Stafford County
Board of Supervisors Meeting
Agenda Item Report
Meeting Date: August 18, 2026
WORK SESSION ITEMS

Subject:	
BUDGET AND MANAGEMENT; CONSIDER AUTHORIZING ADVERTISEMENT OF A PUBLIC HEARING TO CONSIDER AMENDING THE COUNTY CODE TO ESTABLISH A BUSINESS, PROFESSIONAL, AND OCCUPATIONAL LICENSE (BPOL) TAX IN STAFFORD COUNTY PROPOSED RESOLUTION R26-257 **BACKGROUND SUMMARY:** APPROVES ADVERTISEMENT OF PUBLIC HEARING.	
Recommended Action:	
The Commissioner of the Revenue presented to the Board on Business, Occupational, and Professional Tax (BPOL) at the June 23, 2026, work session. The Board requested that this be brought forward for further consideration and action.	
Committee/Commission Recommendation:	
N/A	
Fiscal Impact:	**District:**
It is anticipated the Business, Professional and Occupational License Tax (BPOL) will generate $3.5 to $4M in FY2027.	N/A
Overview:	
The Board is being asked to consider advertising a public hearing to consider the implementation of a BPOL Tax.	
Discussion/Analysis:	
The Board is asked to consider Proposed Resolution R26-257 which would advertise a public hearing for the implementation of Business, Professional, and Occupational License (BPOL) Tax. Advertisement of a public hearing does not bind a Board to a decision. Localities are authorized to impose a local license tax on businesses, professions, and occupations operating within their jurisdiction. A locality may not impose both a merchants' capital tax and the category of merchants tax under BPOL. The BPOL tax has three components: (1) License fee; (2) License Tax; and (3) Gross Receipts Exemption. The License Fee requires every person engaged in a business,	

profession, trade, or occupation to pay an annual fee not to exceed fifty dollars ($50), which the Code of Virginia caps. Staff recommends advertising the License Fee at $50. The License Tax is determined by the prior year's total gross receipts. For example, the tax for the calendar year 2027 will be based on the gross receipts generated in 2026. The Gross Receipts Exemption has a Code of Virginia requirement of $100,000. This can be increased based on the Board's discretion.

The table below provides the tax components, state minimum and maximum, and staff's recommendation for advertisement.

Tax	State Minimum/Maximum	Staff Recommendation for Advertisement
License Fee	Maximum $50	$50
License Tax Categories		
Wholesalers	$0.05	$0.05
Contractors	$0.16	$0.16
Merchants	$0.20	$0.16
Financial, Real Estate and Professional Services	$0.58	$0.16
Repair, Personal, Business and Other Services	$0.36	$0.16
Gross Receipts Exemption	$100,000 minimum	$2,000,000

Attachments:

1. Attachment 1.Bud Proposed Resolution
2. Attachment 2.Bud Proposed Ordinance
3. Attachment 3. BPOL Presentation Authorize Advertisement

Summary/Conclusion:
Strategic Priorities:
Reviewed By:
Rysheda McClendon, County Attorney (Legal Review Only) Bill Ashton, County Administrator

`

R26-259

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 18th day of August, 2026

MEMBERS: VOTE:
Deuntay T. Diggs, Chairman
Maya P. Guy, Vice Chairwoman
Tinesha O. Allen
Darrell E. English
Kecia S. Evans
Crystal L. Vanuch
Dr. R. Pamela Yeung

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO AUTHORIZE THE COUNTY ADMINISTRATOR TO ADVERTISE A PUBLIC HEARING TO CONSIDER AMENDING AND REORDAINING THE STAFFORD COUNTY CODE TO ESTABLISH AND CREATE CHAPTER 6.5, ENTITLED "BUSINESS, PROFESSIONAL, AND OCCUPATIONAL LICENSE (BPOL)" TO ESTABLISH BPOL LEVIES IN STAFFORD COUNTY

WHEREAS, Code of Virginia § 58.1-3700 *et seq.*, allows localities to impose a business, professional, and occupational license (BPOL) fee and tax on businesses, employment, or professions within the locality; and

WHEREAS, the Board desires to consider implementing BPOL within the County, pursuant to proposed Ordinance O26-34 and to receive testimony from the public at a public hearing;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 18th day of August, 2026, that the County Administrator be and he hereby is authorized to advertise a public hearing to consider amending and reordaining the Stafford County Code to establish and create Chapter 6.5, entitled "Business, Professional, and Occupational License (BPOL)", pursuant to proposed Ordinance O26-34.

