

# 2022 Legislative Summary

Virginia Department of Taxation

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# Introduction

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The Legislative Summary is published by the Department of Taxation (“Virginia Tax” or “the Department”) as a convenient reference guide to state and local tax legislation enacted by the 2022 Session of the General Assembly, including Special Session I and the reconvened sessions on April 7, 2022 and June 17, 2022. Please note that any legislation enacted after July 1, 2022 is not included. As of the date of publication, several tax bills were still pending before the General Assembly. Accordingly, to the extent additional legislation is enacted after July 1, 2022, this Legislative Summary will be updated. The Summary includes a general description of enacted legislation affecting:

- ▶ State taxes administered by the Department, and
- ▶ Local taxes for which the Department assists with administration or upon which the Department renders advisory assistance.

References to chapter numbers are to the corresponding chapters in the **Acts of Assembly**, which may be viewed at <http://lis.virginia.gov>. Effective dates of the legislation vary and are set out in each description.

In general, legislation affecting taxes administered by other state agencies is not included in the Summary.

The Summary is intended to provide a synopsis of enacted legislation and is for informational purposes only. The Summary is not a substitute for the actual state law, local ordinances, and the Department’s regulations or guidelines. Additional information on new legislation affecting state taxes may be obtained from the Department’s website at [www.tax.virginia.gov](http://www.tax.virginia.gov). Additional information on new local tax legislation should be obtained from your local Commissioner of the Revenue, Treasurer, or Director of Finance.

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# State Tax Legislation

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## General Provisions

### Additional Information Required on Bills and Assessments for Omitted Taxes

House Bill 1083 (Chapter 202) requires the Department to identify on bills and notices of assessments for omitted tax the date the initial tax return or payment was received by the Department, any payment amounts received from the taxpayer, and an explanation of the taxes, penalties, and interest related to such assessment.

Effective: January 1, 2023  
Amended: § 58.1-1812

### Electronic Requirement for Certain Individual Income Tax Payments

Item 274 (K)(1)(f) of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) amends the requirement that certain taxpayers subject to the individual income tax who make estimated tax payments file and remit their individual income tax payments electronically. This requirement is now triggered at lower threshold amounts. Therefore, affected taxpayers are required to make all income tax payments on and after July 1, 2022, electronically if in any taxable year beginning on or after January 1, 2022:

- ▶ Any installment payment of estimated tax exceeds \$1,500;
- ▶ Any payment made with regard to a return or an extension of time to file exceeds \$1,500; or
- ▶ The taxpayer's total tax liability exceeds or can reasonably be expected to exceed \$6,000.

The Department of Taxation is required to provide reasonable advanced notice to taxpayers affected by this lower requirement. Pursuant to Item 274(K)(2)(a) of the 2021 Appropriation Act, the Tax Commissioner has the authority to waive the requirement to file or pay by electronic means.

Effective: July 1, 2022

# Income Tax Legislation

## Advancement of Virginia's Fixed Date Conformity to the Internal Revenue Code

House Bill 971 (Chapter 3) and Senate Bill 94 (Chapter 19) advance Virginia's date of conformity to the Internal Revenue Code from December 31, 2020, to December 31, 2021. These Acts allow Virginia to generally conform to the American Rescue Plan Act of 2021 and provide additional benefits to recipients of certain coronavirus disease 2019 ("COVID-19") business assistance programs during Taxable Years 2021 and 2019.

During the 2021 Session, the General Assembly passed legislation addressing the Virginia income tax treatment of certain COVID-19 business assistance programs for Taxable Year 2020. These Acts do not change Virginia's Taxable Year 2020 treatment of such programs, but modify how Virginia treats these COVID-19 business assistance programs for income tax purposes for Taxable Years 2021 and 2019.

- ▶ Taxable Year 2021: Virginia generally conforms to the federal tax treatment of COVID-19 business assistance programs for Taxable Year 2021 and after.
- ▶ Taxable Year 2019: The General Assembly retroactively extended the Virginia-specific deduction for up to \$100,000 in business expenses funded by forgiven PPP loan proceeds and the Virginia-specific subtraction of up to \$100,000 for Rebuild Virginia grant recipients that were permitted in Taxable Year 2020 to also be permitted in Taxable Year 2019. This allows fiscal year filers to benefit from the deduction and subtraction for such expenses and income received during 2020 that was reflected on their Taxable Year 2019 returns.

These Acts do not change the Virginia income tax treatment for recipients of Economic Injury Disaster Loan program funding for Taxable Years 2019 or 2020.

Virginia will continue to deconform from the following provisions of federal tax law:

- ▶ Bonus depreciation allowed for certain assets under federal income taxation;
- ▶ Five-year carry back of certain net operating losses ("NOLs") generated in Taxable Years 2008 and 2009;
- ▶ Tax exclusions related to cancellation of debt income;
- ▶ Tax deductions related to the application of the applicable high yield debt obligation rules;
- ▶ The suspension of the federal overall limitation on itemized deductions; and
- ▶ The reduction in the medical expense deduction floor.

Effective: February 23, 2022

Amended: §§ 58.1-301, 58.1-322.02, 58.1-322.03, and 58.1-402

## Standard Deduction Increase

The sixth enactment clause of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) increases the standard deduction from \$4,500 to \$8,000 for single filers and from \$9,000 to \$16,000 for married filers filing jointly. The increase for Taxable Year 2022 is contingent on annual revenue growth of at least five percent for the six-month period of July 2022 through December 2022. The increase for Taxable Year 2023 is contingent on annual revenue growth of at least five percent for the twelve-month period of July 2022 through June 2023. If the five percent growth rate is not met for either taxable year, the standard deduction for that taxable year will be \$7,500 for single individuals and \$15,000 for married persons. Under this Act, the increase in the standard deduction is scheduled to sunset after Taxable Year 2025 and revert to the standard deduction amounts that applied prior to Taxable Year 2019, \$3,000 for single filers and \$6,000 for married couples filing jointly.

Effective: Taxable years beginning on and after January 1, 2022 but before January 1, 2026  
Amended: § 58.1-322.03

## Individual Income Tax Rebates

Item 3-5.22 of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) and Item 3-5.24 of the 2022 Amendments to the 2021 Appropriation Act (House Bill 29, Special Session I, Chapter 1) allow an individual income tax rebate of up to \$250 for a single taxpayer, or up to \$500 for married taxpayers filing a joint return.

