
VIRGINIA STATE BUDGET

2019 Session

Budget Bill - HB1700 (Introduced)

Bill Order » Part 4: General Provisions » Effective Date » Item 4-14

Item 4-14

§ 4-14.00 EFFECTIVE DATE

This act is effective ~~on July 1, 2018~~ *on its passage as provided in § 1-214, Code of Virginia.*

ADDITIONAL ENACTMENTS

23. That §§ 33.2-1904, 33.2-1907 and 33.2-2502 of the Code of Virginia are amended and reenacted as follows:

§ 33.2-1904. Northern Virginia Transportation District and Commission.

A. There is hereby created the Northern Virginia Transportation District (the District), comprising the Counties of Arlington, Fairfax, and Loudoun; the Cities of Alexandria, Falls Church, and Fairfax; and such other county or city contiguous to the District that agrees to join the District.

B. There is hereby established the Northern Virginia Transportation Commission (the Commission) as a transportation commission pursuant to this chapter. The Commission shall consist of five nonlegislative citizen members from Fairfax County, three nonlegislative citizen members from Arlington County, two nonlegislative citizen members from Loudoun County, two nonlegislative citizen members from the City of Alexandria, one nonlegislative member from the City of Falls Church, one nonlegislative citizen member from the City of Fairfax, and the Chairman of the Commonwealth Transportation Board or his designee to serve ex officio with voting privileges. If a county or city contiguous to the District agrees to join the District, such locality shall appoint one nonlegislative citizen member to the Commission. Members from the counties and cities shall be appointed from their respective governing bodies. The Commission shall also include four members ~~of the House of Delegates~~ appointed by the Speaker of the House of Delegates *who may be members of the House of Delegates for terms coincident with their terms of office* and two members of the Senate appointed by the Senate Committee on Rules. *All legislative members shall serve for terms coincident with their terms of office.* Members may be reappointed for successive terms. All members shall be citizens of the Commonwealth. Except for the Chairman of the Commonwealth Transportation Board or his designee, all members of the Commission shall be residents of the localities composing the District. Vacancies occurring other than by expiration of a term shall be filled for the unexpired term. Vacancies shall be filled in the same manner as the original appointments.

§ 33.2-1907. Members of Transportation Commissions.

A. Any transportation district commission created pursuant to this chapter shall consist of the number of members the component governments shall agree upon, or as may otherwise be provided by law. The governing body of each participating county and city shall appoint from among its members the number of commissioners to which the county or city is entitled; however, for those commissions with powers as set forth in subsection A of § 33.2-1915, the governing body of each participating county or city is not limited to appointing commissioners from among its members. In addition, the governing body may appoint, from its number or otherwise, designated alternate members for those appointed to the commission who shall be able to exercise all of the powers and duties of a

commission member when the regular member is absent from commission meetings. Each such appointee shall serve at the pleasure of the appointing body; however, no appointee to a commission with powers as set forth in subsection B of § 33.2-1915 may continue to serve when he is no longer a member of the appointing body. Each governing body shall inform the commission of its appointments to and removals from the commission by delivering to the commission a certified copy of the resolution making the appointment or causing the removal.

The Chairman of the Commonwealth Transportation Board, or his designee, shall be a member of each commission, ex officio with voting privileges. The Chairman of the Commonwealth Transportation Board may appoint an alternate member who may exercise all the powers and duties of the Chairman of the Commonwealth Transportation Board when neither the Chairman of the Commonwealth Transportation Board nor his designee is present at a commission meeting.

The Potomac and Rappahannock Transportation Commission shall also include two members *who reside within the boundaries of the transportation district of the House of Delegates and one member of the Senate from legislative districts located wholly or in part within the boundaries of the transportation district. The members of the House of Delegates shall be appointed by the Speaker of the House for terms coincident with their terms of office who may be members of the House of Delegates and the one member of the Senate shall be appointed by the Senate Committee on Rules. Each legislative member shall be from a legislative district located wholly or in part within the boundaries of the transportation district and shall serve for a term coincident with his term of office.* The members of the General Assembly shall be eligible for reappointment for successive terms. Vacancies occurring other than by expiration of a term shall be filled for the unexpired term. Vacancies shall be filled in the same manner as the original appointments.