WAH:AML

O26-34

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the _ day of _, 2026:

MEMBERS: VOTE:
Deuntay T. Diggs, Chairman
Maya P. Guy, Vice Chairman
Tinesha O. Allen
Darrell E. English
Kecia S. Evans
Crystal L. Vanuch
Dr. R. Pamela Yeung

On motion of , seconded by , which carried by a vote of , the following was adopted:

AN ORDINANCE TO AMEND AND REORDAIN THE STAFFORD COUNTY CODE TO ESTABLISH AND CREATE CHAPTER 6.5, ENTITLED "BUSINESS, PROFESSIONAL, AND OCCUPATIONAL LICENSE (BPOL)"

WHEREAS, Virginia Code § 58.1-3700 *et seq.*, generally provides the authority for localities to impose a business, professional, and occupational license (BPOL) fee and tax; and

WHEREAS, the Board has conducted a public hearing on the establishment of Stafford County Code, Chapter 6.5 entitled "Business, Professional, and Occupational License (BPOL)" to implement BPOL regulations within the County; and

WHEREAS, the Board carefully considered the recommendations of staff and the public testimony, if any, at the public hearing; and

WHEREAS, the Board desires to adopt this ordinance to amend the County Code, finding that it will secure and promote the public health, safety, and general welfare of the County and its citizens;

NOW, THEREFORE, BE IT ORDAINED by the Stafford County Board of Supervisors on this _ day of _, 2026, that the Stafford County Code be and it hereby is amended and reordained as follows to establish and create Chapter 6.5, entitled "Business, Professional, and Occupational License (BPOL)", with all other portions remaining unchanged:

Chapter 6.5 - BUSINESS, PROFESSIONAL, AND OCCUPATIONAL LICENSE (BPOL)

Sec. 6.5-1. - Overriding conflicting ordinances.

Except as may be otherwise provided by the laws of the Commonwealth of Virginia, and notwithstanding any other current ordinances or resolutions enacted by this Board of Supervisors of Stafford County, whether or not compiled in the County Code, to the extent of any conflict, the following provisions shall be applicable to the levy, assessment, and collection of licenses required and taxes imposed on businesses, trades, professions and callings and upon the persons, firms and corporations engaged therein within Stafford County.

Sec. 6.5-2. - Definitions

The following words and terms when used in this chapter shall have the following meanings, unless the context clearly indicates otherwise:

Affiliated group shall have the same meaning as provided in Code of Virginia § 58.1-3700.1.

Amount in dispute, when used with respect to taxes due or assessed, means the amount specifically identified in the administrative appeal or application for judicial review as disputed by the party filing such appeal or application.

Appealable event means an increase in the assessment of a local license tax payable by a taxpayer, the denial of a refund, or the assessment of a local license tax where none previously was assessed, arising out of the assessing official's (i) examination of records, financial statements, books of account, or other information for the purpose of determining the correctness of an assessment; (ii) determination regarding the rate or classification applicable to the licensable business; (iii) assessment of a local license tax when no return has been filed by the taxpayer; or (iv) denial of an application for correction of erroneous assessment attendant to the filing of an amended application for license. An appealable event shall include a taxpayer's appeal of the classification applicable to a business, including whether the business properly falls within an established business license subclassification, regardless of whether the taxpayer's appeal is in conjunction with an assessment, examination, audit, or any other action taken by the county.

Assessment means a determination as to the proper rate of tax, the measure to which the tax rate is applied, and ultimately the amount of tax, including additional or omitted tax, that is due. An assessment shall include a written assessment made pursuant to notice

by the assessing official or a self-assessment made by a taxpayer upon the filing of a return or otherwise not pursuant to notice. Assessments shall be deemed made by an assessing official when a written notice of assessment is delivered to the taxpayer by the assessing official or an employee of the assessing official, or mailed to the taxpayer at his last known address. Self-assessments shall be deemed made when a return is filed, or if no return is required, when the tax is paid. A return filed or tax paid before the last day prescribed by ordinance for the filing or payment thereof shall be deemed to be filed or paid on the last day specified for the filing of a return or the payment of tax, as the case maybe.

Assessor or *assessing official* means the Commissioner of the Revenue of Stafford County.

Base year means the calendar year preceding the license year, except for contractors subject to the provisions of Code of Virginia § 58.1-3715.

Business means a course of dealing which requires the time, attention and labor of the person so engaged for the purpose of earning a livelihood or profit. It implies a continuous and regular course of dealing, rather than an irregular or isolated transaction. A person may be engaged in more than one business. The following acts shall create a rebuttable presumption that a person is engaged in a business: (i) advertising or otherwise holding oneself out to the public as being engaged in a particular business, or (ii) filing tax returns, schedules and documents that are required only of persons engaged in a trade or business.

Commissioner means the Commissioner of the Revenue of Stafford County, Virginia.

Commodity means staples such as wool, cotton, etc. which are traded on a commodity exchange and on which there is trading in futures.

Contractor shall have the meaning prescribed in Code of Virginia § 58.1-3714(D), whether such work is done or offered to be done by day labor, general contract or subcontract.

Dealer means any person engaged in the business of buying and selling securities for his own account, but does not include a bank, or any person insofar as he buys or sells securities for his own account, either individually or in some fiduciary capacity, but not as part of a regular business.

Definite place of business means an office or a location at which occurs a regular and continuous course of dealing for thirty (30) consecutive days or more. A definite place of business for a person engaged in business may include a location leased or otherwise gained from another person on a temporary or seasonal basis and real property leased to another. A person's residence shall be deemed to be a definite place of business if there is no definite place of business maintained elsewhere and the person is not licensable as a peddler or itinerant merchant.

