand dollars and not in excess of ten thousand dollars, fifty dollars;
- (3) Over ten thousand dollars and not in excess of twenty-five thousand dollars, seventy-five dollars;
- (4) Over twenty-five thousand dollars and not in excess of fifty thousand dollars, one hundred and twenty-five dollars;
- (5) Over fifty thousand dollars and not in excess of one hundred thousand dollars, two hundred dollars;
- (6) Over one hundred thousand dollars and not in excess of three hundred thousand dollars, three hundred and twenty-five dollars;
- (7) Over three hundred thousand dollars and not in excess of five hundred thousand dollars, four hundred and fifty dollars;
- (8) Over five hundred thousand dollars and not in excess of eight hundred thousand dollars, five hundred and seventy-five dollars;
- (9) Over eight hundred thousand dollars and not in excess of one million dollars, seven hundred and fifty dollars;
- (10) Over one million dollars and not in excess of ten million dollars, one thousand dollars;
- (11) Over ten million dollars and not in excess of twenty million dollars, one thousand two hundred and fifty dollars;
- (12) Over twenty million dollars and not in excess of thirty million dollars, one thousand five hundred dollars;
- (13) Over thirty million dollars and not in excess of forty million dollars, one thousand seven hundred and fifty dollars;
- (14) Over forty million dollars and not in excess of fifty million dollars, two thousand dollars;
- (15) Over fifty million dollars and not in excess of sixty million dollars, two thousand two hundred and fifty dollars;
- (16) Over sixty million dollars and not in excess of seventy million dollars, two thousand five hundred dollars;
- (17) Over seventy million dollars and not in excess of eighty million dollars, two thousand seven hundred and fifty dollars;
- (18) Over eighty million dollars and not in excess of ninety million dollars, three thousand dollars; and
- (19) Over ninety million dollars, five thousand dollars.

For the purpose of this section the amount to which the company is authorized by the terms of its charter to increase its capital stock shall be considered its maximum capital stock. (1928, p. 133; Tax Code, § 205.)

(1974).

**§ 58-443. Charter fees of other domestic corporations.** — Every domestic corporation other than such as are described in § 58-442, upon the granting of its charter, shall pay a fee into the State treasury to be ascertained and fixed as follows:

For a company whose maximum authorized capital stock is fifty thousand dollars or less, twenty dollars;

For a company whose maximum authorized capital stock is over fifty thousand dollars and less than three million dollars, forty cents for each one thousand dollars or fraction thereof; and

For a company whose maximum authorized capital stock is three million dollars or more, twelve hundred dollars.

For a company incorporated after July one, nineteen hundred seventy, under the Virginia Nonstock Corporation Act, fifty dollars. (1928, p. 134; Tax Code, § 206; 1960, c. 401; 1970, c. 157; 1974, c. 192.)

(1979 Supp.).

**§ 58-444. Entrance fees for foreign corporations.** — Every foreign corporation, when it obtains from the State Corporation Commission a certificate of authority to do business in this State, shall pay an entrance fee into the State treasury to be ascertained and fixed as follows:

For a company whose maximum capital stock is:

(1) Fifty thousand dollars or less, sixty dollars;

(2) Over fifty thousand dollars and not in excess of one million dollars, one dollar and twenty cents for each thousand dollars or fraction thereof;

(3) Over one million dollars and not in excess of ten million dollars, two thousand dollars;

(4) Over ten million dollars and not in excess of twenty million dollars, two thousand five hundred dollars;

(5) Over twenty million dollars and not in excess of thirty million dollars, three thousand dollars;

(6) Over thirty million dollars and not in excess of forty million dollars, three thousand five hundred dollars;

(7) Over forty million dollars and not in excess of fifty million dollars, four thousand dollars;

(8) Over fifty million dollars and not in excess of sixty million dollars, four thousand five hundred dollars;

(9) Over sixty million dollars and not in excess of seventy million dollars, five thousand dollars;

(10) Over seventy million dollars and not in excess of eighty million dollars, five thousand five hundred dollars;

(11) Over eighty million dollars and not in excess of ninety million dollars, six thousand dollars;

(12) Over ninety million dollars, ten thousand dollars; and

(13) Foreign corporations without capital stock shall pay one hundred dollars only for such certificate of authority to conduct its affairs in this State.

