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SENATE BILL NO. 472

Offered January 12, 2022

Prefiled January 11, 2022

A BILL to amend and reenact §§ 58.1-602, 58.1-605.1, and 58.1-606.1 of the Code of Virginia, relating to additional local sales and use tax; use of revenues for construction or renovation of schools.

Patron—McClellan

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-602, 58.1-605.1, and 58.1-606.1 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-602. Definitions.

As used in this chapter, unless the context clearly shows otherwise:

"Accommodations" means 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.

"Accommodations fee" means the room charge less the discount room charge, if any, provided that the accommodations fee shall not be less than \$0.

"Accommodations intermediary" means any person other than an accommodations provider that facilitates the sale of an accommodation, charges a room charge to the customer, and charges an accommodations fee to the customer, which fee it retains as compensation for facilitating the sale. For purposes of this definition, "facilitates the sale" includes brokering, coordinating, or in any other way arranging for the purchase of the right to use accommodations via a transaction directly, including via one or more payment processors, between a customer and an accommodations provider.

"Accommodations intermediary" does not include a person:

1. If the accommodations are provided by an accommodations provider operating under a trademark, trade name, or service mark belonging to such person; or

2. Who facilitates the sale of an accommodation if (i) the price paid by the customer to such person is equal to the price paid by such person to the accommodations provider for the use of the accommodations and (ii) the only compensation received by such person for facilitating the sale of the accommodation is a commission paid from the accommodations provider to such person.

"Accommodations provider" means any person that furnishes accommodations to the general public for compensation. The term "furnishes" includes the sale of use or possession or the sale of the right to use or possess.

"Advertising" means the planning, creating, or placing of advertising in newspapers, magazines, billboards, broadcasting and other media, including, without limitation, the providing of concept, writing, graphic design, mechanical art, photography and production supervision. Any person providing advertising as defined in this section shall be deemed to be the user or consumer of all tangible personal property purchased for use in such advertising.

"Affiliate" means the same as such term is defined in § 58.1-439.18.

"Amplification, transmission and distribution equipment" means, but is not limited to, production, distribution, and other equipment used to provide Internet-access services, such as computer and communications equipment and software used for storing, processing and retrieving end-user subscribers' requests.

"Business" includes any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit or advantage, either directly or indirectly.

"Cost price" means the actual cost of an item or article of tangible personal property computed in the same manner as the sales price as defined in this section without any deductions therefrom on account of the cost of materials used, labor, or service costs, transportation charges, or any expenses whatsoever.

"Custom program" means a computer program that is specifically designed and developed only for one customer. The combining of two or more prewritten programs does not constitute a custom computer program. A prewritten program that is modified to any degree remains a prewritten program and does not become custom.

"Discount room charge" means the full amount charged by the accommodations provider to the accommodations intermediary, or an affiliate thereof, for furnishing the accommodations.

"Distribution" means the transfer or delivery of tangible personal property for use, consumption, or storage by the distributee, and the use, consumption, or storage of tangible personal property by a

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59 person that has processed, manufactured, refined, or converted such property, but does not include the
60 transfer or delivery of tangible personal property for resale or any use, consumption, or storage
61 otherwise exempt under this chapter.

62 "Gross proceeds" means the charges made or voluntary contributions received for the lease or rental
63 of tangible personal property or for furnishing services, computed with the same deductions, where
64 applicable, as for sales price as defined in this section over the term of the lease, rental, service, or use,
65 but not less frequently than monthly. "Gross proceeds" does not include finance charges, carrying
66 charges, service charges, or interest from credit extended on the lease or rental of tangible personal
67 property under conditional lease or rental contracts or other conditional contracts providing for the
68 deferred payments of the lease or rental price.

69 "Gross sales" means the sum total of all retail sales of tangible personal property or services as
70 defined in this chapter, without any deduction, except as provided in this chapter. "Gross sales" does not
71 include the federal retailers' excise tax or the federal diesel fuel excise tax imposed in § 4091 of the
72 Internal Revenue Code if the excise tax is billed to the purchaser separately from the selling price of the
73 article, or the Virginia retail sales or use tax, or any sales or use tax imposed by any county or city
74 under § 58.1-605 or 58.1-606.

