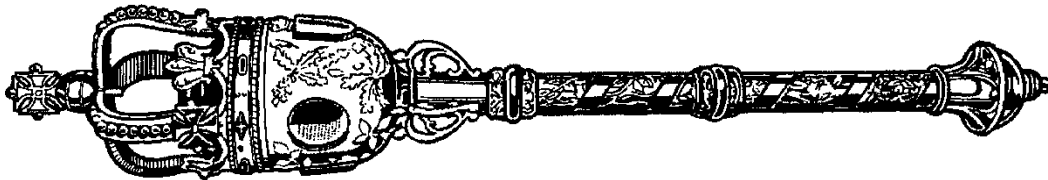


*Report of the  
House Appropriations  
Subcommittee*

*on*

*Technology, Oversight &  
Government Activities*



*House Bill 1600*

*February 8, 2009*

**REPORT OF THE SUBCOMMITTEE**  
**on**  
**TECHNOLOGY, OVERSIGHT AND**  
**GOVERNMENT ACTIVITIES**

Mr. Chairman and Members of the Committee:

This subcommittee, recognizing the Commonwealth's limited resources, understood the need to restrict spending and provide additional resources to support of the Committee's objectives.

The Governor's budget, as introduced, assumed \$64.3 million from the elimination of the compensation provided to Virginia's 143,000 retailers who collect state sales taxes, as well as additional funds for the collection of cigarette, telecommunications and gasoline taxes. The subcommittee's members felt there were less burdensome ways to adjust our compensation methodologies while still generating revenues to balance our budget.

The subcommittee recommends a two-pronged approach whereby all retailers would continue to be compensated for collecting and remitting state sales tax.

First, each retailer will receive up to \$800 each month to cover their costs. For 142,000 retailers, this means they will see no change in their compensation. For about 1,200 retailers, compensation would be capped at \$800. From the Governor's proposal, this would result in a loss of \$38.7 million from the introduced budget. To help backfill this loss, the subcommittee recommends adopting a bi-monthly sales tax remittance schedule for the largest retailers – the 550 with annual sales in excess of \$20 million and who already make their payments electronically. This proposal would generate \$85.8 million to help balance our budgets.

Let me be clear, this is NOT accelerated sales tax. In no instance would a retailer be required to guesstimate or pre-pay taxes they have not yet collected. Instead, this simply reduces the days after collection before a retailer forwards those funds to the Commonwealth.

The subcommittee also recommends authorizing the Department of Taxation to implement a Tax Amnesty program to help reduce the growing size of the Commonwealth's accounts receivable. This program would replicate the successful program undertaken six years ago and conservative estimates from the Department of Taxation suggest this would generate \$36.3 million for the general fund to help offset reduced revenues in these somber economic times.

Examining the year-end balances and current spending associated with the agencies assigned to this Subcommittee's purview; the subcommittee recommends both the reversion of \$1.5 million in balances from the Productivity Investment Fund and a reduction in the fiscal year 2010 appropriation for this fund of \$450,000. The Productivity Investment Fund's year-end balance was about \$3.3 million, much of which had not been spent from fiscal year 2007. In addition, given the fiscal constraints under which the Commonwealth is currently working, the subcommittee did not think the provision of funding to state agencies for organizational improvements or consultant assistance was warranted.

This Subcommittee is also concerned about preserving the prerogatives of the General Assembly. In Virginia, the Constitution charges the General Assembly with the responsibility for the appropriation of all funds. The Subcommittee is, therefore, recommending language that would ensure that the General Assembly appropriates any revenue derived from any federal stimulus package that might be adopted by Congress.

Mr. Chairman and fellow Committee members, I will ask staff to take you through our detailed recommendations, and then I hope it will be your pleasure to adopt our subcommittee report.