For the purpose of this section the amount to which the company is authorized by the terms of its charter to increase its capital stock shall be considered its maximum capital stock. (1928, p. 135; 1936, p. 3; Tax Code, § 207; 1974, cc. 159, 378.)

(1979 Supp.).

**§ 58-450. Annual registration fees for domestic and foreign corporations.** — Every domestic corporation, and every foreign corporation authorized to do business in this State, whose maximum capital stock is fifteen thousand dollars or under and every such corporation organized without capital stock shall pay into the State treasury on or before the first day of March in each and every year an annual registration fee of ten dollars;

Such corporation whose maximum capital stock is over fifteen thousand dollars and does not exceed fifty thousand dollars shall so pay an annual registration fee of twenty dollars;

Such corporation whose maximum capital stock is over fifty thousand dollars and does not exceed one hundred thousand dollars shall so pay an annual registration fee of thirty dollars;

Such corporation whose maximum capital stock is over one hundred thousand dollars and does not exceed three hundred thousand dollars shall so pay an annual registration fee of forty dollars; and

Such a corporation whose maximum capital stock exceeds three hundred thousand dollars shall so pay an annual registration fee of fifty dollars.

Such annual registration fee shall be irrespective of any specific license tax or other tax or fee imposed by law upon the corporation for the privilege of carrying on its business in this State or upon its franchise, property or receipts. Provided, however, that those nonstock corporations incorporated before nineteen hundred seventy which were not liable for the annual registration fee therefor shall not be liable for an annual registration fee hereafter. (1922, p. 362; 1926, p. 641; 1928, p. 137; Tax Code, § 210; 1954, c. 434; 1956, c. 299; 1970, c. 242; 1974, c. 193.)

(1979 Supp.).

**§ 58-456. Annual State franchise tax on domestic corporations.** — Every domestic corporation except telephone, electric, gas and water companies, insurance, banking and trust companies, shall pay into the State treasury on or before the first day of March of each year an annual State franchise tax to be assessed by the State Corporation Commission.

The amount of such franchise tax shall be as follows:

When the authorized maximum capital stock is:

- (1) Twenty-five thousand dollars and under, twenty dollars;
- (2) Over twenty-five thousand dollars and not in excess of fifty thousand dollars, forty dollars;
- (3) Over fifty thousand dollars and not in excess of one hundred thousand dollars, eighty dollars;
- (4) Over one hundred thousand dollars and not in excess of three hundred thousand dollars, one hundred twenty dollars;
- (5) Over three hundred thousand dollars and not in excess of five hundred thousand dollars, two hundred dollars;
- (6) Over five hundred thousand dollars and not in excess of one million dollars, four hundred dollars;
- (7) Over one million dollars and not greater than fifty million dollars, four hundred dollars plus an additional sum of twenty dollars for each hundred thousand dollars or fraction thereof in excess of one million dollars;
- (8) Over fifty million dollars and not greater than one hundred million dollars, ten thousand two hundred dollars plus an additional sum of one hundred fifty dollars for each million dollars or fraction thereof in excess of fifty million dollars;
- (9) Over one hundred million dollars, twenty thousand dollars. (1922, p. 362; 1924, p. 503; 1926, p. 904; 1928, p. 138; 1940, p. 683; Tax Code, § 211; 1974, c. 448; 1978, c. 784.)

(1979 Supp.).

Title 58 Chap. 11. Insurance Companies

§ 58-490. Amount of license tax for insurance other than life insurance and annuities. — For every year every such company which issues policies or contracts for any kind of insurance classified and defined in §§ 38.1-5 to 38.1-24 or chapter 22 (§ 38.1-790 et seq.) of Title 38.1, except workmen's compensation insurance on which a premium tax is imposed under the provisions of § 65-120 [§ 65.1-129], shall pay a license tax of two and three-fourths per centum of subscriber fee income or direct gross premium income derived from such business in this State during the preceding year ending the thirty-first day of December.

This section, as hereby amended, shall apply with respect to taxable years as defined in § 58-502.1, beginning after December thirty-one, nineteen hundred and sixty-eight, and to license years beginning on and after May one, nineteen hundred and seventy. (1928, p. 166; 1938, p. 46; Tax Code, § 237; 1952, c. 190; 1968, c. 13; 1978, c. 658.)