In order to qualify, a Taxable Year 2021 return must be filed on or before November 1, 2022. A refund is allowed only up to the amount of the taxpayer's tax liability after the application of any deductions, subtractions, or credits to which the taxpayer is entitled. For those filing a return before July 1, 2022, refunds that are determined to be due to eligible taxpayers must be issued on or after July 1, 2022 but before October 17, 2022. For those filing a return on or after July 1, 2022, refunds that are determined to be due to eligible taxpayers must be issued on or after July 1, 2022 but no later than four months after such return is filed.

These Acts also require that any refunds issued are subject to collection under the Setoff Debt Collection Act and that no interest will be paid on any refund issued under these Acts.

Effective: June 17, 2022

## Military Retirement Subtraction

The seventeenth enactment clause of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) allows an individual income tax subtraction for certain military benefits received by an individual age 55 or older.

The maximum amount of the subtraction is \$10,000 in Taxable Year 2022; \$20,000 in Taxable Year 2023; \$30,000 for Taxable Year 2024; and \$40,000 for Taxable Year 2025 and after. For purposes of being eligible for this subtraction, "military benefits" are defined as:

- ▶ Military retirement income received for service in the Armed Forces of the United States,
- ▶ Qualified military benefits received pursuant to a section of the Internal Revenue Code regarding certain military benefits,
- ▶ Benefits paid to the surviving spouse of a veteran of the Armed Forces of the United States under the Survivor Benefit Plan program established by the U.S. Department of Defense, and
- ▶ Military benefits paid to the surviving spouse of a veteran of the Armed Forces of the United States.

This subtraction is not allowed if a credit, exemption, subtraction, or deduction is claimed for the same income pursuant to any other provision of Virginia or federal law.

Effective: Taxable years beginning on and after January 1, 2022  
Amended: § 58.1-322.02

### **Increase in Income Tax Deduction for Certain Disallowed Business Interest**

House Bill 1006 (Chapter 648) increases the Virginia individual and corporate income tax deduction for business interest to 30 percent of the business interest disallowed as a deduction under the federal business interest limitation. Under prior law, such deduction was equal to 20 percent of disallowed business interest.

Effective: Taxable years beginning on or after January 1, 2022  
Amended: §§ 58.1-322.03 and 58.1-402

### **Refundable Virginia Earned Income Tax Credit**

The third enactment clause of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) allows Virginia residents to claim a Refundable Virginia Earned Income Tax Credit ("EITC"). Under current law, Virginia allows a taxpayer to claim either:

- ▶ A nonrefundable individual income tax credit equal to 20 percent of the federal EITC claimed by an eligible individual for the taxable year ("Nonrefundable Virginia Earned Income Tax Credit"), or
- ▶ A nonrefundable individual income tax credit equal to \$300 each for an eligible individual, the individual's spouse, and any person claimed as a dependent on such individual's or married person's income tax return for the taxable year ("Nonrefundable Tax Credit for Low-Income Individuals").

Because both credits above are nonrefundable, taxpayers can only utilize these credits up to the extent of their Virginia income tax liability.

Instead of claiming one of the two nonrefundable credits above, this Act allows Virginia residents a third option, where they can choose to claim a refundable individual income tax credit equal to 15 percent of the federal EITC claimed by such residents for the same taxable year. Nonresidents and part-year residents are ineligible for the refundable credit, but they may continue to claim either the Nonrefundable Virginia Earned Income Tax Credit or the Nonrefundable Tax Credit for Low-Income Individuals.

In addition, an eligible household may only claim one of these credits in the same taxable year. For purposes of these credits, “household” means an individual or married persons, regardless of whether such married persons file joint or separate Virginia individual income tax returns.

Effective: Taxable years beginning after January 1, 2022, but before January 1, 2026  
Amended: § 58.1-339.8

#### **Major Business Facility Job Tax Credit: Extension of the Sunset Date**

House Bill 269 (Chapter 11) and Senate Bill 185 (Chapter 203) extend the sunset date for the Major Business Facility Job Tax Credit from July 1, 2022 to July 1, 2025.

Effective: July 1, 2022  
Amended: § 58.1-439

#### **Food Crop Donation Tax Credit: Extension of the Sunset Date**

Item 3-5.26 of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) extends the sunset date for the Food Crop Donation Tax Credit through Taxable Year 2022.

Effective: July 1, 2022  
Superseded: § 58.1-439.12:12

### **Communities of Opportunity Tax Credit: Expansion of the Credit**

House Bill 402 (Chapter 252) expands the Communities of Opportunity Tax Credit by permitting certain landlords with qualified housing units located in all census tracts in Virginia with poverty rates of less than 10 percent to qualify for the credit. Under prior law, the credit was limited to census tracts in the Richmond Metropolitan, Virginia Beach-Norfolk-Newport News Metropolitan, and Washington-Arlington-Alexandria Metropolitan Statistical Areas.

Effective: July 1, 2022  
Amended: § 58.1-439.12:04

### **Worker Training Tax Credit: Extension of the Sunset Date and Expansion of the Credit Requirements**

House Bill 695 (Chapter 431) generally extends the sunset date for the Worker Training Tax Credit from July 1, 2022 to July 1, 2025. This Act also extends the sunset date of the portion of the Worker Training Tax Credit that is for a business primarily engaged in manufacturing from January 1, 2022 to January 1, 2025.

This Act also expands the credit by allowing businesses to earn credits with respect to courses at any Virginia public institution of higher education. This also includes courses at the New College Institute, the Roanoke Higher Education Authority, the Southern Virginia Higher Education Center, and the Southwest Virginia Higher Education Center. Under prior law, a business was only allowed credits with respect to courses at institutions recognized on the Eligible Training Provider List.

Effective: July 1, 2022  
Amended: § 58.1-439.6:1

### **Modifications to the Neighborhood Assistance Act Tax Credit**

Item 3-5.20 of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) modifies the annual cap that applies to the Neighborhood Assistance Act Tax Credit for Fiscal Years 2023 and 2024. This Act increases the annual cap from \$9 million to \$12.0 million for education proposals. This Act also provides that, in making equitable allocation of credits, the Commissioner of Social Services and the Superintendent of Public Instruction must consider the portion of a neighborhood organization's revenues and expenses that are used to serve low-income persons and may not rely solely on the amount of credits allocated to the neighborhood organization in the prior year in allocating available credits.

Effective: July 1, 2022

### **Modifications to the Virginia Housing Opportunity Tax Credit**

The ninth, tenth, eleventh and twelfth enactment clauses of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) make various changes to the Virginia Housing Opportunity Tax Credit.

