

Section 11

Utility License Tax, 2005

In fiscal year 2004, the utility license tax accounted for 0.9 percent of the total tax revenue for cities, 0.4 percent for counties, and 2.4 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 C.

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 1 percent of the gross receipts of such company accruing from sales to the ultimate consumer in the locality. However, any locality that had in effect before January 1, 1972 a tax rate exceeding the current statutory ceiling may continue to tax at the previous level but may not raise the rate (see *Virginia, Acts of Assembly, 1972, c. 858*). 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.

This levy no longer applies to electric suppliers, gas utilities, and gas suppliers as defined in § 58.1-400.2 and pipeline distribution companies as defined in § 58.1-2600. Instead, consumers of electric and gas power are subject to a levy described in §§ 58.1-2900 and 58.1-2904. (See Section 13 of this study for a listing of the current electric and gas rates.)

The utility license taxes do not apply to cable television systems (see Section 12 of this study for local taxation of cable television systems), but only to water and telephone utility providers. **Table 11.1** presents the license tax rates on telephone and water utilities for the 38 cities, 73 counties, and 109 towns that reported imposing a utility license tax during the 2005 tax year.

The table below summarizes the responses from reporting cities, counties, and towns regarding the telephone utility license tax. In the majority of cases the localities impose the maximum levy permitted of one-half of 1 percent. Several localities reported a lower tax and several a higher one, but 93 percent of the respondents charged the maximum levy permitted.

Telephone	Cities	Counties	Towns	Total
Less than 0.5%	0	2	4	6
Equal to 0.5%	33	70	101	204
Greater than 0.5%	4	1	3	8
Flat amount*	1	0	1	2
Total	38	73	109	220

* Two localities (Radford City and the Town of Surry) choose to levy a flat amount on the utility companies.

Only 22 localities reported levying a water license tax. Three cities, 17 counties, and 2 towns charged the maximum amount of one-half of one percent.



Table 11.1
Utility License Tax, 2005

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	1.03	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	3.0	N/A
Radford	\$250.75 (flat fee)	N/A
Richmond	3.0	N/A
Roanoke	2.4	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	2.0	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
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

N/A Not applicable.

Table 11.1 Utility License Tax, 2005 (continued)

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
Counties (continued)		
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
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	N/A
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	N/A
Washington	0.5	N/A
Wise	0.5	N/A
Wythe	0.5	N/A
York	0.5	N/A

N/A Not applicable.

Table 11.1 Utility License Tax, 2005 (continued)

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
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	2.0	N/A
Alberta	0.5	N/A
Altavista	0.5	N/A
Amherst	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
Buchanan	0.5	N/A
Cape Charles	0.5	N/A
Cedar Bluff	0.5	N/A
Charlotte Court House	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
Clifton Forge	0.5	N/A
Clintwood	0.5	N/A
Coeburn	0.5	N/A
Colonial Beach	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
Edinburg	0.5	N/A
Elkton	0.5	N/A
Exmore	0.5	N/A
Farmville	0.5	N/A
Fries	0.5	N/A
Front Royal	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
Herndon	0.5	N/A
Hillsville	0.5	N/A
Honaker	0.5	N/A
Hurt	0.5	N/A
Independence	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	2.0	N/A

N/A Not applicable.

Table 11.1 Utility License Tax, 2005 (continued)

Locality	Tax Levy on Gross Receipts (%)	
	Telephone	Water
Towns (continued)		
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
McKenney	0.5	N/A
Middleburg	0.5	N/A
Middletown	0.5	0.5
Mineral	0.5	N/A
Narrows	0.5	N/A
New Market	0.5	N/A
Onancock	0.5	N/A
Pearisburg	0.5	N/A
Pennington Gap	0.5	N/A
Pulaski	0.5	N/A
Rocky Mount	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	0.5
Strasburg	0.5	N/A
Stuart	0.5	N/A
Surry	\$30 flat fee	N/A
Tappahannock	0.5	N/A
Timberville	0.5	N/A
Troutville	3.0	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
Weber City	0.5	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.