(1979 Supp.).

Title 58 Chap. 12. Public Service Corporations  
Article 2. Railway Companies

§ 58-515. State tax on rolling stock. — The State tax on the rolling stock of railway companies doing business in this State shall be at the rate of one dollar on each one hundred dollars of the assessed full value thereof and there shall be no local taxes on such rolling stock. (1926, p. 955; 1927, p. 213; 1928, p. 145; 1934, p. 196; Tax Code, § 216; 1948, p. 918; 1972, c. 813.)

(1974).

(1974).

§ 58-519. State income tax. — Every railway company shall pay to the State the income tax imposed by chapter 4 (§ 58-151.01 et seq.) of Title 58.

Nothing herein contained shall exempt such corporations from the tax on capital not otherwise taxed levied under § 58-418, the annual fee required by § 58-450, the annual State franchise tax on domestic corporations levied under § 58-456 or from assessment for street and other local improvements which shall be authorized by law, or from the county, city, town, or magisterial district levies hereinafter provided for. (1926, p. 955; 1927, p. 213; 1928, p. 145; 1934, p. 197; Tax Code, § 216; 1948, p. 918; 1964, c. 425; 1971, Ex. Sess., c. 41; 1972, c. 813; 1976, c. 777; 1978, c. 784.)

(1979 Supp.).

Article 5. Freight Car Companies

§ 58-560. **Rate and payment of tax.** — Every such company or individual shall pay into the State treasury on or before the first day of June after receiving such certified copy of the assessment, the taxes hereby levied upon its property at the rate of one dollar on each one hundred dollars of the assessed full value thereof. (Code 1919, § 2399; 1928, p. 152; 1930, p. 999; Tax Code, § 220; 1956, c. 69; 1972, c. 813.)

Article 11. Rolling Stock of Motor Vehicle Carriers.

§ 58-622. **Levy and payment of tax.** — Such carrier shall pay into the State treasury on or before the first day of June, after receiving such certified copy of the assessment, the State taxes hereby levied upon its rolling stock at the rate of one dollar on each hundred dollars of the assessed full value thereof annually. (1932, p. 607; 1936, p. 762; Tax Code, § 217a; 1956, c. 69; 1972, c. 813.)

(1974).

§ 58-623. **Distribution of taxes collected.** — The taxes assessed upon the rolling stock of motor vehicle carriers as described in the preceding sections of this article shall be distributed to the counties, cities and incorporated towns of the State in the following manner:

The Commission shall determine the proportion of the total vehicle miles operated by each carrier in this State for each county, city and incorporated town. The fraction thus derived for each county, city and incorporated town shall be the measure of the total rolling stock tax assessed against such carrier to which the respective county, city and incorporated town shall be entitled.

Having ascertained the amount of the tax payable to each county, city and incorporated town, the clerk of the Commission shall certify to the Comptroller the respective sums so to be paid and the Comptroller shall thereupon make payment to the treasurer or other proper fiscal officer of the localities the amounts respectively due them as certified by the Commission. When received by the respective local political subdivisions, these payments shall constitute and be regarded as receipts for the general purposes of local government. (1932, p. 607; 1936, p. 762; Tax Code, § 217a.)

(1974).

Article 12. Road Tax On Motor Carriers, Calculated On Fuel Used Within State.

§ 58-628. Amount of tax. — Every motor carrier of property shall pay a road tax equivalent to eleven cents per gallon calculated on the amount of gasoline or liquefied gases (which would not exist as liquids at a temperature of 60° F and a pressure of 14.7 pounds per square inch absolute), or other motor fuel used in its operations within this State. (1946, p. 458; Michie Suppl. 1946, § 4097ff; 1956, c. 475; 1960, c. 603; 1964, c. 255; 1972, cc. 490, 862; 1973, c. 331; 1978, c. 673; 1979, c. 709.)

(1979 Supp.).