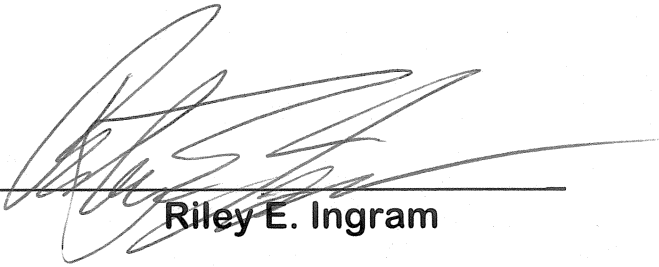
Respectfully Submitted by the House Appropriations Subcommittee  
on Technology Oversight & Government Activities:



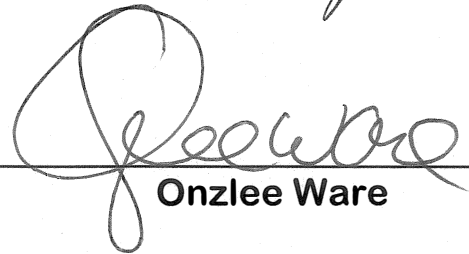
R. Steven Landes, Chair



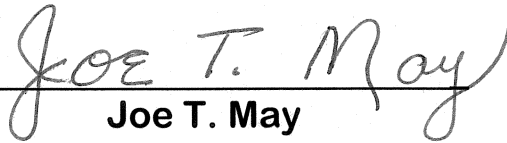
L. Scott Lingamfelter



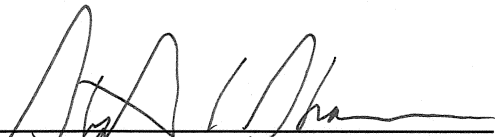
Riley E. Ingram



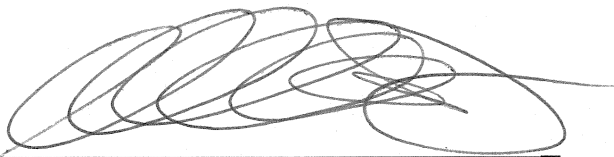
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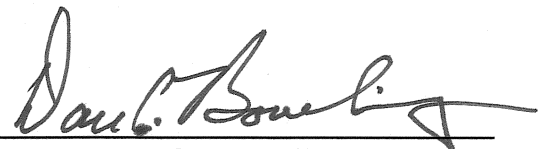
Joe T. May



Stephen C. Shannon



S. Chris Jones



Dan C. Bowling



## Budget Amendment Recommendations

<b>HB 1600</b>  <u>Amendment</u>
--

2008-10 BIENNIAL TOTAL		
General <u>Fund</u>	Nongeneral <u>Fund</u>	<u>FTE</u>

**TECHNOLOGY, OVERSIGHT, and GOVERNMENT ACTIVITIES**

**Department of Planning and Budget**

Capture Balances of Productivity Investment Fund

Language

**Department of the Treasury**

Payment of Thompson Claims Bill

259,995

**Virginia Information Technologies Agency**

Clarify Merger of VITA and VEAP

Language

Expand CIO Reporting Structure

Language

IT Board to Reduce Agency IT Costs

Language

**Central Accounts**

Reduce Productivity Investment Fund Appropriation

(450,000)

**Virginia Workers Compensation Commission**

Payment of Beach Claims Bill

50,000

**Part 3**

Eliminate Gov. Lang. re: Renewable Energy Tax Credits

Language

Eliminate Gov. Lang. re: Real Estate Investment Trust Changes

Language

Eliminate Gov. Lang. re: Efficient Systems Sales and Use Tax Exemption

Language

Eliminate Gov. Lang. re: Changes to Fixed Date Conformity

Language

Eliminate Gov. Lang. re: Removal of Dealer Discount

Language

Eliminate Gov. Lang. re: Changes to Land Preservation Tax Credit

Language

Eliminate Gov. Lang. re: Increase in Tobacco Taxes

Language

Eliminate Gov. Lang. re: Changes to Tire Recycling Dealer Discount

Language

Eliminate Gov. Lang. re: Changes to Communications Dealer Discount

Language

Eliminate Gov. Lang. re: Changes to E-911 Services Dealer Discount

Language

Implement Tax Amnesty Program

Language

**Part 4**

Appropriation of Federal Stimulus by General Assembly

Language

Implementation of Agency Budget Reductions

Language

Use of Federal Work Status System for New Employees

Language

Remittance of Sales Taxes

Language

**Total: HB 1600**

**(190,005)**

**50,000**

**-**



*Amendments to House Bill 1600, as Introduced*

Technology and Operations Subcommittee

Item 268 #1h

**Finance**

Department Of Planning And  
Budget

Language

**Language:**

Page 275, after line 40, insert:

"G. Out of the unexpended general fund balances remaining on June 30, 2008, for Planning, Budgeting, and Evaluation Services in Item 468 of this act, the Director of the Department of Planning and Budget shall unallot and revert to the general fund an amount equal to \$1,500,000 on or before June 30, 2009."

**Explanation:**

(This amendment requires that, on or before June 30, 2009, the Director of the Department of Planning and Budget unallot and revert to the general fund an amount equal to \$1.5 million from the June 30, 2008 general fund balances of the Productivity Investment Fund.)

Technology and Operations Subcommittee

Item 274 #1h

**Finance**

Department Of The Treasury

**FY 08-09**

\$0

**FY 09-10**

\$259,995 GF

**Language:**

Page 279, line 44, strike "\$8,007,094" and insert "\$8,267,089".

Page 280, after line 20, insert:

"D.1. Out of the amounts provided for Insurance Services, there shall be paid for the relief of Teddy Pierries Thompson from the general fund of the state treasury, upon execution of a release and waiver forever releasing (i) the Commonwealth or any agency, instrumentality, officer, employee, or political subdivision thereof, (ii) any legal counsel appointed pursuant to § 19.2-159 of the Code of Virginia, and (iii) all other parties of interest from any present or future claims he may have against such enumerated parties in connection with the aforesaid occurrence: (a) the sum of \$51,999, to be paid to Teddy Pierries Thompson on or before August 1, 2009, by check issued by the State Treasurer on warrant of the Comptroller and (b) the sum of \$207,996 to be used by the State Treasurer to purchase an annuity for the primary benefit of Teddy Pierries Thompson providing for equal monthly payments for a period of 25 years commencing on or before September 1, 2009.



*Amendments to House Bill 1600, as Introduced*

2. The State Treasurer shall purchase the annuity for Teddy Pierries Thompson at the lowest cost available from any A+ rated company authorized to sell annuities in the Commonwealth, including any A+ rated company from which the State Lottery Department may purchase an annuity."

**Explanation:**

(This amendment provides funding for the relief of Teddy Pierries Thompson, who was wrongfully incarcerated for six years.)

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Technology and Operations Subcommittee

Item 433 #1h

**Technology**

Virginia Information Technologies  
Agency

Language

**Language:**

Page 469, strike lines 9 through 13.

Page 469, line 14, strike "3." and insert "2."

Page 469, line 26, strike "functionally ".

Page 469, line 26, strike " and" and insert "."

Page 469, strike lines 27 through 33.

Page 469, line 34, strike "4a. The DCIO/CAO shall have all" and insert:

"3.a. By July 1, 2009, the Information Technology Investment Board is directed to provide the DCIO/CAO with".

Page 469, line 37, after "applications", strike ";" and insert ",".

Page 469, after line 37, insert:

"including approval and oversight for agency IT application budgets and contract IT services."

Page 469, strike lines 38 through 56.

Page 470, strike lines 1 through 24.

**Explanation:**

(This amendment clarifies new language regarding the Virginia Enterprise Applications Program Office's merger into Virginia Information Technologies Agency by designating the Chief Applications Officer as a Deputy CIO for applications and information technology contractor support. It also eliminates extraneous and potentially confusing language.)

---

Technology and Operations Subcommittee

Item 434 #1h

*Amendments to House Bill 1600, as Introduced*

**Technology**

Virginia Information Technologies  
Agency

Language

**Language:**

Page 471, after line 21, insert:

"A. Effective July 1, 2009, the Chief Information Officer shall report functionally to the Information Technology Investment Board and operationally to the Governor."

Page 471, line 22, strike "A." and insert "B."