First, this Act modifies the tax credit's annual cap. Under current law, this credit is subject to an annual cap equal to \$15 million per calendar year. Effective for Calendar Year 2022 through Calendar Year 2025, this Act increases the annual cap on the amount of Virginia Housing Opportunity Tax Credit that may be issued to equal \$60 million per calendar year. However, unlike current law, credits issued each calendar year from Calendar Year 2022 through Calendar Year 2025 may not be claimed immediately. Instead, this Act provides that credits issued each calendar year will be allowed ratably, with one-tenth of the total amount of credits allowed annually for 10 years over the credit period. This Act also provides that there will be a reduction in the tax credit allowable in the first year of the credit period due to a federal law calculation, and any reduction by reason of such federal law calculation in the credit allowable for the first taxable year of the credit period will be allowable for the first taxable year following the credit period.

If the amount of Housing Opportunity Tax Credits issued by the Virginia Housing Development Authority ("Virginia Housing") in a calendar year is less than the \$60 million annual cap, the balance of such credits, in an amount not greater than \$9 million:

- ▶ May be allocated by Virginia Housing for any qualified project in the following calendar year,
- ▶ May not be allocated at any time after such following calendar year, and
- ▶ May be allocated no later than December 31, 2025.

This Act provides that any Housing Opportunity Tax Credits amounts issued by Virginia Housing that are later either canceled and returned to Virginia Housing, or recaptured or disallowed may be awarded in the following calendar year, but no later than December 31, 2025.

In addition to the \$60 million annual cap, this Act imposes a new, multi-year cap on the Housing Opportunity Tax Credits program equal to \$255 million. Such cap does not apply per Calendar Year but instead across all Calendar Years for which the Housing Opportunity Tax Credit is effective. As a result, such multi-year cap applies for calendar years 2021 through 2025.

This Act also repeals language authorizing Virginia Housing to create a certificated program. Instead, this Act provides that Virginia Housing must provide information, data, and any other requested advisement on the potential structure and cost of a separately authorized certificated program upon a request from the Chairs of the House Committee on Appropriations, the House Committee on Finance, and the Senate Committee on Finance and Appropriations.

This Act provides that \$20 million of the \$60 million annual cap must be first allocated exclusively for qualified projects located in a locality with a population no greater than 35,000 as determined by the most recent United

States census. Such allocation of Virginia Housing Opportunity Tax Credits will constitute the minimum amount of such tax credits to be allocated for qualified projects in such localities. However, if the amount of such tax credits requested for qualified projects in such localities is less than the total amount of such credits available for qualified projects in such localities, the balance of such credits may be allocated for any qualified project, regardless of location. In allocating or allowing such credits to qualified projects in such localities, Virginia Housing is required to give equal consideration to qualified projects allocated or allowed a federal low-income housing credit in an amount equal to the 10-year present value calculation of the percentages prescribed under federal law.

Effective: July 1, 2022  
Amended: § 58.1-439.30

### Virginia Adopts New Elective Pass-Through Entity Tax

House Bill 1121 (Chapter 690) and Senate Bill 692 (Chapter 689) allow a qualifying PTE to make an annual election for Taxable Years 2021 through 2025 to pay an income tax at a rate of 5.75 percent at the entity level. A PTE that qualifies to make the election (a “qualifying PTE”) is defined as a PTE that is 100 percent owned by natural persons or, in the case of a Subchapter S corporation, 100 percent owned by natural persons or other persons eligible to be shareholders in an S corporation. These Acts then provide a corresponding refundable income tax credit for Taxable Years 2021 through 2025 for any amount of income tax paid by a qualifying PTE having Virginia taxable income if such PTE makes the election and pays the elective income tax imposed at the entity level. The effect of such elective income tax and corresponding refundable credit is to allow the qualifying PTE to shift the income tax burden from the PTE owners to the PTE itself.

These Acts allow an individual to claim a credit for taxes paid to other states under laws that are substantially similar to these Acts. This overrules Public Document 21-156 (December 29, 2021), which generally denied a credit for a tax paid to Maryland under that state’s elective pass-through entity tax. This provision only applies to taxes paid by a pass-through entity under the law of another state that is substantially similar to *Va. Code* § 58.1-390. Therefore, it does not apply to any other entity-level taxes, such as any franchise, privilege, business, license, or occupation taxes described in *Va. Code* § 58.1-332.2.

Due to the timing of this legislation and because many PTE and individuals were filing returns during the legislative session, these Acts provide special provisions for Taxable Year 2021. Taxpayers should consult [Tax Bulletin 22-6](#) for more information regarding the delayed implementation of this legislation for Taxable Year 2021 returns.

Effective: Taxable years beginning on or after January 1, 2021, but before January 1, 2026  
Amended: §§ 58.1-332, 58.1-390.1, and 58.1-390.2  
Added: § 58.1-390.3

## **Affiliated Groups of Corporations with a Bank as a Related Entity Changing from the Combined Filing Status to the Consolidated Filing Status**

House Bill 224 (Chapter 416) and Senate Bill 386 (Chapter 417) provide that an affiliated group of corporations may elect to change the basis of the type of return filed from combined to consolidated, if:

- ▶ The affiliated group of which they are members, as it has existed from time to time, has filed on the same basis for at least the preceding 20 years; and
- ▶ On or before January 1, 2022, at least one member of the affiliated group of which they are members is a related entity to a state or national bank that is exempt from filing a Virginia corporate income tax return because it is instead subject to the Virginia Bank Franchise Tax.

Any eligible affiliated group that elects to change the basis of the type of return under this legislation must agree to file returns computing its Virginia income tax liability under both the new filing method and the former method and must pay the greater of the two amounts for the taxable year in which the new election is effective and for the immediately succeeding taxable year.

To qualify for the election under these Acts, such election must be made for Taxable Year 2023 or Taxable Year 2024. To make an election under these Acts, a taxpayer must provide notification to be submitted on forms prescribed by the Department.

Effective: Taxable years beginning on and after January 1, 2023 but before January 1, 2025  
Amended: § 58.1-442

## **Affiliated Groups of Corporations Changing to or from the Consolidated Filing Status**

House Bill 348 (Chapter 274) eases one of the rules regarding when an affiliated group of corporations is entitled to change the basis of the type of return filed from consolidated to separate or from separate or combined to consolidated.

