

HOUSE BILL NO. 462

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Austin)

A BILL to amend and reenact § 58.1-609.10 of the Code of Virginia, relating to sales and use tax exemption; aircraft components.

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-609.10 of the Code of Virginia is amended and reenacted as follows:**

**§ 58.1-609.10. Miscellaneous exemptions.**

The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to the following:

1. Artificial or propane gas, firewood, coal or home heating oil used for domestic consumption.

"Domestic consumption" means the use of artificial or propane gas, firewood, coal or home heating oil by an individual purchaser for other than business, commercial or industrial purposes. The Tax Commissioner shall establish by regulation a system for use by dealers in classifying individual purchases for domestic or nondomestic use based on the principal usage of such gas, wood, coal or oil. Any person making a nondomestic purchase and paying the tax pursuant to this chapter who uses any portion of such purchase for domestic use may, between the first day of the first month and the fifteenth day of the fourth month following the year of purchase, apply for a refund of the tax paid on the domestic use portion.

2. An occasional sale, as defined in § 58.1-602. A nonprofit organization that is eligible to be granted an exemption on its purchases pursuant to § 58.1-609.11, and that is otherwise eligible for the exemption pursuant to this subdivision, shall be exempt pursuant to this subdivision on its sales of (i) food, prepared food and meals and (ii) tickets to events that include the provision of food, prepared food and meals, so long as such sales take place on fewer than 24 occasions in a calendar year.

26 3. Tangible personal property for future use by a person for taxable lease or rental as an established  
27 business or part of an established business, or incidental or germane to such business, including a  
28 simultaneous purchase and taxable leaseback.

29 4. Delivery of tangible personal property outside the Commonwealth for use or consumption  
30 outside of the Commonwealth. Delivery of goods destined for foreign export to a factor or export agent  
31 shall be deemed to be delivery of goods for use or consumption outside of the Commonwealth.

32 5. Tangible personal property purchased with food coupons issued by the United States  
33 Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special  
34 Supplemental Food Program for Women, Infants, and Children.

35 6. Tangible personal property purchased for use or consumption in the performance of  
36 maintenance and repair services at Nuclear Regulatory Commission-licensed nuclear power plants located  
37 outside the Commonwealth.

38 7. Beginning July 1, 1997, and ending July 1, 2006, a professional's provision of original, revised,  
39 edited, reformatted or copied documents, including but not limited to documents stored on or transmitted  
40 by electronic media, to its client or to third parties in the course of the professional's rendition of services  
41 to its clientele.

42 8. School lunches sold and served to pupils and employees of schools and subsidized by  
43 government; school textbooks sold by a local board or authorized agency thereof; and school textbooks  
44 sold for use by students attending a college or other institution of learning, when sold (i) by such institution  
45 of learning or (ii) by any other dealer, when such textbooks have been certified by a department or  
46 instructor of such institution of learning as required textbooks for students attending courses at such  
47 institution.

48 9. Medicines, drugs, hypodermic syringes, artificial eyes, contact lenses, eyeglasses, eyeglass  
49 cases, and contact lens storage containers when distributed free of charge, all solutions or sterilization kits  
50 or other devices applicable to the wearing or maintenance of contact lenses or eyeglasses when distributed  
51 free of charge, and hearing aids dispensed by or sold on prescriptions or work orders of licensed  
52 physicians, dentists, optometrists, ophthalmologists, opticians, audiologists, hearing aid dealers and

53 fitters, nurse practitioners, physician assistants, and veterinarians; controlled drugs purchased for use by  
54 a licensed physician, optometrist, licensed nurse practitioner, or licensed physician assistant in his  
55 professional practice, regardless of whether such practice is organized as a sole proprietorship,  
56 partnership, or professional corporation, or any other type of corporation in which the shareholders and  
57 operators are all licensed physicians, optometrists, licensed nurse practitioners, or licensed physician  
58 assistants engaged in the practice of medicine, optometry, or nursing; medicines and drugs purchased for  
59 use or consumption by a licensed hospital, nursing home, clinic, or similar corporation not otherwise  
60 exempt under this section; and samples of prescription drugs and medicines and their packaging  
61 distributed free of charge to authorized recipients in accordance with the federal Food, Drug, and Cosmetic  
62 Act (21 U.S.C.A. § 301 et seq., as amended). With the exceptions of those medicines and drugs used for  
63 agricultural production animals that are exempt to veterinarians under subdivision 1 of § 58.1-609.2, any  
64 veterinarian dispensing or selling medicines or drugs on prescription shall be deemed to be the user or  
65 consumer of all such medicines and drugs.

66 10. Wheelchairs and parts therefor, braces, crutches, prosthetic devices, orthopedic appliances,  
67 catheters, urinary accessories, other durable medical equipment and devices, and related parts and supplies  
68 specifically designed for those products; and insulin and insulin syringes, and equipment, devices or  
69 chemical reagents that may be used by a diabetic to test or monitor blood or urine, when such items or  
70 parts are purchased by or on behalf of an individual for use by such individual. Durable medical equipment  
71 is equipment that (i) can withstand repeated use, (ii) is primarily and customarily used to serve a medical  
72 purpose, (iii) generally is not useful to a person in the absence of illness or injury, and (iv) is appropriate  
73 for use in the home.