Page 471, line 25, strike "B." and insert "C."

Page 471, line 28, strike "C." and insert "D."

Page 471, line 35, strike "D.1." and insert "E.1."

Page 471, line 52, strike "E." and insert "F."

Page 472, line 8, strike "F." and insert "G."

Page 472, line 19, strike "G." and insert "H."

Page 472, strike lines 33 through 38.

**Explanation:**

(This amendment expands the reporting structure of the Chief Information Officer by establishing dual reporting lines, reporting functionally to the Information Technologies Investment Board and operationally to the Governor's Office.)

---

Technology and Operations Subcommittee

Item 434 #2h

**Technology**

Virginia Information Technologies  
Agency

Language

**Language:**

Page 472, after line 38, insert:

"H. The Information Technology Investment Board shall work to close any projected differences between budgeted funds and projected costs by reducing costs within affected agencies for decentralized services through changes in transformation planning, applications services, and information technology contractor support. The Information Technology Investment Board shall report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees on their efforts by October 1, 2009."

**Explanation:**

*Amendments to House Bill 1600, as Introduced*

(This amendment affects language changes requiring the Information Technologies Investment Board to find ways to reduce information technology costs in fiscal year 2010, whether through negotiations with Northrop Grumman, working with agencies, or internal changes within the Virginia Information Technologies Agency (VITA). Currently, there is gap between information technology funding and the rates VITA has set to satisfy the Northrop Grumman infrastructure contract.)

---

Technology and Operations Subcommittee

Item 468 #1h

**Central Appropriations**

**FY 08-09**

**FY 09-10**

Central Appropriations

\$0

(\$450,000) GF

**Language:**

Page 508, line 20, strike "\$950,000" and insert "\$500,000".

Page 508, line 28, strike "\$950,000" and insert "\$500,000".

**Explanation:**

(This amendment reduces funding for the Productivity Investment Fund managed by the Secretary of Technology. The fund provides state agencies with up-front cash for various proposals designed to improve their organization or service delivery, promote productivity, or establish results teams of state agency personnel, private sector and consultant support to identify productivity projects and improve use of performance measures.)

---

Technology and Operations Subcommittee

Item 489 #1h

**Independent Agencies**

Virginia Workers' Compensation  
Commission

Language

**Language:**

Page 536, after line 9, insert:

"Out of the amounts appropriated for this item, \$50,000 the second year is provided for compensation of Kurt E. Beach, a former member of the Smithfield Police Department, for injuries to his health that occurred in the course of his employment. In addition, beginning July 1, 2010, and ending June 30, 2020, additional payments of \$20,000 per year shall be paid to Kurt E. Beach to offset the continuing costs of his health care."

*Amendments to House Bill 1600, as Introduced*

**Explanation:**

(This amendment provides \$50,000 in the second year from the Virginia Workers' Compensation Commission for relief of Kurt E. Beach, a former Smithfield Police Department investigator, who contracted hepatitis C while trying to revive an unconscious small child. The amendment also provides for the payment of \$20,000 each year from July 1, 2010 to June 30, 2020 to compensate Mr. Beach for his ongoing health care needs.)

---

Technology and Operations Subcommittee

Item 3-5.07 #1h

**Adjustments and Modifications to Tax Collections**

Renewable Energy Income Tax Credits

Language

**Language:**

Page 618, strike line 1 through line 48.

Page 619, strike line 1 through line 4.

**Explanation:**

(This amendment eliminates language included in the budget relating to the proposed renewable energy income tax credit. Companion legislation authorizing this new tax credit was not adopted by the House.)

---

Technology and Operations Subcommittee

Item 3-5.08 #1h

**Adjustments and Modifications to Tax Collections**

Captive Real Estate Investment Trust

Language

**Language:**

Page 619, strike lines 5 through 44.

**Explanation:**

(This amendment eliminates language which implemented a change to the dividends deductible for corporations that are Captive Real Estate Investment Trusts (REITs). Stand-alone legislation (HB 2504) implementing this tax policy change has been adopted by the House, therefore this language is not needed in the appropriation act.)