The Transportation District Commission of Hampton Roads shall consist of one nonlegislative citizen member appointed by the Governor from each county and city embraced by the transportation district. However, for the gubernatorial appointments that will become effective July 1, 2016, three of the appointments shall be for initial terms of two years and three appointments shall be for terms of four years. Thereafter, all gubernatorial appointments shall be for terms of four years so as to stagger the terms of the gubernatorial appointees. The governing body of each such county or city may appoint either a member of its governing body or its county or city manager to serve as an ex officio member with voting privileges. Every such ex officio member shall be allowed to attend all meetings of the commission that other members may be required to attend. Vacancies shall be filled in the same manner as the original appointments.

B. The Secretary or his designee and any appointed member of the Northern Virginia Transportation Commission are authorized to serve as members of the board of directors of the Washington Metropolitan Area Transit Authority (§ 33.2-3100 et seq.) and while so serving the provisions of § 2.2-2800 shall not apply to such member. In appointing Virginia members of the board of directors of the Washington Metropolitan Area Transit Authority (WMATA), the Northern Virginia Transportation Commission shall include the Secretary or his designee as a principal member on the board of directors of WMATA. Any designee serving as the principal member must reside in a locality served by WMATA.

In selecting from its membership those members to serve on the board of directors of WMATA, the Northern Virginia Transportation Commission shall comply with the following requirements:

1. A board member shall not have been an employee of WMATA within one year of appointment to serve on the board of directors.
2. A board member shall have (i) experience in at least one of the fields of transit planning, transportation planning, or land use planning; transit or transportation management or other public sector management; engineering; finance; public safety; homeland security; human resources; or the law or (ii) knowledge of the region's transportation issues derived from working on regional transportation issue resolution.

3. A board member shall be a regular patron of the services provided by WMATA.

4. Board members shall serve a term of four years with a maximum of two consecutive terms. A board member's term or terms must coincide with his term on the body that appointed him to the Northern Virginia Transportation Commission. Any vacancy created if a board member cannot fulfill his term because his term on the appointing body has ended shall be filled for the unexpired term in the same manner as the member being replaced was appointed within 60 days of the vacancy. The initial appointments to a four-year term will be as follows: the Secretary, or his designee, for a term of four years; the second principal member for a term of three years; one alternate for a term of two years; and the remaining alternate for a term of one year. Thereafter, board members shall be appointed for terms of four years. Service on the WMATA board of directors prior to July 1, 2012, shall not be considered in determining length of service. Any person appointed to an initial one-year or two-year term, or appointed to an unexpired term in which two years or less is remaining, shall be eligible to serve two consecutive four-year terms after serving the initial or unexpired term.

5. Members may be removed from the board of directors of WMATA if they attend fewer than three-fourths of the meetings in a calendar year; if they are conflicted due to employment at WMATA; or if they are found to be in violation of the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.). If a board member is removed during a term, the vacancy shall be filled pursuant to the provisions of subdivision 4.

6. Each member of the Northern Virginia Transportation Commission appointed to the board of directors of WMATA shall file semiannual reports with the Secretary's office beginning July 1, 2012. The reports shall include (i) the dates of attendance at WMATA board meetings, (ii) any reasons for not attending a specific meeting, and (iii) dates and attendance at other WMATA-related public events.

7. Each nonelected member of the Northern Virginia Transportation Commission appointed to the board of directors of WMATA shall be eligible to receive reasonable and necessary expenses and compensation pursuant to §§ 2.2-2813 and 2.2-2825 from the Northern Virginia Transportation Commission for attending meetings and for the performance of his official duties as a board member on that day.