Financial services means the buying, selling, handling, managing, investing, and providing of advice regarding money, credit, securities and other investments and shall include the service for compensation by a credit agency, an investment company, a broker

or dealer in securities and commodities or a security or commodity exchange, unless such service is otherwise provided for in this chapter. Examples include, but are not limited to, the following:

Buying installment receivables
Chattel mortgage financing
Consumer financing
Credit card services
Credit unions
Factors
Financing accounts receivable
Industrial loan companies
Installment financing
Inventory financing
Loan or mortgage brokers
Loan or mortgage companies
Safety deposit box companies
Security and commodity brokers and services
Stockbroker
Working capital financing

Frivolous means a finding, based on specific facts, that the party asserting the appeal is unlikely to prevail upon the merits because the appeal is (i) not well grounded in fact; (ii) not warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; (iii) interposed for an improper purpose, such as to harass, to cause unnecessary delay in the payment of tax or a refund, or to create needless cost from the litigation; or (iv) otherwise frivolous.

Gross receipts means the whole, entire, total receipts attributable to the exercise of a privilege subject to licensure, without deduction, except as may be limited by the provisions of the Code of Virginia, Title 58.1, Chapter 37.

Jeopardized by delay means a finding, based upon specific facts, that a taxpayer designs to (i) depart quickly from the locality; (ii) remove his property therefrom; (iii) conceal himself or his property therein; or (iv) do any other act tending to prejudice, or to render wholly or partially ineffectual, proceedings to collect the tax for the period in question.

License year means the calendar year for which a license is issued for the privilege of engaging in business.

Person means any individual, firm, partnership, co-partnership, corporation, company, association or joint stock association. Such term shall include any trustee, receiver, assignee or personal representative thereof carrying on or continuing a business, profession, trade or occupation, but shall not include a court appointed trustee, receiver or personal representative in the liquidation of assets for immediate distribution or a sergeant, sheriff or any deputy selling under authority of process or writ of a court or justice. Such term shall not include a volunteer fire department, a volunteer rescue squad or a nonprofit organization operating a community center, swimming pool, tennis court

or other educational, cultural, recreational and athletic facilities and facilities for the welfare of the residents of the area.

Personal services means rendering for compensation any repair, personal, business or other services not specifically classified as "financial, real estate or professional service" in this chapter, rendered in any other business or occupation not specifically classified in this chapter unless exempted from local license tax by Code of Virginia, Title 58.1.

Professional services means services performed by architects, attorneys-at-law, certified public accountants, dentists, engineers, land surveyors, surgeons, veterinarians, and practitioners of the healing arts (the arts and sciences dealing with the prevention, diagnosis, treatment and cure or alleviation of human physical or mental ailments, conditions, diseases, pain or infirmities) and such occupations, and no others, as the Virginia Department of Taxation may list in the BPOL guidelines promulgated pursuant to Code of Virginia § 58.1-3701. The word *profession* implies attainments in professional knowledge as distinguished from mere skill, and the application of knowledge to uses for others rather than for personal profit.

Purchases means all goods, wares and merchandise received for sale at each definite place of business of a wholesale merchant. The term shall also include the cost of manufacture of all goods, wares and merchandise manufactured by any wholesaler or wholesale merchant and sold or offered for sale. Such merchant may elect to report the gross receipts from the sale of manufactured goods, wares and merchandise if it cannot determine the cost of manufacturer or chooses not to disclose the cost of manufacture.

Real estate services means rendering a service for compensation as lessor, buyer, seller, agent or broker and providing a real estate service, unless the service is otherwise specifically provided for in this chapter, and such services include, but are not limited to, the following:

Appraisers of real estate
Escrow agents, real estate
Fiduciaries, real estate
Lessor of real property
Real estate agents, brokers and managers
Real estate selling agents
Rental agents for real estate

Retailer or *retail merchant* means any person or merchant who sells goods, wares and merchandise for use or consumption by the purchaser or for any purpose other than resale by the purchaser, but does not include sales at wholesale to institutional, commercial and industrial users.

Security shall have the same meaning as in the Securities Act (Code of Virginia § 3.1-501), or in similar laws of the United States regulating the sale of securities.

Services means things purchased by a customer which do not have physical characteristics or which are not goods, wares, or merchandise.

Tax Commissioner means the chief executive officer of the Commonwealth of Virginia Department of Taxation.

Treasurer means the Treasurer of Stafford County, Virginia.

Wholesaler or *wholesale merchant* means any person or merchant who sells wares and merchandise for resale by the purchaser, including sales when the goods, wares and merchandise will be incorporated into goods and services for sale, and also includes sales to institutional, commercial, government and industrial users which because of the quantity, price, or other terms indicate that they are consistent with sales at wholesale.