---

*Amendments to House Bill 1600, as Introduced*

Technology and Operations Subcommittee

Item 3-5.09 #1h

**Adjustments and Modifications to Tax Collections**

Energy Efficient Systems Sales and Use Tax Exemption

Language

**Language:**

Page 620, strike line 1 through line 20.

**Explanation:**

(This amendment removes language reflecting a legislative proposal to exempt energy efficient solar photovoltaic, solar thermal and wind powered electrical generators from sales tax because the proposal was not adopted by the 2009 Session of the General Assembly but had been assumed in the Governor's amendments to the budget as introduced.)

---

Technology and Operations Subcommittee

Item 3-5.10 #1h

**Adjustments and Modifications to Tax Collections**

Conformity to Internal Revenue Code

Language

**Language:**

Page 620, strike lines 21 through 26.

**Explanation:**

(This amendment eliminates language that moves Virginia's fixed date conformity with the Internal Revenue Service Code. House Bill 1737, adopted by the House, implements this change making the language unnecessary in the appropriation act.)

---

Technology and Operations Subcommittee

Item 3-5.11 #1h

**Adjustments and Modifications to Tax Collections**

Sales and Use Tax Dealer Discount

Language

**Language:**

Page 620, strike line 27 through line 29.

**Explanation:**

(This amendment removes language reflecting a legislative proposal to remove all

*Amendments to House Bill 1600, as Introduced*

dealer discounts for sales tax collection that was not adopted by the 2009 Session of the General Assembly but had been assumed in the Governor's amendments to the budget as introduced.)

---

Technology and Operations Subcommittee

Item 3-5.12 #1h

**Adjustments and Modifications to Tax Collections**

Land Preservation Income Tax Credit

Language

**Language:**

Page 620, strike lines 30 through 36.

**Explanation:**

(This amendment eliminates language changing the land preservation tax credit cap from \$100,000 to \$50,000 for tax years 2009 and 2010. House Bill 1891, which makes identical changes, has been adopted by the House.)

---

Technology and Operations Subcommittee

Item 3-5.14 #1h

**Adjustments and Modifications to Tax Collections**

Cigarette and Tobacco Products Taxes

Language

**Language:**

Page 620, strike lines 41 through 51.

Page 621, strike lines 1 through 4.

**Explanation:**

(This amendment eliminates language relating to the failed proposal to increase the tobacco products tax by 30 cents per pack that had been assumed in the Governor's amendments to the budget as introduced.)

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Technology and Operations Subcommittee

Item 3-5.15 #1h

**Adjustments and Modifications to Tax Collections**

Tire Recycling Fee Discount

Language

*Amendments to House Bill 1600, as Introduced*

**Language:**

Page 621, strike line 5 through line 7.

**Explanation:**

(This amendment removes language reflecting a legislative proposal to remove all dealer discounts for tire recycling fees that was not adopted by the 2009 Session of the General Assembly but had been assumed in the Governor's amendments to the budget as introduced.)

---

Technology and Operations Subcommittee

Item 3-5.16 #1h

**Adjustments and Modifications to Tax Collections**

Communications Sales and Use Tax Dealer Discount

Language

**Language:**

Page 621, strike line 8 through line 10.

**Explanation:**

(This amendment removes language reflecting a legislative proposal to remove all dealer discounts for communications sales and use tax that was not adopted by the 2009 Session of the General Assembly but had been assumed in the Governor's amendments to the budget as introduced.)

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Technology and Operations Subcommittee

Item 3-5.17 #1h

**Adjustments and Modifications to Tax Collections**

Tax for Enhanced 911 Services Discount

Language

**Language:**

Page 621, strike line 11 through line 13.

**Explanation:**

(This amendment removes language reflecting a legislative proposal to remove all dealer discounts for enhanced 911 services that was not adopted by the 2009 Session of the General Assembly but had been assumed in the Governor's amendments to the budget as introduced.)