Any entity that provides compensation to a WMATA board member for his service on the WMATA board shall be required to submit on July 1 of each year to the Secretary the amount of that compensation. Such letter will remain on file with the Secretary's office and be available for public review.

C. When the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission enter into an agreement to operate a commuter railway, the agreement governing the creation of the railway shall provide that the Chairman of the Commonwealth Transportation Board or his designee shall have one vote on the oversight board for the railway. For each year in which the state contribution to the railway is greater than or equal to the highest contribution from an individual locality, the total annual subsidy as provided by the member localities used to determine vote weights shall be recalculated to include the Commonwealth contributing an amount equal to the highest contributing locality. The vote weights shall be recalculated to provide the Chairman of the Commonwealth Transportation Board or his designee the same weight as the highest contributing locality. The revised vote weights shall be used in determining the passage of motions before the oversight board.

§ 33.2-2502. Composition of Authority; membership; terms.

The Authority shall consist of 17 members as follows:

1. The chief elected officer of the governing body of each county and city embraced by the Authority or, in the discretion of the chief elected officer, his designee, who shall be a current elected officer of such governing body;
2. Two members of the House of Delegates who reside in different counties or cities embraced by the Authority, appointed by the Speaker of the House *who may be and, to the extent practicable,* from the membership of the

House Committee on Appropriations, the House Committee on Finance, or the House Committee on Transportation;

3. One member of the Senate who resides in a county or city embraced by the Authority, appointed by the Senate Committee on Rules and, to the extent practicable, from the membership of the Senate Committee on Finance and the Senate Committee on Transportation;

4. Two nonlegislative citizen members who reside in different counties or cities embraced by the Authority, appointed by the Governor. One such gubernatorial appointment shall be a member of the Commonwealth Transportation Board and one shall be a person who has significant experience in transportation planning, finance, engineering, construction, or management; and

5. The following three persons who shall serve as nonvoting ex officio members of the Authority: the Director of the Department of Rail and Public Transportation, or his designee; the Commissioner of Highways, or his designee; and the chief elected officer of one town in a county embraced by the Authority to be chosen by the Authority.

All members of the Authority shall serve terms coincident with their terms of office, except that the gubernatorial appointee who is not a member of the Board shall serve for a term of four years. A vacancy occurring other than by expiration of a term shall be filled for the unexpired term. Vacancies shall be filled in the same manner as the original appointments. The Authority shall appoint a chairman and vice-chairman from among its members.

34. That the Code of Virginia is amended by adding in Article 1 of Chapter 10 of Title 32.1 sections numbered 32.1-332.01, and 32.1-332.02 as follows:

§ 32.1-331.01. *Health Care Coverage Assessment Fund.*

A. As used in this section:

"Covered hospital" means any in-state private acute care hospital other than a hospital classified as a public hospital, freestanding psychiatric and rehabilitation hospital, children's hospital, long stay hospital, long-term care hospital, or critical access hospital.

"Newly eligible adult" means an individual described in 42 U.S.C. §1396a(a)(10)(A)(i)(VIII).

"State Plan" means the state plan for medical assistance under Title XIX (§ 42 U.S.C. § 1396 et seq.) of the Social Security Act.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Health Care Coverage Assessment Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All revenues collected or received as a result of imposition of a health care coverage assessment on covered hospitals and any other such moneys, public or private, received for the administration of the health care coverage assessment shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys deposited to the Fund shall be used solely for the nonfederal share of the cost of medical assistance for newly eligible adults, the administrative costs of collecting the assessment and implementing and operating the coverage for newly eligible adults. Such moneys shall be appropriated as provided in the general appropriation act. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Medical Assistance Services.

§ 32.1-331.02. Health Care Provider Payment Rate Assessment Fund.