Sec. 6.5-3. - Licensing Generally

(a) **License Required.** Every person engaging in this county in any business, trade, profession, occupation or calling (collectively, hereinafter in this section "business") as defined in this chapter, shall apply for a license for each such business if:

(1) Such person maintains a definite place of business in this county;

(2) Such person does not maintain a definite place of business anywhere but does maintain an abode in this county, which abode for the purposes of this chapter shall be deemed a definite place of business;

(3) There is no definite place of business but such person operates amusement machines, is engaged as a peddler or itinerant merchant, carnival or circus as specified in Code of Virginia §§ 58.1-3717, 58.1-3718, or 58.1-3728, respectively, is a contractor subject to Code of Virginia § 58.1-3715, or is a public service corporation subject to Code of Virginia § 58.1-3731; or

(4) The person is a contractor conducting business in the county for less than thirty (30) days without a definite place of business in the Commonwealth of Virginia and where the amount of business done by such person in the county exceeds or will exceed the sum of Twenty-Five Thousand Dollars ($25,000) for the license year.

(b) **Separate License for Each Place of Business.** A separate license shall be required for each definite place of business. A person engaged in two (2) or more businesses or professions carried on at the same place of business may elect to obtain one (1) license for all such businesses and professions if all of the following criteria are satisfied:

(1) Each business or profession is licensable at the location and has satisfied any requirements imposed by state law or other provisions of the ordinances of this county;

(2) All of the businesses or professions are subject to the same tax rate, or, if subject to different tax rates, the licensee agrees to be taxed on all businesses and professions at the highest rate; and

(3) The taxpayer agrees to supply such information as the assessor may require concerning the nature of the several businesses and their gross receipts.

(c) **Application for License.** All businesses affected or embraced by this chapter shall make application for licenses to the Commissioner. The Commissioner shall furnish the necessary forms, which shall be properly completed with such information as the Commissioner may require. The business owner using the provided formula shall compute the amount of the license tax and, after payment has been received by the Treasurer, the license shall be issued; provided, however, that a business license may not be issued until the applicant has produced satisfactory evidence that all delinquent business license, personal property, meals, transient occupancy, severance and admissions taxes owed by the business to the county have been paid. Renewal applications shall be filed with the Commissioner.

(d) **Required Information and Failure to Provide Information.** Every applicant for a license to conduct any business under the provisions of this chapter shall furnish the Commissioner, in writing, the correct name and trade name, if any, of the applicant; the correct physical residence of the applicant; the nature of the business to be pursued; the place where the business is to be pursued; a record of gross receipts, verified by oath, for the past year; and any other such information as may be required by law. In the event of a failure or refusal to file with the Commissioner the information necessary to enable him to assess a license tax on the basis provided by law, such assessing official shall assess such license tax upon the best information obtainable, adding thereto the penalty prescribed by law.

(e) **License Fee.** Every person engaged in a business subject to licensure under this chapter shall be assessed and required to pay annually a fee in the amount of Fifty Dollars ($50) for the issuance of such license.

(f) **Declaration Required.** Every person engaged in a business must file a declaration of gross receipts with the Commissioner annually, regardless of an exemption from the payment of a license tax or fee.

Sec. 6.5-4. - Payment of License Tax

(a) **Due Dates.** Each person subject to a license tax shall apply for a license prior to beginning the business, if he was not subject to licensing in the county on or before January 1st of the license year, or no later than March 1st of the current license year, if he was in business or had been issued a license for the preceding license year. The application shall be on forms prescribed by the assessing official. The tax shall be paid with the application in the case of any license not based on gross receipts. If the tax is measured by the gross receipts

of the business, the tax shall be paid on or before April 15th of the current license year.

(b) **License for Persons Beginning Business, Etc.** For the purpose of ascertaining the license tax to be paid by any person beginning a new business or profession, and whose license tax is based on gross receipts, gross sales, gross purchases, gross commissions, gross contracts or orders, the licensee shall estimate the basis for measuring the license tax between the date of commencing the business and December 31st of the license year.

(c) **Estimation of License Tax.** The license tax of every person who was licensed at a definite place of business within the county for only a part of the preceding license year shall be computed for the then current license year on the basis of an estimate of the amount of gross receipts, gross sales or gross purchases which the licensee will make throughout the then current license year, except that any commission merchant or wholesale merchandise broker shall be licensed on the basis of gross commissions of the next preceding license year or any parts thereof.

(d) **Underestimate.** Every underestimate under this section shall be subject to correction by the Commissioner, whose duty it shall be to assess such licensee with such additional taxes as may be found to be due after the close of the license year on the basis of gross receipts, gross sales, gross purchases, gross commissions or gross contracts or orders. In case of overestimate, the Commissioner shall order a credit which is applied to the current license tax or if the business has ceased, then a refund will be issued to the licensee in the amount of the overpaid tax.

(e) **Extension.** The assessing official may grant an extension of time, not to exceed ninety (90) days, in which to file an application for a license, for reasonable cause. The request for an extension shall be filed on or before March 1 of the current license year. The extension shall be conditioned upon the timely payment of a reasonable estimate of the appropriate tax, subject to adjustment to the correct tax at the end of the extension together with interest from the due date until the date paid and, if the estimate submitted with the extension is found to be unreasonable under the circumstances, a penalty of ten (10) percent of the portion paid after the due date.