Under prior law, an affiliated group is entitled to such a filing status change only where:

- ▶ The affiliated group has filed on the same basis for at least the preceding 20 years (“same basis rule”);
- ▶ The tax computed under the affiliated group’s requested return basis would be equal or greater than the tax for the full taxable year immediately preceding the taxable year for which the requested return basis would be applicable (“prior year rule”); and
- ▶ The affiliated group agrees to compute its tax liability under both the requested return basis and the elected return basis and would be liable for the greater of the two amounts for the taxable year in which the requested basis is effective and the immediately succeeding taxable year (“greater of the two rule”).

This Act eases the same basis rule by requiring that an affiliated group has on the same basis for at least the preceding 12 years rather than 20 years. The other requirements under prior law continue to apply.

Effective: Applications filed with the Department on or after July 1, 2022  
Amended: § 58.1-442

### **Hybrid Sales Factor for Certain Property Information and Analytics Firms**

House Bill 453 (Chapter 256) and Senate Bill 346 (Chapter 257) allow a property information and analytics firm that meets certain requirements and enters into a memorandum of understanding with the Virginia Economic Development Partnership Authority to use a hybrid sales factor when filing Virginia corporate income tax returns. For sales of other than sales of tangible personal property, the hybrid sales factor uses a market-based sourcing rule for sales of services and the standard cost of performance rule for all other non-service sales. These Acts specify a number of requirements that must be met for the firm to be eligible to use the hybrid sales factor and several ongoing requirements that must be met in order to continue to do so. These include capital investment and job creation thresholds.

“Property information and analytics firm” is defined as an entity and its affiliated entities that as of January 1, 2022, is primarily a commercial real estate information and analytics firm with a location in Richmond, Virginia and that between January 1, 2022, and January 1, 2029, is expected to:

- ▶ Make or cause to be made a capital investment in an eligible city of at least \$414.45 million; and
- ▶ Create at least 1,785 new jobs with average annual wages of at least \$85,000 per job.

Property information and analytics firms using the hybrid sales factor under these Acts must include with their income tax returns information regarding market-based sourcing for services as compared to cost of performance, including the amounts of the property, payroll, and sales factors under both methods; the apportionment percentages under both methods; and the amount of tax calculated under both methods. This provision of these Acts is set to sunset after Taxable Year 2031. These Acts require the Department to use the information provided by such property information and analytics firms to compute an estimate of the fiscal savings to such firms. The Department is authorized to provide to the Virginia Economic Development Partnership Authority and the Secretaries of Commerce and Trade and Finance such information as may be necessary to facilitate the purposes of these Acts. In addition, if requested by the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations, the Department must provide the number of returns processed for property information and analytics firms that used market-based sourcing for services under these Acts and the annual estimated revenue impact of market-based sourcing as compared with cost of performance.

The Department is required to develop and make publicly available guidelines implementing these Acts. Preliminary guidelines are required to be published by December 31, 2022, and final guidelines are required to be published by December 31, 2023. After December 31, 2023, the guidelines will be subject to the Administrative Process Act and accorded the weight of regulations.

Effective: Taxable years beginning on or after January 1, 2022  
Amended: § 58.1-416  
Added: § 58.1-422.4

## Retail Sales and Use Tax

### Elimination of Accelerated Sales Tax in FY 2022

Item 3-5.06 of the 2022 Amendments to the 2021 Appropriation Act (House Bill 29, Special Session I, Chapter 1) eliminates the Accelerated Sales Tax for any period beginning after June 30, 2021. Penalties and interest for all prior years' Accelerated Sales Tax payments remain due and are collectible.

Effective: June 17, 2022

### Exemption for Food and Essential Personal Hygiene Products

The fifth enactment clause of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) provides a state Retail Sales and Use Tax exemption for food purchased for human consumption and essential personal hygiene products, beginning January 1, 2023. Under prior law, food purchased for human consumption and essential personal hygiene products are subject to a reduced 1.5 percent state sales tax rate and 1 percent local option sales tax rate for a total rate of 2.5 percent. Under this Act, food purchased for human consumption and essential personal hygiene products remain subject to the 1% local option Retail Sales and Use Tax.

Beginning February 1, 2023, this Act provides for a distribution of an equal amount of state revenues to cities and counties for educational funding to replace the one percent tax attributable to food for human consumption and essential personal hygiene products that would have been distributed to them under prior law.

Effective: January 1, 2023  
Amended: § 58.1-611.1

## Historic Triangle: Dedication of Funds

Senate Bill 438 (Chapter 652) requires the City of Williamsburg, James City County, and York County to make specified minimum appropriations to entities promoting tourism and recreation in the Historic Triangle. This Act also establishes the Williamsburg Tourism Council as an advisory board in the legislative branch of state government and removes the Chief Executive Officer of the Virginia Tourism Alliance from the membership of the Council and replaces him with the Chair of the Greater Williamsburg Chamber of Commerce.

Effective: July 1, 2022  
Amended: §§ 58.1-603.2, 58.1-638; and 58.1-3823

## Definition of Taxable Accommodations

Senate Bill 432 (Chapter 154) provides that for purposes of the Retail Sales and Use Tax on accommodations, the term “accommodations” does not include rooms or space offered by a person in the business of providing conference rooms, meeting space, or event space if the person does not also offer rooms available for overnight sleeping. This Act further provides that nothing in the definitions of “retail sale” and “sale at retail” require or have required, in any year prior to the effective date of the act, the collection of any tax for the offering of rooms or space by a person in the business of providing conference rooms, meeting space, or event space if the person does not also offer rooms available for overnight sleeping.

Under prior law, “accommodations” was defined for purposes of the Retail Sales and Use Tax as any room or rooms, lodgings, or accommodations in any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration. Rentals of conference rooms, meeting space, or event space were considered taxable accommodations so long as the provider was in the business of renting rooms and accommodations to transients on a regular basis.

The provisions of this Act are retroactive to September 1, 2021. However, this Act does not entitle any taxpayer to a refund of taxes remitted prior to July 1, 2022.