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*Amendments to House Bill 1600, as Introduced*

Technology and Operations Subcommittee

Item 3-5.19 #2h

**Adjustments And Modifications To Tax Collections**

Tax Amnesty Program

Language

**Language:**

Page 621, after line 17, insert:

"There is hereby established a Virginia Tax Amnesty Program which shall be conducted during the period July 1, 2009, through June 30, 2010, and shall not last less than 60 nor more than 75 days. The exact dates of the program shall be established by the Tax Commissioner.

a. The Virginia Tax Amnesty Program shall be administered by the Department of Taxation, and any person, individual, corporation, estate, trust or partnership required to file a return or to pay any tax administered or collected by the Department of Taxation shall be eligible to participate, subject to the requirements set forth below and guidelines established by the Tax Commissioner.

b. The Tax Commissioner shall establish guidelines and rules for the procedures for participation and any other rules that are deemed necessary by the Tax Commissioner. The guidelines and rules issued by the Tax Commissioner regarding the Virginia Tax Amnesty Program shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

c. The Virginia Tax Amnesty Program shall have the following features:

1. All civil or criminal penalties assessed or assessable, including the addition to tax under §§ 58.1-492 and 58.1-504, and one-half of the interest assessed or assessable, which are the result of nonpayment, underpayment, nonreporting or underreporting of tax liabilities, shall be waived upon receipt of the payment of the amount of taxes and interest owed, with the following exceptions:

2. No person, individual, corporation, estate, trust or partnership currently under investigation or prosecution for filing a fraudulent return or failing to file a return with the intent to evade tax shall qualify to participate.

3. No person, individual, corporation, estate, trust or partnership shall be eligible to participate in the program with respect to any assessment outstanding for which the date of assessment is less than 90 days prior to the first day of the program or with



## *Amendments to House Bill 1600, as Introduced*

respect to any liability arising from the failure to file a return for which the due date of the return is less than 90 days prior to the first day of the program.

4. No person, individual, corporation, estate, or trust shall be eligible to participate in the program with respect to any tax liability from the income taxes imposed by §§ 58.1-320, 58.1-360 and 58.1-400, if the tax liability is attributable to taxable years beginning on and after January 1, 2008.

d. For the purpose of computing the outstanding balance due because of the nonpayment, underpayment, nonreporting or underreporting of any tax liability that has not been assessed prior to the first day of the program, the rate of interest specified for omitted taxes and assessments under § 58.1-15 shall not be applicable. The Tax Commissioner shall, instead, establish one interest rate to be used for each taxable year that approximates the average "underpayment rate" specified under § 58.1-15 for the five-year period immediately preceding the program.

e. 1. If any taxpayer eligible for amnesty under this section and under the rules and guidelines established by the Tax Commissioner retains any outstanding balance after the close of the Virginia Tax Amnesty Program because of the nonpayment, underpayment, nonreporting or underreporting of any tax liability eligible for relief under the Virginia Tax Amnesty Program, then such balance shall be subject to a 20 percent penalty on the unpaid tax. This penalty is in addition to all other penalties that may apply to the taxpayer.

2. Any taxpayer who defaults upon any agreement to pay tax and interest arising out of a grant of amnesty is subject to reinstatement of the penalty and interest forgiven and the imposition of the penalty under this section as though the taxpayer retained the original outstanding balance at the close of the Virginia Tax Amnesty Program.

f. For the purpose of implementing the Virginia Tax Amnesty Program, the Department is exempt from § 2.2-2015, and §§ 2.2-2018 through 2.2-2021 pertaining to the Virginia Information Technologies Agency's project management and procurement oversight."

### **Explanation:**

(This amendment authorizes the Department of Taxation to implement a Tax Amnesty program of between 60 and 75 days during fiscal year 2010. A companion amendment to the Department of Taxation provides funding necessary to manage the program which is estimated to generate a net of \$36.3 million in revenues to the

*Amendments to House Bill 1600, as Introduced*

general fund in the second year.)