§ 58-629. Credit for payment of motor fuel tax. — Every motor carrier subject to the tax hereby imposed shall be entitled to a credit on such tax equivalent to nine cents per gallon on all gasoline or other motor fuel purchased by such carrier within this State for use in its operations either within or without this State and upon which gasoline or other motor fuel the tax imposed by the laws of this State has been paid by such carrier. Evidence of the payment of such tax in such form as may be required by, or is satisfactory to, the Commission shall be furnished by each such carrier claiming the credit herein allowed. When the amount of the credit herein provided to which any motor carrier is entitled for any quarter exceeds the amount of the tax for which such carrier is liable for the same quarter, such excess may under regulations of the Commission be allowed as a credit on the tax for which such carrier would be otherwise liable for any of the four succeeding quarters; or upon application within one hundred and eighty days from the end of any quarter, duly verified and presented, in accordance with regulations promulgated by the Commission and supported by such evidence as may be satisfactory to the Commission, such excess may be refunded if it shall appear that the applicant has paid to another state under a lawful requirement of such state a tax, similar in effect to the tax herein provided, on the use or consumption in said state of gasoline or other motor fuel purchased in Virginia, to the extent of such payment to said other state, but in no case to exceed the rate of nine cents per gallon.

The Commission shall not allow such refund except after an audit of the applicant's records and shall audit the records of an applicant at least once a year. Such refund may be allowed without a formal hearing if the amount thereof is agreed to by the applicant. Otherwise, a formal hearing on the application shall be held by the Commission after notice of not less than ten days to the applicant and the Attorney General. Whenever any refund is ordered it shall be paid out of the highway maintenance and construction fund. (1946, p. 485; Michie Suppl. 1946, § 4097ff; 1952, c. 281; 1956, c. 475; 1960, c. 603; 1972, c. 490.)

(1974).

§ 58-631. Taxes to be credited to highway fund. — All taxes paid under the provisions of this article shall be credited to the highway maintenance and construction fund. (1946, p. 458; Michie Suppl. 1946, § 4097ff.)

(1974).

## Article 15. Special Revenue Taxes.

§ 58-664. **Railways.** — Each railway corporation doing business in this State shall pay to the State an additional annual maximum State tax to be filed by the State Corporation Commission equal to two-tenths of one per centum of its gross receipts from business done within the State to be determined in the manner provided for by § 58-520 as in force on December thirty-one, nineteen hundred seventy-seven.

Provided, however, that the amount of this tax on railway corporations shall not exceed one hundred twenty-five thousand dollars in any one year. (1924, p. 536; 1928, p. 162; 1933, p. 31; 1938, p. 41; 1940, p. 672; Tax Code, § 230; 1970, c. 773; 1979, c. 443.)

(1979 Supp.).

§ 58-665. **Motor vehicle carriers of property.** — Each common carrier of property by motor vehicle doing business in this State shall pay to the State an additional annual State tax equal to two tenths of one per centum of its gross receipts from business done within the State. (1924, p. 536; 1928, p. 162; 1933, p. 31; 1938, p. 42; 1940, p. 672; Tax Code, § 230; 1958, c. 157.)

(1974).

§ 58-666. **Motor vehicle carriers of passengers.** — Each common carrier of passengers by motor vehicle doing business in this State shall pay to the State an additional annual State tax equal to two tenths of one per centum of its gross receipts from business done within the State. This section shall not apply to urban and suburban bus lines which are hereby defined as bus lines the majority of whose passengers use the buses for travelling a distance of not exceeding forty miles measured one way, on the same day between their places of abode and their places of work, shopping areas, or schools. (1940, p. 672; Tax Code, § 230; 1958, c. 157.)

(1974).

§ 58-670. **Use of taxes collected under this article.** — The taxes paid into the State treasury under this article shall be set aside as a special fund to be used only by the Commission for the purpose of making appraisals, valuations, investigations and inspections of the properties or the service or services of such public service companies, or any of them, and for the supervision and administration of all laws relative to such public service companies, or any of them, whenever the same shall be deemed necessary by the Commission. (1924, p. 536; 1928, p. 162; 1933, p. 31; 1938, p. 42; 1940, p. 673; Tax Code, § 230.)

(1974).