Effective: September 1, 2021, provided that no refunds will be permitted for taxes remitted prior to July 1, 2022  
Amended: § 58.1-602

## **Retail Sales and Transient Occupancy Taxes on Room Rentals: Accommodations Intermediaries**

House Bill 518 (Chapter 7) and Senate Bill 651 (Chapter 640) change the process by which sales and transient occupancy taxes are collected from accommodations sales involving accommodations intermediaries and broadens the definition of “accommodations intermediary” and “room charge” for purposes of the Retail Sales and Use Tax and Transient Occupancy Taxes. These Acts require accommodations intermediaries to collect sales and occupancy taxes and remit them to the Department or a locality, as applicable, and eliminate the requirement that, where the accommodations are provided at a hotel, accommodations intermediaries remit the portion of the sales tax not attributable to the accommodations fee to the hotel for the hotel to remit to the Department.

These Acts also provide that in a transaction involving multiple parties that may be considered accommodations intermediaries, such parties may agree that one party shall be responsible for collecting and remitting the taxes. In such event, the party agreeing to collect and remit such taxes shall be the sole party liable for the tax. These Acts also require intermediaries to submit to a locality each month the property addresses and gross receipts for all accommodations facilitated by the intermediary in such locality. The Department is required to convene and facilitate a workgroup to examine the processes currently used to collect occupancy taxes and make recommendations for improving the efficiency and uniformity of such processes.

Effective: October 1, 2022  
Amended: §§ 58.1-602, 58.1-612.2, and 58.1-3826

## **Entitlement to Retail Sales and Use Tax Revenues from Major Tourism Projects**

House Bill 1308 (Chapter 468) provides that a major tourism project representing a new capital investment of at least \$500 million is entitled to the revenues generated by a two percent state Retail Sales and Use Tax on transactions taking place on its premises and to an equal or greater amount of local revenues. These Acts require that the tax entitlement be used for debt service on gap financing for the project. Gap financing includes a developer's primary debt financing, as well as any refinancing thereof, if the entitlements to tax revenues are pledged as collateral for such primary debt financing. Prior to the entitlement of any Retail Sales and Use Tax revenues, the project must have a minimum of 70 percent of funding in place through debt or equity.

“Major tourism project” is defined as a tourism project that, in addition to meeting the requirements for tourism projects generally:

- ▶ Represents a new capital investment of at least \$500 million in a new tourism facility or in a substantial and significant renovation or expansion of an existing tourism facility by a private entity in the Commonwealth;
- ▶ Results in the creation of at least 500 net new jobs; and
- ▶ Supports increased hotel occupancy, an increase in the number of out-of-state visitors to the Commonwealth, and other factors of significant fiscal and economic impact.

Effective: July 1, 2022  
Amended: §§ 58.1-3851.1 and 58.1-3851.2  
Added: § 58.1-3851.3

### **Exemption for Gold, Silver, and Platinum Bullion and Legal Tender Coins**

House Bill 3 (Chapter 12), House Bill 936 (Chapter 643), and Senate Bill 26 (Chapter 634) extend the sunset date for the Retail Sales and Use Tax exemption for gold, silver, and platinum bullion and legal tender coins until June 30, 2025. House Bill 936 also removes the limitation that only purchases in excess of \$1,000 are eligible for the exemption.

Effective: July 1, 2022  
Amended: § 58.1-609.1

### **Exemption for Medicine and Drugs Purchased by Veterinarians**

House Bill 551 (Chapter 551) and Senate Bill 517 (Chapter 552) exempt veterinarians from Retail Sales and Use Tax on their purchases of prescription medicines and drugs that are administered or dispensed to patients within a veterinarian-client-patient relationship beginning July 1, 2022, and ending July 1, 2025. These Acts also repeal provisions of current law that provide that a veterinarian dispensing or selling medicines or drugs on prescription is deemed to be the user or consumer of all such medicines and drugs.

Effective: July 1, 2022  
Amended: § 58.1-609.10

### **Expansion of Media Related Exemptions**

House Bill 1155 (Chapter 434) Senate Bill 683 (Chapter 435) expand the Retail Sales and Use Tax exemption for amplification, transmission, and distribution equipment used to provide internet services to include network equipment used to provide Internet service, regardless of whether the provider of such service is also a telephone common carrier or whether such network is also used to provide services other than internet services.

Effective: July 1, 2022

Amended: §§ 58.1-602 and 58.1-609.6

### **Extension of Sunset Date for Media-Related Exemption**

Senate Bill 101 (Chapter 481) extends from June 30, 2022 to June 30, 2025 the expiration of the retail sales and use tax exemption for printing purchased by an advertising business from a printer in the Commonwealth, so long as such material is distributed outside of the Commonwealth.

Effective: July 1, 2022

Amended: § 58.1-609.6

### **Extension of Sunset Date for Drilling Equipment Exemption**

Item 3-5.24 of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) extends from July 1, 2022 until July 1, 2023 the sales tax exemption provided for certain drilling equipment used in the extraction and processing of natural gas and oil.

Effective: July 1, 2022

Superseded: § 58.1-609.3

### **Extension of Sunset for Donated Educational Materials Exemption**

Item 3-5.27 of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) extends from July 1, 2022 until July 1, 2023 the sales tax exemption provided for donated textbooks and other educational materials.

Effective: July 1, 2022

Superseded: § 58.1-609.6

## Extension of Sunset for August Sales Tax Holiday

Item 3-5.25 of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) extends from July 1, 2022 until July 1, 2023 the sales tax holiday authorized in the first weekend of August for certain school supplies, hurricane preparedness equipment, and qualified Energy Star and WaterSense products. Under current law, certain school supplies and clothing, qualified Energy Star and WaterSense products, and certain hurricane preparedness equipment may be purchased exempt from the Retail Sales and Use Tax during an annual three-day holiday beginning the first Friday in August and ending at 11:59 p.m. on the following Sunday.

Effective: July 1, 2022

Superseded: §§ 58.1-609.1, 58.1-611.2, and 58.1-611.3

## Exemption for Aircraft Components

House Bill 462 (Chapter 8) and Senate Bill 701 (Chapter 228) extend from July 1, 2022 to July 1, 2025 the sunset date for the retail sales and use tax exemption for parts, engines, and supplies used for maintaining, repairing, or reconditioning aircraft or any aircraft's avionics system, engine, or component parts. For manned systems, the term "aircraft" includes only aircrafts with a maximum takeoff weight of at least 2,400 pounds.

Effective: July 1, 2022

Amended: § 58.1-609.10

## Other State Tax Legislation

### Remote Retail Sales of Tobacco Products Taxation

House Bill 1199 (Chapter 779) and Senate Bill 748 (Chapter 738) clarify the provisions of the tobacco products tax relevant to cigars and pipe tobacco sold by "remote retail sellers" to consumers in the Commonwealth. These Acts also require remote retail sellers to be licensed and to collect and remit the tax based on the actual price paid by

the remote retail seller for each individual stock keeping unit. If the actual cost is not available, the average of the actual cost over the 12 calendar months before January 1 of the year in which the sale occurs would be used.