(f) **Penalty for Failure to File and Pay When Due.** A penalty of ten (10) percent of the tax may be imposed upon the failure to file an application or the failure to pay the tax by the appropriate due date. Any such penalty shall become a part of the tax. Only the late filing penalty shall be imposed by the assessing official if both the application and payment are late; however, both penalties may be assessed if the assessing official determines that the taxpayer has a history of noncompliance. In the case of an assessment of additional tax made by the assessing official, if the application and, if applicable, the return were made in good faith and the understatement of the tax was not due to any fraud, reckless or intentional disregard of the law by the taxpayer, there shall be no late payment penalty assessed with the additional tax. If any assessment of tax

by the assessing official is not paid within thirty (30) days the Treasurer may impose a ten (10) percent late payment penalty. The penalties shall not be imposed, or if imposed, shall be abated by the official who assessed them, if the failure to file or pay was not the fault of the taxpayer. In order to demonstrate lack of fault, the taxpayer must show that he acted responsibly and that the failure was due to events beyond his control. The Commissioner shall make the determination of fault relating to a taxpayer's failure to file or pay, and this determination shall be final.

(1) *Acted responsibly* means that (i) the taxpayer exercised the level of reasonable care that a prudent person would exercise under the circumstances in determining the filing obligations for the business and (ii) the taxpayer undertook significant steps to avoid or mitigate the failure, such as requesting appropriate extensions (where applicable), attempting to prevent a foreseeable impediment, acting to remove an impediment once it occurred, and promptly rectifying a failure once the impediment was removed or the failure discovered.

(2) *Events beyond the taxpayer's control* includes, but is not limited to, the unavailability of records due to fire or other casualty; the unavoidable absence (e.g., due to death or serious illness) of the person with the sole responsibility for tax compliance; or the taxpayer's reasonable reliance in good faith upon erroneous written information from the assessing official, who was aware of the relevant facts relating to the taxpayer's business when he provided the erroneous information.

(g) **Interest.** Interest shall be charged on the late payment of the tax from the due date until the date paid without regard to fault or other reason for the late payment. Whenever an assessment of additional or omitted tax by the assessing official is found to be erroneous, all interest and penalty charged and collected on the amount of the assessment found to be erroneous shall be refunded together with interest on the refund from the date of payment or the due date, whichever is later. Interest shall be paid on the refund of any tax paid under this chapter from the date of payment or due date, whichever is later, whether attributable to an amended return or other reason. Interest on any refund shall be paid at the same rate charged under Code of Virginia § 58.1-3916. No interest shall accrue on an adjustment of estimated tax liability to actual liability at the conclusion of a base year. No interest shall be paid on a refund or charged on a late payment, in the event of such adjustment, provided the refund or the late payment is made not more than thirty (30) days from (i) the date of the payment that created the refund or (ii) the due date of the tax, whichever is later.

Sec. 6.5-5. - Exemptions from license tax

(a) No license tax shall be levied under this chapter on a volunteer fire department, rescue squad or auxiliary unit thereof; on an association of war veterans or auxiliary units thereof; on a fraternal lodge operating under the lodge system; or on a church, school or other nonprofit, tax-exempt, charitable organization.

(b) No license tax shall be levied under this chapter on any person, entity or activity exempt from such tax under provisions of Code of Virginia § 58.1-3703(C).

(c) All persons engaged in a business, profession, trade, or occupation subject to licensure, whose annual gross receipts are Two Million Dollars ($2,000,000) or less, shall be exempt from the payment of a license tax.

Sec. 6.5-6. - Situs of gross receipts.

(a) **General rule.** Whenever the tax imposed by this chapter is measured by gross receipts, the gross receipts included in the taxable measure shall be only those gross receipts attributed to the exercise of a licensable privilege at a definite place of business within the county. In the case of activities conducted outside of a definite place of business, such as during a visit to a customer's location, the gross receipts shall be attributed to the definite place of business from which such activities are initiated, directed, or controlled. The situs of gross receipts for different classifications of business shall be attributed to one or more definite places of business or offices as follows:

(1) The gross receipts of a contractor shall be attributed to the definite place of business at which his services are performed, or if his services are not performed at any definite place of business, then to the definite place of business from which his services are directed or controlled, unless the contractor is subject to the provisions of Code of Virginia § 58.1-3715.

(2) The gross receipts of a retailer or wholesaler shall be attributed to the definite place of business at which sales solicitation activities occur, or if sales solicitation activities do not occur at any definite place of business, then to the definite place of business from which sales solicitation activities are directed or controlled; however, a wholesaler or distribution house subject to a license tax measured by purchases shall determine the situs of its purchases by the definite place of business at which or from which deliveries of the purchased goods, wares and merchandise are made to customers. Any wholesaler who is subject to license tax in two (2) or more localities and who is subject to multiple taxation because the localities use different measures, may apply to the Department of Taxation for a determination as to the proper measure of purchases and gross receipts subject to license tax in each locality.