## Title 58 Chap. 12.1. Virginia Motor Vehicle Sales and Use Tax

§ 58-685.12. Levy. — There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the sale of every motor vehicle sold in this State, other than a sale to a person for rental as an established business or part of an established business or incidental or germane to such business, and upon the use in this State of any motor vehicle, other than use by a person for rental as an established business or part of an established business or incidental or germane to such business, and upon the rental in this State of every motor vehicle, whether or not required to be licensed by this State, other than a rental to a person for re-rental as an established business or part of an established business, or incidental or germane to such business, the same to be collected in the amount to be determined by the application of the following rate against the gross sales price or gross proceeds:

(a) Two percent of the sale price of each motor vehicle sold in this State; provided, however, if such motor vehicle is a mobile home as defined in § 36-71 (4), the tax shall be three percent of the sale price of each such mobile home sold in this State exclusive of the value of any trade-in at the time of sale.

(b) Two percent of the sale price of each motor vehicle, or three percent of the sale price of each mobile home as defined in § 36-71 (4), when the same is not sold in this State but is used or stored for use in this State; provided, when any such motor vehicle or mobile home, as defined in § 36-71 (4), is first used or stored for use in this State six months or more after its acquisition, the tax shall be based on two percent or three percent of its current market value, respectively.

(b1) Three percent of the gross proceeds from the rental in this State of any motor vehicle, whether or not required to be licensed by this State.

A transaction taxed under subsection (a) shall not also be taxed under subsection (b), nor shall the same transaction be taxed more than once under either section. A motor vehicle subject to the tax imposed under subsection (b1) shall be subject to the tax under either subsection (a) or (b) when it ceases to be used for rental as an established business or part of an established business, or incidental or germane to such business.

(c) The tax imposed by this chapter on motor vehicles having seats for more than seven passengers used by common carriers of passengers within and without the State, shall be apportioned on the ratio which the mileage operated in Virginia by such common carrier bears to the total number of miles operated within and without Virginia by such common carrier in the immediate preceding license year. The Commissioner may require such evidence of the total number of vehicles owned or operated by such common carrier and the miles traveled by all such motor vehicles as he deems appropriate for the application and administration of this chapter and other provisions of law.

(d) Any motor vehicle, trailer or semitrailer exempt from the tax imposed by this chapter under § 58-685.13 (1) or (2) shall be subject to the tax, based on the current market value when such vehicle is no longer owned, rented or used by the United States government or any governmental agency, or the Commonwealth of Virginia or any political subdivision. Further, any motor vehicle, trailer or semitrailer exempt from the tax imposed by this chapter under § 58-685.13 (13) or § 46.1-45 shall be subject to the tax, based on the current market value, when such vehicle is subsequently licensed to operate on the highways of this Commonwealth. (1966, c. 587; 1970, c. 675; 1974, c. 477; 1976, cc. 567, 610; 1977, c. 537.)

(1979 Supp.).

**§ 58-685.23. Disposition of revenues.** — All funds collected hereunder by the Commissioner shall be forthwith paid into the State treasury and the revenue so derived, after deducting refunds, is hereby appropriated for the construction, reconstruction and maintenance of highways and the regulation of traffic thereon and for no other purpose; provided, however, that all funds collected pursuant to the provisions of this chapter from mobile homes, as defined in § 36-71 (4), shall be distributed to the city, town, or county wherein such mobile home is to be situated as a dwelling. (1966, c. 587; 1976, c. 567.)

(1979 Supp.).

Title 58 Chap. 12.2. Virginia Aircraft Sales and Use Tax.

**§ 58-685.29. Tax levied.** — There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the retail sale of every aircraft sold in this State and upon the use in this State of any aircraft, the same to be collected in the amount to be determined by the application of the following rate against the sale price:

(a) Two per centum of the sale price of each aircraft sold in this State.

(b) Two per centum of the sale price of each aircraft when the same is not sold in this State but is licensed for use in this State; provided, that if the aircraft is first licensed in this State six months or more after its acquisition, the tax shall be two per centum of the current market value of such aircraft.

A transaction taxed under subsection (a) shall not be taxed under subsection (b), nor shall the same transaction be taxed more than once under this section. (1974, c. 431.)

(1979 Supp.).

**§ 58-685.38. Allocation of funds.** — All funds collected hereunder by the Commissioner shall be forthwith paid into the State treasury and the revenue so derived, after deducting refunds, is hereby credited to the special fund created under the provisions of § 5.1-51 of this Code. (1974, c. 431.)

(1979 Supp.).