Under current law, Item 3-5.21 of the Appropriation Act requires a remote seller of tobacco products to register as a distributor for the purposes of the Tobacco Products Tax if in the previous or current calendar year it:

- ▶ Receives more than \$100,000 in gross revenue from sales of tobacco products in the Commonwealth; or
- ▶ Engages in 200 or more separate tobacco products sales transactions in the Commonwealth.

The Tobacco Products Tax is paid by licensed distributors based on the “manufacturer’s sales price,” which is the actual price for which a manufacturer, manufacturer’s representative, or any other person sells tobacco products to an unaffiliated distributor.

Effective: July 1, 2022  
Amended: §§ 58.1-1021.01, 58.1-1021.02, 58.1-1021.04, 58.1-1021.04:1, and 58.1-1021.04:2  
Added: § 58.1-1021.02:2

# Local Tax Legislation

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## General Provisions

### Appeals of Local Tax Assessments

House Bill 226 (Chapter 358) clarifies the procedures for taxpayer appeals of local tax assessments to the circuit court by clarifying:

- ▶ That the necessary parties in such a proceeding are the taxpayer and the locality;
- ▶ The proper form of naming the locality in the pleadings; and
- ▶ That when rebutting the presumption of correctness accorded the locality's assessment, the taxpayer may show by a preponderance of the evidence that the property in question was assessed at more or less than its fair market value.

Effective: July 1, 2022  
Amended: § 58.1-3984

### Refunds of Local Taxes; Authority of Treasurer

House Bill 368 (Chapter 286) increases from \$5,000 to \$10,000 the maximum amount the governing body of a locality may authorize its treasurer to approve and issue for a refund of taxes paid as a result of an erroneous tax assessment.

Effective: July 1, 2022  
Amended: § 58.1-3981

### Local Credits for Approved Local Volunteer Activities

House Bill 911 (Chapter 773) permits any county, city, or town to provide a credit against certain taxes and fees imposed by the locality to an individual who provides approved volunteer services in the locality. The credit may not be applied against any property taxes or payments in lieu of property taxes. The bill gives localities discretion to determine which taxes or fees are permissible uses of the credit and which services qualify for the credit.

Under this Act, "approved volunteer services" is defined as volunteer firefighting and fire prevention services, emergency medical and ambulance services, auxiliary police services, and emergency rescue services that operate exclusively for the benefit of the general public on behalf of nonprofit organizations or the locality.

"Approved volunteer services" includes all training and training-related activities required by law to perform such approved volunteer services. "Approved volunteer services" includes only services performed by a bona fide volunteer.

"Bona fide volunteer" under this Act means an individual who performs approved volunteer services and whose only compensation for such performance is (i) reimbursement, or a reasonable allowance, for reasonable expenses incurred in the performance of such approved volunteer services or (ii) reasonable benefits, including length of service awards, and fees for such approved volunteer services customarily paid by eligible employers in connection with the performance of approved volunteer services by bona fide volunteers.

Effective: July 1, 2022  
Added: § 58.1-3019

## Real Property Tax

### Notice of Proposed Increase to Real Property Taxes; Notice of Public Hearing

House Bill 1010 (Chapter 29) amends the notice provisions applicable to public hearings required when a county, city, or town seeks to impose a real property tax rate that will produce more than 101 percent of the amount of real property taxes collected for the previous year. Under this Act, in any locality that conducts its reassessment more than once every four years, the notice for the public hearing will be required to be published on a different day and in a different notice from any notice published for the annual budget hearing.

Effective: July 1, 2022  
Amended: § 58.1-3321

## Real Property Tax Reassessment Cycles

House Bill 951 (Chapter 361) and Senate Bill 77 (Chapter 362) authorize counties to reassess real estate every three years if determined by a majority vote of the county's board of supervisors. Under prior law, counties were generally required to conduct a general reassessment every four years with limited exceptions for Augusta and Bedford Counties and counties with a total population of 50,000 or fewer. Counties having at least one full-time real estate appraiser or assessor qualified by the Tax Commissioner may continue to provide by ordinance for the biennial assessment of real estate.

Effective: July 1, 2022  
Amended: § 58.1-3252

## Exemptions of Single Member Limited Liability Companies

House Bill 200 (Chapter 167) clarifies that the property of certain organizations that is tax exempt by classification includes the property of a single member limited liability company whose sole member is such an organization. The real and personal property of an organization classified and used by such organization for a religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purpose is exempt from property tax.

Effective: July 1, 2022  
Amended: § 58.1-3609

## Exemption for the Elderly and Handicapped

Senate Bill 648 (Chapter 631) provides that any locality with a tax exemption or deferral program for persons 65 years of age or older, or persons permanently and totally disabled, may provide by ordinance that it will accept the required affidavits, written statements, or certifications on a rolling basis throughout the year. Under prior law, the affidavit, written statement or certification was required to be filed after January 1 of each year, but before April 1, or such later date as may be fixed by ordinance.

Effective: July 1, 2022  
Amended: § 58.1-3213

### **Classification of Property Owned by Certain Surviving Spouses**

House Bill 957 (Chapter 77) provides that beginning with Taxable Year 2022, any locality may declare real property owned by a surviving spouse of a member of the armed forces of the United States who died in the line of duty with a line of duty determination from the U.S. Department of Defense, where such death was not the result of criminal conduct, to be a separate class of property for local taxation of real property.

Such classification will continue for as long as the spouse occupies the real property as his principal place of residence and does not remarry. This class of property may be taxed at a different rate than that imposed on the general class of real property, provided that the rate of tax is greater than zero and does not exceed the rate of tax on the general class of real property.

Effective: July 1, 2022  
Amended: § 58.1-3228.2

### **Fixtures in Data Centers**

House Bill 791 (Chapter 671) and Senate Bill 513 (Chapter 672) provide that, if a locality taxes certain fixtures located in a data center as real property, the fixtures will be valued based on depreciated reproduction or replacement cost. Fixtures include generators, radiators, exhaust fans, and fuel storage tanks; electrical substations, power distribution equipment, cogeneration equipment, and batteries; chillers, computer room air conditioners, and cool towers; heating, ventilating, and air conditioning systems; water storage tanks, water pumps, and piping; monitoring systems; and transmission and distribution equipment. Computer equipment and peripherals are not to be considered fixtures.