(3) The gross receipts of a business renting tangible personal property shall be attributed to the definite place of business from which the tangible personal property is rented or, if the property is not rented from any definite place of business, then to the definite place of business at which the rental of such property is managed.

(4) The gross receipts from the performance of services shall be attributed to the definite place of business at which the services are performed or, if

not performed at any definite place of business, then to the definite place of business from which the services are directed or controlled.

(b) **Apportionment.** If the licensee has more than one definite place of business and it is impractical or impossible to determine to which definite place of business gross receipts should be attributed under the general rule, except as to circumstances set forth in Code of Virginia § 58.1-3709, the gross receipts of the business shall be apportioned between the definite places of businesses on the basis of payroll. Gross receipts shall not be apportioned to a definite place of business unless some activities under the applicable general rule occurred at, or were controlled from, such definite place of business. Gross receipts attributable to a definite place of business in another jurisdiction shall not be attributed to the county solely because the other jurisdiction does not impose a tax on the gross receipts attributable to the definite place of business in such other jurisdiction.

(c) **Agreements.** The assessor may enter into agreements with any other political subdivision of Virginia concerning the manner in which gross receipts shall be apportioned among definite places of business. However, the sum of the gross receipts apportioned by the agreement shall not exceed the total gross receipts attributable to all of the definite places of business affected by the agreement. Upon being notified by a taxpayer that its method of attributing gross receipts is fundamentally inconsistent with the method of one or more political subdivisions in which the taxpayer is licensed to engage in business and that the difference has, or is likely to, result in taxes on more than one hundred (100) percent of its gross receipts from all locations in the affected counties, the assessor shall make a good faith effort to reach an apportionment agreement with the other political subdivisions involved. If an agreement cannot be reached, either the assessor or taxpayer may seek an advisory opinion from the Department of Taxation pursuant to Code of Virginia § 58.1-3701; notice of the request shall be given to the other party. Notwithstanding the provisions of Code of Virginia § 58.1-3993, when a taxpayer has demonstrated to a court that two or more political subdivisions of Virginia have assessed taxes on gross receipts that may create a double assessment within the meaning of Code of Virginia § 58.1-3986, the court shall enter such orders pending resolution of the litigation as may be necessary to ensure that the taxpayer is not required to pay multiple assessments even though it is not then known which assessment is correct and which is erroneous.

Sec. 6.5-7. - Limitations and extensions

(a) Where, before the expiration of the time prescribed for the assessment of any license tax imposed pursuant to this chapter, both the assessing official and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(b) Notwithstanding Code of Virginia § 58.1-3903, the assessing official shall assess the local license tax omitted because of fraud or failure to apply for a license for the current license year and the six (6) preceding license years.

(c) The period for collecting any local license tax shall not expire prior to the period specified in Code of Virginia § 58.1-3940, two (2) years after the date of assessment if the period for assessment has been extended pursuant to this subdivision, two (2) years after the final determination of an appeal for which collection has been stayed pursuant to subsection 6.5-8(b) or 6.5-8(c) of this chapter, or two (2) years after the final decision in a court application pursuant to Code of Virginia § 58.1-3984, or similar law for which collection has been stayed, whichever is later.

Sec. 6.5-8. - Appeals and rulings.

(a) **Filing and contents of administrative appeal.** Any person assessed with a licensing tax under this chapter as the result of an appealable event as defined in this chapter may file an administrative appeal of the assessment within one (1) year from the last day of the tax year for which such assessment is made, or within one (1) year from the date of the appealable event, whichever is later, with the Commissioner. The appeal must be filed in good faith and sufficiently identify the taxpayer, the tax periods covered by the challenged assessments, the amount in dispute, the remedy sought, each alleged error in the assessment, the grounds upon which the taxpayer relies, and any other facts relevant to the taxpayer's contention. The assessor may hold a conference with the taxpayer if requested by the taxpayer, or require submission of additional information and documents, an audit or further audit, or other evidence deemed necessary for a proper and equitable determination of the appeal. The assessment placed at issue in the appeal shall be deemed *prima facie* correct. The assessor shall undertake a full review of the taxpayer's claims and issue a determination to the taxpayer setting forth the facts and arguments in support of his decision.

The taxpayer may at any time also file an administrative appeal of the classification applicable to the taxpayer's business, including whether the business properly falls within a business license subclassification established by the county. However, the appeal of the classification of the business shall not apply to any license year for which the Tax Commissioner has previously issued a final determination relating to any license fee or license tax imposed upon the taxpayer's business for the year. In addition, any appeal of the classification of a business shall in no way affect or change any limitations period prescribed by law for appealing an assessment.

(b) **Notice of right of appeal and procedures.** Every assessment made by the Commissioner or other assessing official pursuant to an appealable event shall include or be accompanied by a written explanation of the taxpayer's right to file an administrative appeal and the specific procedure to be followed in the county, the name and address to which the appeal should be directed, an explanation of the required content of the appeal, and the deadline for filing the appeal. For purposes of facilitating an administrative appeal of the

classification applicable to a taxpayer's business, the county shall maintain on its website the specific procedures to be followed with regard to such appeal and the name and address to which the appeal should be directed.