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Technology and Operations Subcommittee

Item 4-1.04 #1h

**Appropriations**

Appropriation Increases

Language

**Language:**

Page 626, line 23, after "year.", insert:

"However, the Director, Department of Planning and Budget, may not authorize an increase in the appropriation authority of any state agency for nongeneral fund revenue derived from "The American Recovery and Reinvestment Act of 2009" or other similar act adopted by the 111th Congress without an appropriation from the General Assembly."

**Explanation:**

(This amendment provides that the Director of the Department of Planning and Budget may not increase state agency appropriation authority to account for funding received from the federal government as part of any fiscal stimulus package adopted by Congress.)

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Technology and Operations Subcommittee

Item 4-1.08 #6h

**Appropriations**

Appropriation Reductions to Address Revenue Shortfall

Language

**Language:**

Page 628, strike lines 48 through 51.

Page 629, strike line 1 and insert:

"A. State agencies and institutions with appropriation reductions contained in Part I of this act within the item "Executive Management, Savings from Management Actions" are to be guided by the reductions strategies outlined in this section. If modifications to the reductions outlined in this section are necessary, such modifications will be reported to the Chairmen of the House Appropriations Committee and Senate Finance Committee pursuant to § 4-1.02.d.5.a) of this Act."

**Explanation:**

*Amendments to House Bill 1600, as Introduced*

(This amendment provides that state agencies and institutions with appropriations reduction should utilize this section of the budget to guide the implementation of those reductions.)

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Technology and Operations Subcommittee

Item 4-6.05 #1h

**Positions and Employment**

Selection of Applicants for Classified Positions

Language

**Language:**

Page 683, beginning of line 19, insert "a."

Page 683, after line 21, insert:

"b. Beginning July 1, 2009, all political subdivisions and state agencies of the Commonwealth of Virginia shall, where appropriate, use the E-Verify System to ascertain the work status of all new employees."

**Explanation:**

(This amendment requires state agencies, cities, and counties of the Commonwealth of Virginia to ascertain the legal work status of all new employees using the "E-Verify" system operated by the Department of Homeland Security and Social Security Administration.)

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Technology and Operations Subcommittee

Item 4-13.00 #1h

**Effective Date**

Effective Date

Language

**Language:**

Page 691, after line 41, insert:

**"2. That §§ 58.1-615 and 58.1-622, of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-615. Returns by dealers.

A. 1. ~~Every~~*The provisions of this subdivision shall apply to each dealer required to collect or pay the sales or use tax who has gross annual sales of less than \$20,000,000 for the 12-month period beginning June 1, and ending May 30 of the immediately preceding calendar year. Each such dealer shall, on or before the*

## *Amendments to House Bill 1600, as Introduced*

twentieth day of the month, ~~following the month in which the tax shall become effective~~, transmit to the Tax Commissioner a return showing the gross sales, gross proceeds, or cost price, as the case may be, arising from all transactions taxable under this chapter during the preceding calendar month, ~~and thereafter a like return shall be prepared and transmitted to the Tax Commissioner by every dealer on or before the~~ twentieth day of each month, for the preceding calendar month.

*2. The provisions of this subdivision shall apply to each dealer required to collect or pay the sales or use tax who has gross annual sales equal to or greater than \$20,000,000 for the 12-month period beginning June 1, and ending May 30 of the immediately preceding calendar year. Beginning June 2009, each such dealer shall transmit to the Tax Commissioner a return showing the gross sales, gross proceeds, or cost price, as the case may be, arising from all transactions taxable under this chapter (i) for the first fifteen days of the month, on or before the twenty-fifth day of the same month, and (ii) for the remaining days in the month, on or before the twentieth day of the following month.*

3. In the case of dealers regularly keeping books and accounts on the basis of an annual period which varies 52 to 53 weeks, the Tax Commissioner may make rules and regulations for reporting consistent with such accounting period. Notwithstanding any other provision of this chapter, a dealer may be required by the Tax Commissioner to file sales or use tax returns on an accounting period less ~~frequent~~ *frequently* than ~~monthly~~ *than the filing dates pursuant to subdivision 1 or 2*, when, in the opinion of the Tax Commissioner, the administration of the taxes imposed by this chapter would be enhanced. ~~If a dealer is required to file other than monthly, each such return shall be due on or before the twentieth day of the month following the close of the period. Each such return shall contain all information required for monthly returns.~~

*B.* A sales or use tax return shall be filed by each registered dealer even though the dealer is not liable to remit to the Tax Commissioner any tax for the period covered by the return.

