

Section 11

Utility License Tax, 2007

In fiscal year 2006, the utility license tax accounted for 0.7 percent of the total tax revenue for cities, 0.4 percent for counties, and 2.2 percent for large towns. These are averages; the relative importance of this tax in individual cities, counties, and towns varies significantly. For information on individual localities, see Appendix D.

Localities in Virginia may impose a local license tax on certain types of public service corporations. As authorized by § 58.1-3731 of the *Code*, localities may levy a license tax on telephone and water companies not to exceed one-half of one percent of the gross receipts of such company accruing from sales to the ultimate consumer in the locality. For telephone companies, long-distance calls are not taxable under this provision. County utility license taxes do not apply within the limits of an incorporated town if the town also imposes the tax.

Prior to 2006, any locality that had in effect before January 1, 1972 a tax rate exceeding the statutory ceiling could continue to tax at the previous level but could not raise the rate (see *Virginia, Acts of Assembly, 1972, c. 858*). This provision changed in 2006 under the Virginia

Communication Sales and Use Tax when the General Assembly eliminated the business license tax in excess of 0.5 percent. In the future, this will affect eight localities: the cities of Alexandria, Portsmouth, Richmond, and Roanoke, the county of Arlington, and the towns of Abingdon, Gate City, and Kilmarnock, each of which charged a fee over the 0.5 percent limit.

The utility license taxes apply to water and telephone utility providers. **Table 11.1** presents the license tax rates on telephone and water utilities for the 38 cities, 74 counties, and 113 towns that reported imposing a utility license tax during the 2007 tax year. All cities except Bedford instituted a telephone utility license tax. No rate was lower than the 0.5 percent permitted by law. Seventy-four counties reported charging the telephone tax, with only two (Fairfax and Prince William) charging less than the legal limit. Finally, 113 towns reported charging the telephone utility tax.

The water utility license tax was assessed by far fewer localities. Only three cities (Alexandria, Hampton, and Hopewell), 19 counties, and one town (Middletown) reported using it.



Table 11.1
Utility License Tax, 2007

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
Cities (Note: All cities responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)		
Alexandria	0.5	0.5
Bristol	0.5	N/A
Buena Vista	0.5	N/A
Charlottesville	0.5	N/A
Chesapeake	0.5	N/A
Colonial Heights	0.5	N/A
Covington	0.5	N/A
Danville	0.5	N/A
Emporia	0.5	N/A
Fairfax	0.5	N/A
Falls Church	0.5	N/A
Franklin	0.5	N/A
Fredericksburg	0.5	N/A
Galax	0.5	N/A
Hampton	0.5	0.5
Harrisonburg	0.5	N/A
Hopewell	0.5	0.5
Lexington	0.5	N/A
Lynchburg	0.5	N/A
Manassas	0.5	N/A
Manassas Park	0.5	N/A
Martinsville	0.5	N/A
Newport News	0.5	N/A
Norfolk	0.5	N/A
Norton	0.5	N/A
Petersburg	0.5	N/A
Poquoson	0.5	N/A
Portsmouth	0.5	N/A
Radford	0.5	N/A
Richmond	0.5	N/A
Roanoke	0.5	N/A
Salem	0.5	N/A
Staunton	0.5	N/A
Suffolk	0.5	N/A
Virginia Beach	0.5	N/A
Waynesboro	0.5	N/A
Williamsburg	0.5	N/A
Winchester	0.5	N/A
Counties (Note: All counties responded to the survey. Those that answered "not applicable" for all items are excluded.)		
Accomack	0.5	0.5
Albemarle	0.5	0.5
Alleghany	0.5	0.5
Amelia	0.5	N/A
Amherst	0.5	0.5
Arlington	0.5	0.5
Augusta	0.5	N/A
Bedford	0.5	N/A
Bland	0.5	N/A
Botetourt	0.5	N/A
Brunswick	0.5	N/A
Buchanan	0.5	N/A
Buckingham	0.5	N/A
Caroline	0.5	0.5
Carroll	0.5	N/A

N/A Not applicable.

Table 11.1 Utility License Tax, 2007 (continued)

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
Counties (continued)		
Charles City	0.5	0.5
Chesterfield	0.5	N/A
Clarke	0.5	N/A
Craig	0.5	0.5
Cumberland	0.5	N/A
Dinwiddie	0.5	N/A
Fairfax	0.24	N/A
Fauquier	0.5	N/A
Floyd	0.5	N/A
Fluvanna	0.5	N/A
Franklin	0.5	N/A
Frederick	0.5	0.5
Giles	0.5	N/A
Gloucester	0.5	0.5
	(\$30 minimum)	(\$30 minimum)
Goochland	0.5	N/A
Greensville	0.5	0.5
		(\$2 maximum)
Halifax	0.5	N/A
Hanover	0.5	N/A
Henrico	0.5	N/A
	(Excluding initial \$100,000)	
Henry	0.5	N/A
Isle of Wight	0.5	0.5
James City	0.5	0.5
King and Queen	0.5	N/A
King George	0.5	N/A
Loudoun	0.5	N/A
Lunenburg	0.5	N/A
Madison	0.5	N/A
Mathews	0.5	N/A
Montgomery	0.5	N/A
Nelson	0.5	N/A
New Kent	0.5	0.5
Northampton	0.5	N/A
Northumberland	0.5	N/A
Orange	0.5	N/A
Page	0.5	0.5
Patrick	0.5	N/A
Pittsylvania	0.5	N/A
Prince Edward	0.5	N/A
Prince George	0.5	0.5
Prince William	0.29	N/A
Pulaski	0.5	N/A
Rappahannock	0.5	N/A
Richmond	0.5	0.5
Roanoke	0.5	N/A
Rockbridge	0.5	N/A
Rockingham	0.5	N/A
Shenandoah	0.5	N/A
Smyth	0.5	N/A
Southampton	0.5	0.5
Spotsylvania	0.5	N/A
Stafford	0.5	N/A
Surry	0.5	N/A
Sussex	0.5	N/A
Tazewell	0.5	N/A
Warren	0.5	0.5