(c) **Suspension of collection activity during appeal.** Provided a timely and complete administrative appeal is filed, collection activity with respect to the amount in dispute relating to any assessment by the Commissioner shall be suspended until a final determination is issued by the Commissioner, unless the Treasurer (i) determines that collection would be jeopardized by delay as defined in this chapter; (ii) is advised by the Commissioner that the taxpayer has not responded to a request for relevant information after a reasonable time; or (iii) is advised by the Commissioner that the appeal is frivolous as defined in this chapter. Interest shall accrue in accordance with the provisions of this chapter, but no further penalty shall be imposed while collection action is suspended.

(d) **Procedure in event of nondecision.** Any taxpayer whose administrative appeal to the Commissioner pursuant to the provisions of sec. 6.5-8(a) above has been pending for more than one (1) year without the issuance of a final determination may, upon not less than thirty (30) days' written notice to the Commissioner, elect to treat the appeal as denied and appeal the assessment or classification of the taxpayer's business to the Tax Commissioner in accordance with the provisions 6.5-8(e). The Tax Commissioner shall not consider an appeal filed pursuant to the provisions of this subsection if he finds that the absence of a final determination on the part of the Commissioner was caused by the willful failure or refusal of the taxpayer to provide information requested and reasonably needed by the Commissioner to make a determination.

(e) **Administrative appeal to the Tax Commissioner**.

(1) Any person assessed with a local license tax as a result of a determination or that has received a determination with regard to the person's appeal of the license classification or subclassification applicable to the person's business, upon an administrative appeal to the Commissioner pursuant to the provisions of sec. 6.5-8(a), that is adverse to the position asserted by the taxpayer in such appeal may appeal such assessment or determination to the Tax Commissioner within ninety (90) days of the date of the determination by the Commissioner. The appeal shall be in such form as the Tax Commissioner may prescribe and the taxpayer shall serve a copy of the appeal upon the Commissioner. The Tax Commissioner shall permit the Commissioner to participate in the proceedings, and shall issue a determination to the taxpayer within ninety (90) days of receipt of the taxpayer's application, unless the taxpayer and the assessing official are notified that a longer period will be required. The appeal shall proceed in the same manner as an application, pursuant to Code of Virginia § 58.1-1821, and the Tax Commissioner, pursuant to Code of Virginia § 58.1-1822, may issue an order correcting such assessment or correcting the license classification

or subclassification of the business and the related license tax or fee liability.

(2) **Suspension of collection activity during appeal.** On receipt of a notice of intent to file an appeal to the Tax Commissioner pursuant to the provisions of sec. 6.5-8(e)(1), collection activity with respect to the amount in dispute relating to any assessment by the Commissioner or other assessing official shall be suspended until a final determination is issued by the Tax Commissioner, unless the Treasurer (i) determines that collection would be jeopardized by delay as defined in this chapter; (ii) is advised by the Commissioner or the Tax Commissioner, that the taxpayer has not responded to a request for relevant information after a reasonable time; or (iii) is advised by the Commissioner that the appeal is frivolous as defined in this chapter. Interest shall accrue in accordance with the provisions of this chapter, but no further penalty shall be imposed while collection action is suspended. The requirement that collection activity be suspended shall cease unless an appeal pursuant to the provisions of sec. 6.5-8(e)(1) above is filed and served on the necessary parties within thirty (30) days of the service of notice of intent to file such appeal.

(3) **Implementation of determination of Tax Commissioner.** Promptly upon receipt of the final determination of the Tax Commissioner with respect to an appeal pursuant to the provisions of sec 6.5-8(e)(1) above, the Commissioner shall take those steps necessary to calculate the amount of tax owed by or refund due to the taxpayer consistent with the Tax Commissioner's determination and shall provide that information to the taxpayer and to the Treasurer or other official responsible for collection in accordance with the provisions of this subsection.

a. If the determination of the Tax Commissioner sets forth a specific amount of tax due, the Commissioner shall certify the amount to the Treasurer who shall issue a bill to the taxpayer for such amount due, together with interest accrued and penalty, if any is authorized by this chapter, within thirty (30) days of the date of the determination of the Tax Commissioner.

b. If the determination of the Tax Commissioner sets forth a specific amount of refund due, the Commissioner shall certify the amount to the Treasurer who shall issue a payment to the taxpayer for such amount due, together with interest accrued pursuant to this section, within thirty (30) days of the date of the determination of the Tax Commissioner.

c. If the determination of the Tax Commissioner does not set forth a specific amount of tax due, or otherwise requires the Commissioner to undertake a new or revised assessment that will result in an obligation to pay a tax that has not previously been paid in full, the Commissioner shall promptly commence the steps

necessary to undertake such new or revised assessment, and provide the same to the taxpayer within sixty (60) days of the date of the determination of the Tax Commissioner, or within sixty (60) days after receipt from the taxpayer of any additional information requested or reasonably required under the determination of the Tax Commissioner, whichever is later. The Commissioner shall certify the new assessment to the Treasurer who shall issue a bill to the taxpayer for the amount due, together with interest accrued and penalty, if any is authorized by this chapter, within thirty (30) days of the date of the new assessment.