A. As used in this section:

"Covered hospital" means any in-state private acute care hospital other than a hospital classified as a public hospital, freestanding psychiatric and rehabilitation hospital, children's hospital, long stay hospital, long-term care hospital, or critical access hospital.

"Managed care organization hospital payment gap" means the difference between the amount included in rates for inpatient and outpatient services provided by covered hospitals, based on historical paid claims, and the amount that would be included when hospital services are priced according to the existing State Plan methodology but using 100 percent of the adjustment factors, including the capital reimbursement percentage, and full inflation subject to approval by the Centers for Medicare and Medicaid Services pursuant to 42 C.F.R. § 438.6(c).

"State Plan" means the state plan for medical assistance under Title XIX (§ 42 U.S.C. § 1396 et seq.) of the Social Security Act.

"Upper payment limit" means the amount equal to the maximum amount of payment for inpatient services for recipients of medical assistance services established in accordance with 42 C.F.R § 447.272 and outpatient services for recipients of medical assistance services pursuant to 42 CFR § 447.321.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Health Care Payment Rate Assessment Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All revenues collected or received as a result of imposition of a health care payment rate assessment on covered hospitals and any other such moneys, public or private, received for the administration of the health care payment assessment shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys deposited to the Fund shall be used solely for the nonfederal share of the cost of payment rate actions associated with the payment rate assessment as provided in the general appropriation act and the administrative costs of collecting the assessment and of implementing and operating the associated payment rate actions. Such moneys shall be appropriated as provided in the general appropriation act. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Medical Assistance Services.

45. Effective July 1, 2018, the authority and responsibilities of the Secretary of Technology included in the Code of Virginia shall be executed by the Secretary of Administration and the Secretary of Commerce and Trade pursuant to Item 65 and Item 102 of this act. Any authority or responsibilities of the Secretary of Technology not referenced in Item 65 and Item 102 of this act shall be executed by either the Secretary of Administration or the Secretary of Commerce and Trade as determined by the Governor.

6. That § 58.1-301 of the Code of Virginia is amended and reenacted as follows:

58.1-301. Conformity to Internal Revenue Code.

A. Any term used in this chapter shall have the same meaning as when used in a comparable context in the laws of

the United States relating to federal income taxes, unless a different meaning is clearly required.

B. Any reference in this chapter to the laws of the United States relating to federal income taxes shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes, as they existed on ~~February 9, 2018~~ *December 31, 2018*, except for:

1. The special depreciation allowance for certain property provided for under §§ 168(k), 168(l), 168(m), 1400L, and 1400N of the Internal Revenue Code;
 2. The carry-back of certain net operating losses for five years under § 172(b)(1)(H) of the Internal Revenue Code;
 3. The original issue discount on applicable high yield discount obligations under § 163(e)(5)(F) of the Internal Revenue Code;
 4. The deferral of certain income under § 108(i) of the Internal Revenue Code. For Virginia income tax purposes, income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument" (as defined under § 108(i) of the Internal Revenue Code) reacquired in the taxable year shall be fully included in the taxpayer's Virginia taxable income for the taxable year, unless the taxpayer elects to include such income in the taxpayer's Virginia taxable income ratably over a three-taxable-year period beginning with taxable year 2009 for transactions completed in taxable year 2009, or over a three-taxable-year period beginning with taxable year 2010 for transactions completed in taxable year 2010 on or before April 21, 2010. For purposes of such election, all other provisions of § 108(i) of the Internal Revenue Code shall apply mutatis mutandis. No other deferral shall be allowed for income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument";
 5. The amount of the deduction allowed for domestic production activities pursuant to § 199 of the Internal Revenue Code for taxable years beginning on or after January 1, 2010. For Virginia income tax purposes, two-thirds of the amount deducted pursuant to § 199 of the Internal Revenue Code for federal income tax purposes during the taxable year may be deducted for Virginia income tax purposes for taxable years beginning on and after January 1, 2010. For taxable years beginning on and after January 1, 2013, the entire amount of the deduction allowed for domestic production activities pursuant to § 199 of the Internal Revenue Code may be deducted for Virginia income tax purposes;
 - ~~6. The provisions of the Tax Cuts and Jobs Act (the Act) enacted December 22, 2017, as Public Law 115-97, provided, however, that this exception shall not apply to the following:~~
 - ~~a. Treatment of certain individuals performing services in the Sinai Peninsula of Egypt pursuant to § 11026 of the Act;~~
 - ~~b. Relief for 2016 disaster areas pursuant to § 11028 of the Act;~~
 - ~~c. Any other provision of the Act that affects the computation of federal adjusted gross income of individuals or federal taxable income of corporations for taxable years beginning after December 31, 2016, and before January 1, 2018, other than the temporary reduction in the medical expense deduction floor pursuant to § 11027 of the Act; and~~
 - ~~7. The provisions of the Bipartisan Budget Act of 2018 enacted February 9, 2018, as Public Law 115-123, that affect any taxable year other than a taxable year beginning after December 31, 2016, and before January 1, 2018.~~
- 6. The temporary reduction in the medical expense deduction floor pursuant to § 11027 of the Tax Cuts and Jobs Act enacted December 22, 2017, as Public Law 115-97, provided, however, that this exception shall not apply to taxable years beginning on and after January 1, 2018.*