Effective: July 1, 2022  
Amended: § 58.1-3500  
Added: § 58.1-3295.3

### **Local Taxation for Solar Photovoltaic Projects Five Megawatts or Less**

House Bill 1087 (Chapter 492) and Senate Bill 502 (Chapter 493) expand the current local property tax exemption for pollution control equipment and facilities applicable to solar photovoltaic projects with a generating capacity of five megawatts or less that have filed an initial interconnection request form with an electric utility or a regional transmission organization on or after January 1, 2019 to all solar photovoltaic projects with a generating capacity of five megawatts or less. Additionally, such projects will not be exempt from the assessment of a revenue share

by the locality. Chapter 493 also provides that if a locality assesses a revenue share, the exemption for such projects would be 100 percent of the assessed value.

These Acts also provide that nothing in their provisions may be construed to authorize local taxation of the generating or storage equipment of such projects that serve the electricity needs of the property upon which the equipment is located. The provisions of these Acts will not apply to any solar photovoltaic projects five megawatts or less that are approved by a locality prior to July 1, 2022.

Effective: July 1, 2022  
Added: § 58.1-2606.1

### **Certification by Subdivisions of Certified Pollution Control Equipment**

House Bill 148 (Chapters 14) and Senate Bill 684 (Chapter 501) provide that, for pollution control equipment used as part of a political subdivision’s water, wastewater, storm water, or solid waste management facilities or systems, such equipment may be certified by the political subdivision itself instead of by a state certifying authority. Under current law, there is a retail sales and use tax and local property tax exemption for pollution control equipment that has been certified to the Department by a state certifying authority as having been constructed, reconstructed, erected, or acquired in conformity with the state program or requirements.

Effective: July 1, 2022  
Added: §§ 58.1-609.3 and 58.1-3660

### **Certified Solar Energy Equipment, Facilities, or Devices**

Senate Bill 686 (Chapter 496) creates a separate class of property for local taxation for any solar facility with a nameplate rated electrical generating capacity measured in direct current kilowatts of not more than 25 kilowatts installed on the roof of a residential, commercial, industrial, institutional, or mixed-use building or buildings to serve the electricity or thermal needs of such building or property, provided the installation follows all applicable local zoning rules. Such facilities will be exempt from local property taxation.

Effective: July 1, 2023  
Added: § 58.1-3661

## Assessment of Real Property; Affordable Housing

House Bill 400 (Chapter 624) clarifies that real property operated in whole or in part as affordable rental housing includes that which is in accordance with the federal Rental Assistance Demonstration program established under the Consolidated and Further Continuing Appropriations Act. The real estate assessor must consider:

- ▶ The contract rent and the impact of any applicable rent restrictions;
- ▶ Restrictions on the transfer of title or other restraints on alienation of the real property; and
- ▶ The actual operating expenses and expenditures and the impact of any such additional expenses or expenditures.

Effective: July 1, 2022

Amended: § 58.1-3295

## Disposition of Delinquent Tax Lands

House Bill 298 (Chapter 15) and Senate Bill 142 (Chapter 713) authorize localities to petition the circuit court to appoint a special commissioner to convey certain real estate having delinquent taxes or liens to the locality's land bank entity or to an existing nonprofit entity designated by the locality to carry out the functions of a land bank entity. These Acts also extend the existing treatment that applies to appointments of a special commissioner so that it applies to qualifying parcels containing a structure that is a derelict building if such taxes and liens together, including penalty and accumulated interest, exceed 25 percent of the assessed value of the parcel. The land bank or nonprofit is required to:

- ▶ Sell the property to a third party in an arms-length transaction; or
- ▶ If the land bank or nonprofit develops the property before selling it, make such sale within a reasonable period of time after completing such development; or
- ▶ If the land bank or nonprofit does not intend to sell the property, pay to the beneficiaries of any liens against the property and to the former owner, his heirs or assigns any surplus that would result if the property were sold and the proceeds distributed.

Effective: July 1, 2022

Amended: § 58.1-3970.1

### **Land Use Assessment for Parcels with Multiple Owners**

House Bill 996 (Chapter 314) authorizes the owner of a majority interest in an undivided parcel of real estate that is eligible for land use assessment to file an application on behalf of himself and for owners of any minority interest.

Effective: July 1, 2022  
Amended: §§ 58.1-3234

### **Land Use Assessment Forms**

House Bill 238 (Chapter 111) provides that the forms used for revalidation of applications for land use assessment where the acreage or use of the land has changed shall be prepared by the Department of Taxation.

Effective: July 1, 2022  
Amended: §§ 58.1-3234

### **Land Use Valuation for Real Estate Devoted to Forest Use; Creation of Forest Sustainability Fund**

House Bill 180 (Chapter 378) and Senate Bill 184 (Chapter 379) authorize localities that have adopted a use value assessment and taxation program for real estate devoted to forest use to apply for an allocation from the newly created Forest Sustainability Fund (“the Fund”). Awards from the Fund must be proportionally based upon the amount of revenue forgone in the previous fiscal year by localities due to the use value program and any funds received by a locality from the Fund are to be used only for public education generally or for projects related to outdoor recreation and conservation. The Fund will be administered by the State Forester.

Effective: July 1, 2022  
Amended: § 58.1-3242.1

### **Land Preservation Program; Delinquent Taxes**

House Bill 199 (Chapter 663) authorizes a locality, by ordinance, to provide that a parcel of real property that is specially assessed for land use shall not be removed from the land use taxation program for delinquent taxes owed on the property if such taxes are paid by December 31 of the year in which the taxes became delinquent.

This Act also provides that no parcel of real property shall be removed from the land use taxation program for delinquent taxes if:

- ▶ Such taxes become delinquent during a state of emergency declared by the Governor;
- ▶ The treasurer determines that the emergency has caused hardship for the taxpayer; and
- ▶ The taxes are paid no later than 90 days after the original deadline for removal from the land use program for delinquent taxes.