~~B.C.~~ 1. In addition to the amounts required under the provisions of this section and § 58.1-616, any dealer as defined by § 58.1-612 or direct payment permit holder pursuant to § 58.1-624, with taxable sales and purchases of \$1,300,000 or greater for the 12-month period beginning July 1, and ending June 30 of the immediately preceding calendar year, shall be required to make a payment equal to 90 percent of the sales and use tax liability for the previous June. Beginning July 1, 2005, for the payment required in 2006, the payment required under this subdivision shall only

*Amendments to House Bill 1600, as Introduced*

apply to such dealers or direct payment permit holders with taxable sales and purchases of \$50,000,000 or greater for such period of time and the payment required shall equal 20 percent of the sales and use tax liability for the previous June. Such tax payments shall be made on or before the 30th day of June, if payment is made by electronic funds transfer, as defined in § 58.1-202.1. If payment is made by other than electronic funds transfer, such payment shall be made on or before the 25th day of June. For purposes of this provision, taxable sales or purchases shall be computed without regard to the number of certificates of registration held by the dealer. Every dealer or direct payment permit holder shall be entitled to a credit for the payment under this subsection on the return for June of the current year due July 20. The provisions of this subsection shall not apply to persons who are required to file only a Form ST-7, Consumer User Tax Return.

2. In lieu of the penalties provided in § 58.1-635, except with respect to fraudulent returns, failure to make a timely payment or full payment of the sales and use tax liability as provided in this subsection shall subject the dealer or direct payment permit holder to a penalty of six percent of the amount of tax underpayment that should have been properly paid to the Tax Commissioner. Interest will accrue as provided in § 58.1-15. The payment required by this subsection shall become delinquent on the first day following the due date set forth in this subsection if not paid. The provisions of this subsection shall expire on August 1, 2006.

€. D. Any return required to be filed with the Tax Commissioner under this section shall be deemed to have been filed with the Tax Commissioner on the date that such return is delivered by the dealer to the commissioner of the revenue or the treasurer for the locality in which the dealer is located and receipt is acknowledged by the commissioner of the revenue or treasurer. The commissioner of the revenue or the treasurer shall stamp such date on the return, and shall mail the return to the Tax Commissioner no later than the following business day. The commissioner of the revenue or the treasurer may collect from the dealer the cost of postage for such mailing.

§ 58.1-622. Discount.

A. ~~For~~ *Subject to the provisions of subsection B, for* the purpose of compensating a dealer holding a certificate of registration under § 58.1-613 for accounting for and remitting the tax levied by this chapter, such dealer shall be allowed the following percentages of the first three percent of the tax levied by §§ 58.1-603 and 58.1-604 and accounted for in the form of a deduction in submitting his return and paying the amount due by him if the amount due was not delinquent at the time of payment.

*Amendments to House Bill 1600, as Introduced*

Monthly Taxable Sales	Percentage
\$ 0 to \$62,500	4%
\$ 62,501 to \$208,000	3%
\$ 208,001 and above	2%

B. *The amount of compensation provided in subsection A shall not exceed \$800 in any month.* The discount allowed by this section shall be computed according to the schedule provided, regardless of the number of certificates of registration held by a dealer.

**3. That the provisions of the second enactment adding subdivision A 2 to § 58.1-615 of the Code of Virginia are effective beginning with the sales and use tax returns due in July 2009 for collections in the previous month.**

Page 691, line 43, strike "2." and insert "4."

Page 691, line 47, strike "3." and insert "5."

Page 692, line 2, strike "4." after "6."

Page 692, line 3, after "second" strike "and" and insert ",."

Page 692, line 3, after "fourth", insert ", and fifth".

**Explanation:**

(This amendment amends provisions relating to the remittance of sales tax revenues.)

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