75 "Import" and "imported" are words applicable to tangible personal property imported into the
76 Commonwealth from other states as well as from foreign countries, and "export" and "exported" are
77 words applicable to tangible personal property exported from the Commonwealth to other states as well
78 as to foreign countries.

79 "In this Commonwealth" or "in the Commonwealth" means within the limits of the Commonwealth
80 of Virginia and includes all territory within these limits owned by or ceded to the United States of
81 America.

82 "Integrated process," when used in relation to semiconductor manufacturing, means a process that
83 begins with the research or development of semiconductor products, equipment, or processes, includes
84 the handling and storage of raw materials at a plant site, and continues to the point that the product is
85 packaged for final sale and either shipped or conveyed to a warehouse. Without limiting the foregoing,
86 any semiconductor equipment, fuel, power, energy, supplies, or other tangible personal property shall be
87 deemed used as part of the integrated process if its use contributes, before, during, or after production,
88 to higher product quality, production yields, or process efficiencies. Except as otherwise provided by
89 law, "integrated process" does not mean general maintenance or administration.

90 "Internet" means collectively, the myriad of computer and telecommunications facilities, which
91 comprise the interconnected worldwide network of computer networks.

92 "Internet service" means a service that enables users to access proprietary and other content,
93 information electronic mail, and the Internet as part of a package of services sold to end-user
94 subscribers.

95 "Lease or rental" means the leasing or renting of tangible personal property and the possession or use
96 thereof by the lessee or renter for a consideration, without transfer of the title to such property.

97 "Manufacturing, processing, refining, or conversion" includes the production line of the plant starting
98 with the handling and storage of raw materials at the plant site and continuing through the last step of
99 production where the product is finished or completed for sale and conveyed to a warehouse at the
100 production site, and also includes equipment and supplies used for production line testing and quality
101 control. "Manufacturing" also includes the necessary ancillary activities of newspaper and magazine
102 printing when such activities are performed by the publisher of any newspaper or magazine for sale
103 daily or regularly at average intervals not exceeding three months.

104 The determination of whether any manufacturing, mining, processing, refining or conversion activity
105 is industrial in nature shall be made without regard to plant size, existence or size of finished product
106 inventory, degree of mechanization, amount of capital investment, number of employees or other factors
107 relating principally to the size of the business. Further, "industrial in nature" includes, but is not limited
108 to, those businesses classified in codes 10 through 14 and 20 through 39 published in the Standard
109 Industrial Classification Manual for 1972 and any supplements issued thereafter.

110 "Modular building" means, but is not limited to, single and multifamily houses, apartment units,
111 commercial buildings, and permanent additions thereof, comprised of one or more sections that are
112 intended to become real property, primarily constructed at a location other than the permanent site, built
113 to comply with the Virginia Industrialized Building Safety Law (§ 36-70 et seq.) as regulated by the
114 Virginia Department of Housing and Community Development, and shipped with most permanent
115 components in place to the site of final assembly. For purposes of this chapter, "modular building" does
116 not include a mobile office as defined in § 58.1-2401 or any manufactured building subject to and
117 certified under the provisions of the National Manufactured Housing Construction and Safety Standards
118 Act of 1974 (42 U.S.C. § 5401 et seq.).

119 "Modular building manufacturer" means a person that owns or operates a manufacturing facility and
120 is engaged in the fabrication, construction and assembling of building supplies and materials into

modular buildings, as defined in this section, at a location other than at the site where the modular building will be assembled on the permanent foundation and may or may not be engaged in the process of affixing the modules to the foundation at the permanent site.

"Modular building retailer" means any person that purchases or acquires a modular building from a modular building manufacturer, or from another person, for subsequent sale to a customer residing within or outside of the Commonwealth, with or without installation of the modular building to the foundation at the permanent site.

"Motor vehicle" means a "motor vehicle" as defined in § 58.1-2401, taxable under the provisions of the Virginia Motor Vehicles Sales and Use Tax Act (§ 58.1-2400 et seq.) and upon the sale of which all applicable motor vehicle sales and use taxes have been paid.

"Occasional sale" means a sale of tangible personal property not held or used by a seller in the course of an activity for which it is required to hold a certificate of registration, including the sale or exchange of all or substantially all the assets of any business and the reorganization or liquidation of any business, provided that such sale or exchange is not one of a series of sales and exchanges sufficient in number, scope and character to constitute an activity requiring the holding of a certificate of registration.