74 11. Drugs and supplies used in hemodialysis and peritoneal dialysis.

75 12. Special equipment installed on a motor vehicle when purchased by a handicapped person to  
76 enable such person to operate the motor vehicle.

77 13. Special typewriters and computers and related parts and supplies specifically designed for  
78 those products used by handicapped persons to communicate when such equipment is prescribed by a  
79 licensed physician.

80 14. a. (i) Any nonprescription drugs and proprietary medicines purchased for the cure, mitigation,  
81 treatment, or prevention of disease in human beings and (ii) any samples of nonprescription drugs and  
82 proprietary medicines distributed free of charge by the manufacturer, including packaging materials and  
83 constituent elements and ingredients.

84 b. The terms "nonprescription drugs" and "proprietary medicines" shall be defined pursuant to  
85 regulations promulgated by the Department of Taxation. The exemption authorized in this subdivision  
86 shall not apply to cosmetics.

87 15. Tangible personal property withdrawn from inventory and donated to (i) an organization  
88 exempt from taxation under § 501(c)(3) of the Internal Revenue Code or (ii) the Commonwealth, any  
89 political subdivision of the Commonwealth, or any school, agency, or instrumentality thereof.

90 16. Tangible personal property purchased by nonprofit churches that are exempt from taxation  
91 under § 501(c)(3) of the Internal Revenue Code, or whose real property is exempt from local taxation  
92 pursuant to the provisions of § 58.1-3606, for use (i) in religious worship services by a congregation or  
93 church membership while meeting together in a single location and (ii) in the libraries, offices, meeting  
94 or counseling rooms or other rooms in the public church buildings used in carrying out the work of the  
95 church and its related ministries, including kindergarten, elementary and secondary schools. The  
96 exemption for such churches shall also include baptistries; bulletins, programs, newspapers and  
97 newsletters that do not contain paid advertising and are used in carrying out the work of the church; gifts  
98 including food for distribution outside the public church building; food, disposable serving items, cleaning  
99 supplies and teaching materials used in the operation of camps or conference centers by the church or an  
100 organization composed of churches that are exempt under this subdivision and which are used in carrying  
101 out the work of the church or churches; and property used in caring for or maintaining property owned by  
102 the church including, but not limited to, mowing equipment; and building materials installed by the church,  
103 and for which the church does not contract with a person or entity to have installed, in the public church  
104 buildings used in carrying out the work of the church and its related ministries, including, but not limited  
105 to worship services; administrative rooms; and kindergarten, elementary, and secondary schools.

106 17. Medical products and supplies, which are otherwise taxable, such as bandages, gauze  
107 dressings, incontinence products and wound-care products, when purchased by a Medicaid recipient  
108 through a Department of Medical Assistance Services provider agreement.

109 18. Beginning July 1, 2007, and ending July 1, 2012, multifuel heating stoves used for heating an  
110 individual purchaser's residence. "Multifuel heating stoves" are stoves that are capable of burning a wide  
111 variety of alternative fuels, including, but not limited to, shelled corn, wood pellets, cherry pits, and olive  
112 pits.

113 19. Fabrication of animal meat, grains, vegetables, or other foodstuffs when the purchaser (i)  
114 supplies the foodstuffs and they are consumed by the purchaser or his family, (ii) is an organization exempt  
115 from taxation under § 501(c)(3) or (c)(4) of the Internal Revenue Code, or (iii) donates the foodstuffs to  
116 an organization exempt from taxation under § 501(c)(3) or (c)(4) of the Internal Revenue Code.

117 20. Beginning July 1, 2018, and ending July 1, ~~2022~~ 2026, parts, engines, and supplies used for  
118 maintaining, repairing, or reconditioning aircraft or any aircraft's avionics system, engine, or component  
119 parts. This exemption shall not apply to tools and other equipment not attached to or that does not become  
120 a part of the aircraft. For purposes of this subdivision, "aircraft" shall include both manned and unmanned  
121 systems. However, for manned systems, "aircraft" shall include only aircraft with a maximum takeoff  
122 weight of at least 2,400 pounds.

123 21. A gun safe with a selling price of \$1,500 or less. For purposes of this subdivision, "gun safe"  
124 means a safe or vault that is (i) commercially available, (ii) secured with a digital or dial combination  
125 locking mechanism or biometric locking mechanism, and (iii) designed for the storage of a firearm or of  
126 ammunition for use in a firearm. "Gun safe" does not include a glass-faced cabinet. Any discount, coupon,  
127 or other credit offered by the retailer or a vendor of the retailer to reduce the final price to the customer  
128 shall be taken into account in determining the selling price for purposes of this exemption.

129 #