The Department of Taxation is hereby authorized to develop procedures or guidelines for implementation of the provisions of this section, which procedures or guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

7. That the Code of Virginia is amended by adding in Chapter 6 of Title 58.1 sections numbered 58.1-612.1 and 58.1-612.2 as follows:

58.1-612.1. Remote Seller Sales Tax Nexus

A. Notwithstanding any other provision of law, if a remote seller engages in, within the current or previous calendar year, retail sales exceeding \$100,000 in gross revenues or 200 transactions into the Commonwealth, or any other minimum amount as required by federal law, then such remote seller shall be deemed to have sufficient activity within the Commonwealth to require registration under § 58.1-613 pursuant to § 58.1-612(C), provided that, in determining a remote seller's gross revenues or number of sales transactions, the sales made by all commonly controlled persons as defined in § 58.1-612(D) shall be aggregated.

B. The Tax Commissioner shall not require more than one return per month be filed by any remote seller or software provider subject to the obligation to collect sales tax.

C. All state sales and use tax collected from remote sellers shall be distributed according to the provisions of § 58.1-638. The local sales and use tax shall be paid to localities pursuant to the provisions of § 58.1-605 and § 58.1-606.

D. In administering the collection of state and local sales and use taxes from remote sellers, the Tax Commissioner shall provide adequate information to remote sellers to enable them to identify state and local tax rates and exemptions, provide adequate information to software providers to enable them to make software and services available to remote sellers, and ensure that if the Department requires a periodic audit, the remote seller may complete a single audit which covers the state and local tax in all counties and cities.

E. Prior to any change in the rate of any local sales tax, the Tax Commissioner shall provide remote sellers with at least 30 days' notice. Any change in the rate of any local sales tax shall only become effective on the first calendar day of a calendar quarter. Failure to provide notice pursuant to this section shall require the Commonwealth and the locality to apply the preceding effective rate until 30 days after notification is provided.

58.1-612.2. Marketplace Facilitator Sales Tax Nexus

A. Notwithstanding any other provision of law, a marketplace facilitator shall be deemed to have sufficient activity within the Commonwealth to require registration under § 58.1-613, and shall be required to collect sales tax on all transactions facilitated through his marketplace, if he meets at least one requirement in each of subdivisions 1, 2, and 3 of this section:

1. He engages either directly or indirectly through a commonly controlled person as defined in subsection D of § 58.1-612, in any of the following activities:

a. Transmitting or communicating an offer or acceptance between a purchaser and a marketplace seller;

b. Owning or operating the infrastructure, whether electronic or physical, or technology that brings purchasers and marketplace sellers together; or

c. Providing a virtual currency that purchasers are allowed or required to use to purchase products from the marketplace seller;