"Open video system" means an open video system authorized pursuant to 47 U.S.C. § 573 and, for purposes of this chapter only, also includes Internet service regardless of whether the provider of such service is also a telephone common carrier.

"Person" includes any individual, firm, copartnership, cooperative, nonprofit membership corporation, joint venture, association, corporation, estate, trust, business trust, trustee in bankruptcy, receiver, auctioneer, syndicate, assignee, club, society, or other group or combination acting as a unit, body politic or political subdivision, whether public or private, or quasi-public, and the plural of "person" means the same as the singular.

"Prewritten program" means a computer program that is prepared, held or existing for general or repeated sale or lease, including a computer program developed for in-house use and subsequently sold or leased to unrelated third parties.

"Qualifying locality" means Charlotte County, Gloucester County, Halifax County, Henry County, Mecklenburg County, Northampton County, Patrick County, Pittsylvania County, or the City of Danville.

"Railroad rolling stock" means locomotives, of whatever motive power, autocars, railroad cars of every kind and description, and all other equipment determined by the Tax Commissioner to constitute railroad rolling stock.

"Remote seller" means any dealer deemed to have sufficient activity within the Commonwealth to require registration under § 58.1-613 under the criteria specified in subdivision C 10 or 11 of § 58.1-612 or any software provider acting on behalf of such dealer.

"Retail sale" or a "sale at retail" means a sale to any person for any purpose other than for resale in the form of tangible personal property or services taxable under this chapter, and shall include any such transaction as the Tax Commissioner upon investigation finds to be in lieu of a sale. All sales for resale must be made in strict compliance with regulations applicable to this chapter. Any dealer making a sale for resale which is not in strict compliance with such regulations shall be personally liable for payment of the tax.

The terms "retail sale" and a "sale at retail" specifically include the following: (i) the sale or charges for any accommodations furnished to transients for less than 90 continuous days; (ii) sales of tangible personal property to persons for resale when because of the operation of the business, or its very nature, or the lack of a place of business in which to display a certificate of registration, or the lack of a place of business in which to keep records, or the lack of adequate records, or because such persons are minors or transients, or because such persons are engaged in essentially service businesses, or for any other reason there is likelihood that the Commonwealth will lose tax funds due to the difficulty of policing such business operations; (iii) the separately stated charge made for automotive refinish repair materials that are permanently applied to or affixed to a motor vehicle during its repair; and (iv) the separately stated charge for equipment available for lease or purchase by a provider of satellite television programming to the customer of such programming. Equipment sold to a provider of satellite television programming for subsequent lease or purchase by the customer of such programming shall be deemed a sale for resale. The Tax Commissioner is authorized to promulgate regulations requiring vendors of or sellers to such persons to collect the tax imposed by this chapter on the cost price of such tangible personal property to such persons and may refuse to issue certificates of registration to such persons. The terms "retail sale" and a "sale at retail" also specifically include the separately stated charge made for supplies used during automotive repairs whether or not there is transfer of title or possession of the supplies and whether or not the supplies are attached to the automobile. The purchase of such supplies by an automotive repairer for sale to the customer of such repair services shall be deemed a sale for resale.

182 The term "transient" does not include a purchaser of camping memberships, time-shares,
183 condominiums, or other similar contracts or interests that permit the use of, or constitute an interest in,
184 real estate, however created or sold and whether registered with the Commonwealth or not. Further, a
185 purchaser of a right or license which entitles the purchaser to use the amenities and facilities of a
186 specific real estate project on an ongoing basis throughout its term shall not be deemed a transient,
187 provided, however, that the term or time period involved is for seven years or more.

188 The terms "retail sale" and "sale at retail" do not include a transfer of title to tangible personal
189 property after its use as tools, tooling, machinery or equipment, including dies, molds, and patterns, if (i)
190 at the time of purchase, the purchaser is obligated, under the terms of a written contract, to make the
191 transfer and (ii) the transfer is made for the same or a greater consideration to the person for whom the
192 purchaser manufactures goods.

193 "Retailer" means every person engaged in the business of making sales at retail, or for distribution,
194 use, consumption, or storage to be used or consumed in the Commonwealth.

195 "Room charge" means the full retail price charged to the customer by the accommodations
196 intermediary for the use of the accommodations, including any accommodations fee, before taxes. The
197 room charge shall be determined in accordance with 23VAC10-210-730 and the related rulings of the
198 Department on the same.