N/A Not applicable.

Table 11.1 Utility License Tax, 2007 (continued)

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
Washington	0.5	N/A
Wise	0.5	N/A
Wythe	0.5	N/A
York	0.5	N/A
Towns (Note: Towns that answered "not applicable" for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.)		
Abingdon	0.5	N/A
Alberta	0.5	N/A
Altavista	0.5	N/A
Amherst	0.5	N/A
Appalachia	0.5	N/A
Appomattox	0.5	N/A
Ashland	0.5	N/A
Berryville	0.5	N/A
Big Stone Gap	0.5	N/A
Blacksburg	0.5	N/A
Blackstone	0.5	N/A
Bluefield	0.5	N/A
Bowling Green	0.5	N/A
Boyce	0.5	N/A
Boydton	0.5	N/A
Bridgewater	0.5	N/A
Broadway	0.5	N/A
Brodnax	0.5	N/A
Brookneal	0.5	N/A
Buchanan	0.5	N/A
Cedar Bluff	0.5	N/A
Chase City	0.5	N/A
Chatham	0.5	N/A
Chilhowie	0.5	N/A
Chincoteague	0.5	N/A
Christiansburg	0.5	N/A
Claremont	0.5	N/A
Clarksville	0.5	N/A
Clifton	0.38	N/A
Clintwood	0.5	N/A
Coeburn	0.5	N/A
Colonial Beach	0.5	N/A
Courtland	0.5	N/A
Crewe	0.5	N/A
Culpeper	0.5	N/A
Damascus	0.5	N/A
Dayton	0.5	N/A
Dillwyn	0.5	N/A
Dublin	0.5	N/A
Dumfries	0.5	N/A
Edinburg	0.5	N/A
Elkton	0.5	N/A
Farmville	0.5	N/A
Floyd	0.5	N/A
Fries	0.5	N/A
Front Royal	0.5	N/A
Gate City	0.5	N/A
Glade Spring	0.5	N/A
Glasgow	0.5	N/A
Gordonsville	0.5	N/A
Goshen	0.5	N/A
Gretna	0.5	N/A
Grottoes	0.5	N/A
Haysi	0.5	N/A
Herndon	0.5	N/A

N/A Not applicable.

Table 11.1 Utility License Tax, 2007 (continued)

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
Towns (continued)		
Hillsville	0.5	N/A
Honaker	0.5	N/A
Iron Gate	0.15	N/A
Jonesville	0.5	N/A
Kenbridge	0.5	N/A
Keysville	0.5	N/A
Kilmarnock	0.5	N/A
La Crosse	0.5	N/A
Lawrenceville	0.5	N/A
Lebanon	0.5	N/A
Leesburg	0.5	N/A
Louisa	0.5	N/A
Lovettsville	0.5	N/A
Luray	0.5	N/A
Marion	0.5	N/A
Melfa	0.5	N/A
Middletown	0.5	0.5
Mineral	0.5	N/A
Narrows	0.5	N/A
Onancock	0.5	N/A
Orange	0.5	N/A
Pamplin	0.2	N/A
Pearisburg	0.5	N/A
Pennington Gap	0.5	N/A
Pocahontas	0.5	N/A
Pulaski	0.5	N/A
Purcellville	0.5	N/A
Rocky Mount	0.5	N/A
Round Hill	0.5	N/A
Rural Retreat	0.5	N/A
Saint Paul	0.5	N/A
Scottsville	0.5	N/A
Shenandoah	0.5	N/A
Smithfield	0.5	N/A
South Boston	0.5	N/A
South Hill	0.5	N/A
Stanley	0.5	N/A
Stephens City	0.5	N/A
Strasburg	0.5	N/A
Stuart	0.5	N/A
Surry	\$30 flat fee	N/A
Tappahannock	0.5	N/A
Tazewell	0.5	N/A
Timberville	0.5	N/A
Urbanna	0.5	N/A
Victoria	0.5	N/A
Vienna	0.5	N/A
Vinton	0.5	N/A
Wachapreague	0.5	N/A
Warrenton	0.5	N/A
Warsaw	0.5	N/A
Washington	0.46	N/A
Waverly	0.22	N/A
West Point	0.5	N/A
Windsor	0.5	N/A
Wise	0.5	N/A
Woodstock	0.5	N/A
Wytheville	0.5	N/A
N/A Not applicable.		