2. He engages in any of the following activities with respect to a marketplace seller's products:

a. Payment processing;

b. Fulfillment or storage;

c. Listing products for sale;

d. Setting prices;

e. Branding sales as those of the marketplace facilitator;

f. Advertising or promotion; or

g. Providing customer service or accepting or assisting with returns or exchanges; and

3. He facilitates sales in Virginia that that, in the aggregate, number more than 200 separate retail sale transactions, or that generate more than \$100,000 in gross revenue, or other minimum transaction or revenue amounts as may be required by federal law, for such marketplace facilitator. A marketplace facilitator may surpass this threshold based on sales for either the previous or current calendar year. In determining the amount of a marketplace facilitator's gross revenues, the sales made by all commonly controlled persons as defined in subsection D of § 58.1-612 shall be aggregated.

B. No dealer who sells on a marketplace facilitator's marketplace shall collect sales tax on a transaction made through a marketplace facilitator's marketplace.

C. A marketplace facilitator is the sole entity subject to audit by the Department for sales and use tax collection for all transactions facilitated by the marketplace facilitator unless the marketplace facilitator can demonstrate that his failure to collect the proper tax was due to erroneous information provided by the marketplace seller.

D. When a marketplace facilitator lacks physical presence in the Commonwealth, and has both facilitated and made direct sales into the Commonwealth, both types of sales shall be considered in determining whether he has established economic nexus.

E. When a marketplace seller not otherwise required to register for collection of the tax under any of the provisions contained in § 58.1-612 (C) 1 through 9 makes both direct sales and sales on a marketplace facilitator's marketplace, only the marketplace seller's direct sales shall be considered in determining whether the marketplace seller is required to register for the collection of the tax under this section.

8. That the provisions of the sixth enactment of this act shall apply to taxable years beginning on and after January 1, 2018.

9. That the provisions of the seventh enactment of this act shall apply beginning July 1, 2019.

10. That § 58.1-638.2 of the Code of Virginia is repealed.

11. That the provisions of Chapter 766 of the 2013 Acts of Assembly amending §§ 58.1-601, 58.1-602, 58.1-605, 58.1-606, 58.1-612, 58.1-615, 58.1-635, and subdivision 5 of § 58.1-604, as they may become effective, of the Code of Virginia are repealed.

12. That the fourth enactment clause of Chapter 766 of the 2013 Acts of Assembly is amended and reenacted as follows:

4. That Article 22 (§§ 58.1-540 through 58.1-549) of Chapter 3 of Title 58.1 of the Code of Virginia, §§ 58.1-609.13, 58.1-2289, as it may become effective, 58.1-2290, and 58.1-2701, as it may become effective, of the Code of Virginia and the second enactment of Chapter 822 of the Acts of Assembly of 2009, as amended by Chapter 535 of the Acts of Assembly of 2012, are repealed.

13. That the seventh and fifteenth enactment clauses of Chapter 766 of the 2013 Acts of Assembly are repealed.

14. That the twelfth enactment of Chapter 684 of the Acts of Assembly of 2015, as amended by the eighteenth enactments of Chapter 854 and Chapter 856 of the 2018 Acts of Assembly is repealed.

15. That nothing in the tenth, eleventh, twelfth, thirteenth, or fourteenth enactment clauses shall be construed to appropriate or transfer any transportation revenues for non-transportation purposes pursuant to the twenty-second enactment of Chapter 896 of the Acts of Assembly of 2007 or the fourteenth enactment of Chapter 766 of the Acts of Assembly of 2013.

516. That the provisions of the first, ~~second~~ and ~~fourth~~ fifth enactments of this act shall expire at midnight on June 30, 2020. The provisions of the ~~second and third~~, fourth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, and fifteenth enactments shall have no expiration date.