199 "Sale" means any transfer of title or possession, or both, exchange, barter, lease or rental, conditional
200 or otherwise, in any manner or by any means whatsoever, of tangible personal property and any
201 rendition of a taxable service for a consideration, and includes the fabrication of tangible personal
202 property for consumers who furnish, either directly or indirectly, the materials used in fabrication, and
203 the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on
204 the premises of the person furnishing, preparing, or serving such tangible personal property. A
205 transaction whereby the possession of property is transferred but the seller retains title as security for the
206 payment of the price shall be deemed a sale.

207 "Sales price" means the total amount for which tangible personal property or services are sold,
208 including any services that are a part of the sale, valued in money, whether paid in money or otherwise,
209 and includes any amount for which credit is given to the purchaser, consumer, or lessee by the dealer,
210 without any deduction therefrom on account of the cost of the property sold, the cost of materials used,
211 labor or service costs, losses or any other expenses whatsoever. "Sales price" does not include (i) any
212 cash discount allowed and taken; (ii) finance charges, carrying charges, service charges or interest from
213 credit extended on sales of tangible personal property under conditional sale contracts or other
214 conditional contracts providing for deferred payments of the purchase price; (iii) separately stated local
215 property taxes collected; (iv) that portion of the amount paid by the purchaser as a discretionary gratuity
216 added to the price of a meal; or (v) that portion of the amount paid by the purchaser as a mandatory
217 gratuity or service charge added by a restaurant to the price of a meal, but only to the extent that such
218 mandatory gratuity or service charge does not exceed 20 percent of the price of the meal. Where used
219 articles are taken in trade, or in a series of trades as a credit or part payment on the sale of new or used
220 articles, the tax levied by this chapter shall be paid on the net difference between the sales price of the
221 new or used articles and the credit for the used articles.

222 "Semiconductor cleanrooms" means the integrated systems, fixtures, piping, partitions, flooring,
223 lighting, equipment, and all other property used to reduce contamination or to control airflow,
224 temperature, humidity, vibration, or other environmental conditions required for the integrated process of
225 semiconductor manufacturing.

226 "Semiconductor equipment" means (i) machinery or tools or repair parts or replacements thereof; (ii)
227 the related accessories, components, pedestals, bases, or foundations used in connection with the
228 operation of the equipment, without regard to the proximity to the equipment, the method of attachment,
229 or whether the equipment or accessories are affixed to the realty; (iii) semiconductor wafers and other
230 property or supplies used to install, test, calibrate or recalibrate, characterize, condition, measure, or
231 maintain the equipment and settings thereof; and (iv) equipment and supplies used for quality control
232 testing of product, materials, equipment, or processes; or the measurement of equipment performance or
233 production parameters regardless of where or when the quality control, testing, or measuring activity
234 takes place, how the activity affects the operation of equipment, or whether the equipment and supplies
235 come into contact with the product.

236 "Storage" means any keeping or retention of tangible personal property for use, consumption or
237 distribution in the Commonwealth, or for any purpose other than sale at retail in the regular course of
238 business.

239 "Tangible personal property" means personal property that may be seen, weighed, measured, felt, or
240 touched, or is in any other manner perceptible to the senses. "Tangible personal property" does not
241 include stocks, bonds, notes, insurance or other obligations or securities. "Tangible personal property"
242 includes (i) telephone calling cards upon their initial sale, which shall be exempt from all other state and
243 local utility taxes, and (ii) manufactured signs.

"Use" means the exercise of any right or power over tangible personal property incident to the ownership thereof, except that it does not include the sale at retail of that property in the regular course of business. "Use" does not include the exercise of any right or power, including use, distribution, or storage, over any tangible personal property sold to a nonresident donor for delivery outside of the Commonwealth to a nonresident recipient pursuant to an order placed by the donor from outside the Commonwealth via mail or telephone. "Use" does not include any sale determined to be a gift transaction, subject to tax under § 58.1-604.6.

"Use tax" refers to the tax imposed upon the use, consumption, distribution, and storage as defined in this section.

"Used directly," when used in relation to manufacturing, processing, refining, or conversion, refers to those activities that are an integral part of the production of a product, including all steps of an integrated manufacturing or mining process, but not including ancillary activities such as general maintenance or administration. When used in relation to mining, "used directly" refers to the activities specified in this definition and, in addition, any reclamation activity of the land previously mined by the mining company required by state or federal law.