Effective: July 1, 2022  
Amended: § 58.1-3235

## Personal Property Tax

### Tangible Personal Property Taxes; Other Classifications of Tangible Property for Taxation

House Bill 1239 (Chapter 30) and Senate Bill 771 (Chapter 578) create a new class of tangible personal property for local personal property tax purposes. This class includes the following types of vehicles:

- ▶ Automobiles as described in Va. Code 58.1-3503(A)(3);
- ▶ Passenger trucks as described in Va. Code 58.1-3503(A)(4)-(5);
- ▶ Motor vehicles with specially designed equipment for use by the handicapped as described in Va. Code 58.1-3503(A)(9); and
- ▶ Motorcycles, mopeds, all-terrain vehicles, and off-road motorcycles, campers, and other recreational vehicles as described in Va. Code 58.1-3503(A)(10).

Localities have the option to assign a rate of tax or rate of assessment to this class different from the rate applicable to the general class of tangible personal property. Under prior law, these vehicles were generally classified as general tangible personal property and not designated as a special class for rate purposes. As a result, localities were not previously authorized to tax these vehicles at a reduced rate.

These Acts are applicable to taxable years beginning on or after January 1, 2022, but before January 1, 2025.

Effective: March 22, 2022

Amended: § 58.1-3503

### **Valuation of Property for Tangible Personal Property Taxes**

House Bill 1231 (Chapter 655) provides that in any locality in which the Commissioner of Revenue or other assessing official adjusts the valuation of automobiles to account for the amount of mileage accrued on a vehicle, such adjustment shall also be provided for motorcycles.

Under current law, motorcycles were valued by means of a recognized pricing guide or a percentage or percentages of original cost. While localities were permitted to take mileage into account as part of the condition of the vehicle, there was previously no requirement for parity between valuation methods used for automobiles and motorcycles with respect to the use of mileage.

Effective: July 1, 2022  
Amended: § 58.1-3503

### **Local Personal Property Tax Surplus Revenues**

House Bill 267 (Chapter 165) and Senate Bill 12 (Chapter 166) permit any locality to return surplus personal property tax revenues to taxpayers. This is in addition to current authority that permits a locality by ordinance to develop a method for returning surplus real property tax revenues to taxpayers in any fiscal year in which the locality reports a surplus.

Effective: July 1, 2022  
Amended: § 15.2-2511.1

## Other Local Tax Legislation

### Local Cigarette Tax; Unsold Inventory

House Bill 1076 (Chapter 224) and Senate Bill 25 (Chapter 223) require any locality that increases its cigarette tax rate to allow, for one calendar year after the increase, a person with unsold inventory to pay the tax increase on the unsold inventory by filing a return, rather than requiring the use of a stamp or meter impression. The return must identify the amount of unsold inventory, the amount of tax paid on such unsold inventory, and the amount of tax due as a result of the tax rate increase. The return will be due six calendar months after the effective date of the tax rate increase. These Acts also impose the same requirement on regional cigarette tax boards.

Effective: July 1, 2022  
Amended: §§ 58.1-3830 and 58.1-3832.1

### Local License Taxes; Limitation of Authority

House Bill 1084 (Chapter 659) and Senate Bill 385 (Chapter 660) prohibit a locality from imposing a license tax on a director of a bank or trust company that is subject to the bank franchise tax. Currently, localities that impose a Business Professional and Occupational License (BPOL) tax are prohibited from imposing such a tax on bank or trust company that is subject to the bank franchise tax.

Effective: July 1, 2022  
Amended: § 58.1-3703

### Virginia Regional Industrial Facilities Act: Revenue Sharing Agreements; Facilities

House Bill 1271 (Chapter 231) and Senate Bill 720 (Chapter 230) allow facilities owned by a non-authority that are utilized as part of a cooperative arrangement entered into by an authority promoting economic and workforce development to participate in localities' revenue sharing agreements.

Effective: July 1, 2022  
Amended: § 15.2-6407

# Legislative Studies/Reports

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## Assessment of Virginia Tax's Operating System

Item 273 (D) of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) requires Virginia Tax to conduct an assessment of the agency's Integrated Revenue Management Systems ("IRMS"). The assessment is required to include:

- ▶ An overview of IRMS and the role of each system and application;
- ▶ Functionality requested by internal and external stakeholders, a blueprint of current functionality and gap analysis for each functional area;
- ▶ Impact of any gaps or limitations on the agency's internal and external stakeholders;
- ▶ Current system architecture and platform challenges and impact with the current technology state;
- ▶ Impact of security limitations and risks; issues supporting the infrastructure including staff support; and
- ▶ A catalog of existing and future maintenance requirements.

Based on the findings from this assessment, Virginia Tax is required to develop guiding principles and potential options for addressing any identified shortcomings in IRMS including, but not limited to, refactoring and replacement. This portion of the assessment is required to address the following:

- ▶ The agency's goals and objectives for going forward with a potential modernization methodology and approach;
- ▶ The benefits of modernization to the agency and stakeholders; and
- ▶ A roadmap and the project management and governance required to support any modernization effort.

The assessment is required to include a cost and benefit analysis between the current and potential future state as well as the status of integrated tax solutions in other states. The Department is required to report its findings to the Chairs of the House Appropriations Committee and the Senate Finance and Appropriations Committee no later than December 16, 2022.

Effective: July 1, 2022

## Study of Local Property Tax Assessment Certifications

Item 275 D of the 2022 Appropriation Act (House Bill 30, Special Session I, Chapter 2) requires the Department of Taxation to study and develop a proposal to require that all individuals who conduct local property tax assessments receive state certification and ongoing recertification to ensure more effective, consistent, and equitable assessments across all jurisdictions in the Commonwealth. In conducting its study, the Department must consult with the Virginia Association of Assessing Officers, the Commissioners of the Revenue Association, the

Virginia Municipal League, and the Virginia Association of Counties. The Department must report its findings to the Governor and the Chairs of the House Committee on Finance and the Senate Finance and Appropriations Committee by November 1, 2022.

Effective: July 1, 2022

### **Transient Occupancy Tax Collection Study**

House Bill 518 (Chapter 7) and Senate Bill 651 (Chapter 640) require the Department to convene and facilitate a workgroup to examine the processes currently used to collect occupancy taxes and make recommendations for improving the efficiency and uniformity of such processes. The work group is required to include one representative of the Commissioners of the Revenue, one representative of the Treasurers, one representative of counties, one representative of cities and towns, two representatives of the hotel industry, and two representatives of each type of accommodations intermediaries. The Department is required to prepare and submit a report of the work group's findings and recommendations to the Chairmen of the House Committee on Finance and the Senate Committee on Finance and Appropriations no later than October 31, 2022.

Effective: October 1, 2022

Amended: §§ 58.1-602, 58.1-612.2, and 58.1-3826

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