"Video programmer" means a person that provides video programming to end-user subscribers.

"Video programming" means video and/or information programming provided by or generally considered comparable to programming provided by a cable operator, including, but not limited to, Internet service.

§ 58.1-605.1. Additional local sales tax; use of revenues for construction or renovation of schools.

A. 1. In addition to the sales tax authorized under § 58.1-605, a ~~qualifying locality~~ *any county or city* may levy a general retail sales tax at a rate not to exceed one percent as determined by its governing body to provide revenue solely for capital projects for the construction or renovation of schools in each such ~~locality~~ *county or city*. Such tax shall be added to the rates of the state and local sales tax imposed by this chapter and shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. No discount under § 58.1-622 shall be allowed on this local sales tax.

2. Any tax imposed pursuant to this section shall expire (i) if the capital projects for the construction or renovation of schools are to be financed by bonds or loans, on the date by which such bonds or loans shall be repaid or (ii) if the capital projects for the construction or renovation of schools are not to be financed by bonds or loans, on a date chosen by the governing body and specified in any resolution passed pursuant to the provisions of subdivision B 1. Such expiration date shall not be more than 20 years after the date of the resolution passed pursuant to the provisions of subdivision B 1.

B. 1. This tax may be levied only if the tax is approved in a referendum within the ~~qualifying locality~~ *county or city* held in accordance with § 24.2-684 and initiated by a resolution of the local governing body. Such resolution shall state (i) if the capital projects for the construction or renovation of schools are to be financed by bonds or loans, the date by which such bonds or loans shall be repaid or (ii) if the capital projects for the construction or renovation of schools are not to be financed by bonds or loans, a specified date on which the sales tax shall expire.

2. The clerk of the circuit court shall publish notice of the referendum in a newspaper of general circulation in the ~~qualifying locality~~ *county or city* once a week for three consecutive weeks prior to the election. The question on the ballot for the referendum shall include language stating (i) that the revenues from the sales tax shall be used solely for capital projects for the construction or renovation of schools and (ii) the date on which the sales tax shall expire.

C. The governing body of the ~~qualifying locality~~ *county or city*, if it elects to impose a local sales tax under this section after approval at a referendum as provided in subsection B shall do so by the adoption of an ordinance stating its purpose and referring to this section and providing that such ordinance shall be effective on the first day of a month at least 120 days after its adoption. Such ordinance shall state the date on which the sales tax shall expire. A certified copy of such ordinance shall be forwarded to the Tax Commissioner so that it will be received within five days after its adoption.

D. Any local sales tax levied under this section shall be administered and collected by the Tax Commissioner in the same manner and subject to the same exemptions and penalties as provided for the state sales tax; however, the local sales tax levied under this section shall not be levied on food purchased for human consumption or essential personal hygiene products, as such terms are defined in § 58.1-611.1.

E. All local sales tax moneys collected by the Tax Commissioner under this section shall be paid into the state treasury to the credit of a special fund that is hereby created on the Comptroller's books for each ~~qualifying locality~~ *county or city* under the name "Collections of Additional Local Sales Taxes in ____ (INSERT NAME OF THE ~~QUALIFYING LOCALITY~~ *COUNTY OR CITY*). Each fund shall

305 be administered as provided in § 58.1-605. A separate fund shall be created for each ~~qualifying locality~~
306 ~~county or city~~. Only local sales tax moneys collected in that ~~qualifying locality county or city~~ shall be
307 deposited in that ~~locality's county's or city's~~ fund.

308 F. As soon as practicable after the local sales tax moneys have been paid into the state treasury in
309 any month for the preceding month, the Comptroller shall draw his warrant on the State Treasurer in the
310 proper amount in favor of each ~~qualifying locality county or city~~, and such payments shall be charged to
311 the account of the ~~qualifying locality county or city~~ under its special fund created by this section. If
312 errors are made in any such payment, or adjustments are otherwise necessary, whether attributable to
313 refunds to taxpayers or to some other fact, the errors shall be corrected and adjustments made in the
314 payments for the next two months as follows: one-half of the total adjustment shall be included in the
315 payment for each of the next two months. In addition, the payment shall include a refund of amounts
316 erroneously not paid to each ~~qualifying locality county or city~~ and not previously refunded during the
317 three years preceding the discovery of the error. A correction and adjustment in payments described in
318 this subsection due to the misallocation of funds by the dealer shall be made within three years of the
319 date of the payment error.

320 G. The revenues from this tax shall be used solely for capital projects for new construction or major
321 renovation of schools in the ~~qualifying locality county or city~~, including bond and loan financing costs
322 related to such construction or renovation.

323 **§ 58.1-606.1. Additional local use tax; use of revenues for construction or renovation of schools.**

324 A. 1. The governing body of a ~~qualifying locality county or city~~ may levy a use tax at the rate of
325 such sales tax under § 58.1-605.1 to provide revenue for capital projects for the construction or
326 renovation of schools in such ~~locality county or city~~. Such tax shall be added to the rates of the state and
327 local use tax imposed by this chapter and shall be subject to all the provisions of this chapter, and all
328 amendments thereof, and the rules and regulations published with respect thereto, except that no
329 discount under § 58.1-622 shall be allowed on a local use tax.

330 2. Any tax imposed pursuant to this section shall expire (i) if the capital projects for the construction
331 or renovation of schools are to be financed by bonds or loans, on the date by which such bonds or loans
332 shall be repaid or (ii) if the capital projects for the construction or renovation of schools are not to be
333 financed by bonds or loans, on a date chosen by the governing body and specified in any resolution
334 passed pursuant to the provisions of subsection B. Such expiration date shall not be more than 20 years
335 after the date of the resolution passed pursuant to the provisions of subsection B.

336 B. The governing body of the ~~qualifying locality county or city~~, if it elects to impose a local use tax
337 under this section may do so only if it has previously imposed the local sales tax authorized by
338 § 58.1-605.1, by the adoption of an ordinance stating its purpose and referring to this section and
339 providing that the local use tax shall become effective on the first day of a month at least 120 days after
340 its adoption. Such ordinance shall state the date on which the use tax shall expire. A certified copy of
341 such ordinance shall be forwarded to the Tax Commissioner so that it will be received within five days
342 after its adoption.

343 C. Any local use tax levied under this section shall be administered and collected by the Tax
344 Commissioner in the same manner and subject to the same exemptions and penalties as provided for the
345 state use tax; however, the local use tax levied under this section shall not be levied on food purchased
346 for human consumption or essential personal hygiene products, as such terms are defined in
347 § 58.1-611.1.

348 D. The local use tax authorized by this section shall not apply to transactions to which the sales tax
349 applies, the situs of which for state and local sales tax purposes is the ~~locality county or city~~ of location
350 of each place of business of every dealer paying the tax to the Commonwealth without regard to the
351 ~~locality county or city~~ of possible use by the purchasers. However, the local use tax authorized by this
352 section shall apply to tangible personal property purchased outside the Commonwealth for use or
353 consumption within the ~~locality county or city~~ imposing the local use tax, or stored within the ~~locality~~
354 ~~county or city~~ for use or consumption, where the property would have been subject to the sales tax if it
355 had been purchased within the Commonwealth. The local use tax shall also apply to leases or rentals of
356 tangible personal property where the place of business of the lessor is outside the Commonwealth and
357 such leases or rentals are subject to the state tax. Moreover, the local use tax shall apply in all cases in
358 which the state use tax applies.

359 E. Out-of-state dealers who hold certificates of registration to collect the use tax from their customers
360 for remittance to the Commonwealth shall, to the extent reasonably practicable, in filing their monthly
361 use tax returns with the Tax Commissioner, break down their shipments into the Commonwealth by
362 counties and cities so as to show the county or city of destination. If, however, the out-of-state dealer is
363 unable accurately to assign any shipment to a particular county or city, the local use tax on the tangible
364 personal property involved shall be remitted to the Commonwealth by such dealer without attempting to
365 assign the shipment to any county or city.

366 F. Local use tax revenue shall be deposited in the special fund established pursuant to subsection E

367 of § 58.1-605.1. The Comptroller shall distribute the revenue to the ~~qualifying locality~~ *county or city*.
368 G. All revenue from this local use tax revenue shall be used solely for capital projects for new
369 construction or major renovation of schools in the ~~qualifying locality~~ *county or city*, including bond and
370 loan financing costs related to such construction or renovation.

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