d. If the determination of the Tax Commissioner does not set forth a specific amount of refund due, or otherwise requires the Commissioner to undertake a new or revised assessment that will result in an obligation on the part of the county to make a refund of taxes previously paid, the Commissioner shall promptly commence the steps necessary to undertake such new or revised assessment or to determine the amount of refund due in the case of a correction to the license classification or subclassification of the business, and provide the same to the taxpayer within sixty (60) days of the date of the determination of the Tax Commissioner, or within sixty (60) days after receipt from the taxpayer of any additional information requested or reasonably required under the determination of the Tax Commissioner, whichever is later. The Commissioner shall certify the new assessment or refund amount to the Treasurer who shall issue a refund to the taxpayer for the amount of tax due, together with interest accrued, within thirty (30) days of the date of the new assessment or determination of the amount of the refund.

(f) **Judicial review of determination of Tax Commissioner.**

(1) **Judicial review.** Following the issuance of a final determination of the Tax Commissioner pursuant to the provisions of sec. 6.5-8(e), the taxpayer or the Commissioner may apply to the Stafford County Circuit Court for judicial review of the determination, or any part thereof, pursuant to Code of Virginia § 58.1-3984. In any such proceeding for judicial review of a determination of the Tax Commissioner, the burden shall be on the party challenging the determination of the Tax Commissioner, or any part thereof, to show that the ruling of the Tax Commissioner is erroneous with respect to the part challenged. Neither the Tax Commissioner nor the Department of Taxation shall be made a party to an application to correct an assessment merely because the Tax Commissioner has ruled on it.

(2) Suspension of payment of disputed amount of tax due upon taxpayer's notice of intent to initiate judicial review.

a. On receipt of a notice of intent to file an application for judicial review, pursuant to Code of Virginia § 58.1-3984, of a determination of the Tax Commissioner pursuant to the provisions of sec. 6.2-8(f), and upon payment of the amount of the tax relating to any assessment by the Commissioner that is not in dispute together with any penalty and interest then due with respect to such undisputed portion of the tax, the Treasurer shall further suspend collection activity while the court retains jurisdiction unless the court, upon appropriate motion after notice and an opportunity to be heard, determines that (i) the taxpayer's application for judicial review is frivolous, as defined in this section; (ii) collection would be jeopardized by delay, as defined in this section; or (iii) suspension of collection would cause substantial economic hardship to the locality. For purposes of determining whether substantial economic hardship to the county would arise from a suspension of collection activity, the court shall consider the cumulative effect of then-pending appeals filed within the county by different taxpayers that allege common claims or theories of relief.

b. Upon a determination that the appeal is frivolous, that collection may be jeopardized by delay, or that suspension of collection would result in substantial economic hardship to the county, the court may require the taxpayer to pay the amount in dispute or a portion thereof, or to provide surety for payment of the amount in dispute in a form acceptable to the court.

c. No suspension of collection activity shall be required if the application for judicial review fails to identify with particularity the amount in dispute or the application does not relate to any assessment by the Commissioner.

d. The requirement that collection activity be suspended shall cease unless an application for judicial review pursuant to Code of Virginia § 58.1-3984 is filed and served on the necessary parties within thirty (30) days of the service of the notice of intent to file such application.

e. The suspension of collection activity authorized by this subsection shall not be applicable to any appeal of a local license tax that is initiated by the direct filing of an action pursuant to Code of Virginia § 58.1-3984 without prior exhaustion of the appeals pursuant to the provisions of sec. 6.5-8(a) and (e) above.

(3) Suspension of payment of disputed amount of refund due upon county's notice of intent to initiate judicial review.

a. Payment of any refund determined to be due pursuant to the determination of the Tax Commissioner of an appeal pursuant to

the provisions of sec. 6.5-8(e) above, shall be suspended if the county serves upon the taxpayer, within sixty (60) days of the date of the determination of the Tax Commissioner, a notice of intent to file an application for judicial review of the Tax Commissioner's determination pursuant to Code of Virginia § 58.1-3984 and pays the amount of the refund not in dispute, including tax and accrued interest. Payment of such refund shall remain suspended while the court retains jurisdiction unless the court, upon appropriate motion after notice and an opportunity to be heard, determines that the county's application for judicial review is frivolous, as defined in this chapter.

b. No suspension of refund activity shall be permitted if the county's application for judicial review fails to identify with particularity the amount in dispute.

c. The suspension of the obligation to make a refund shall cease unless an application for judicial review pursuant to Code of Virginia § 58.1-3984 is filed and served on the necessary parties within thirty (30) days of the service of the notice of intent to file such application.

(4) **Accrual of interest on unpaid amount of tax.** Interest shall accrue in accordance with the provisions of this chapter, but no further penalty shall be imposed while collection action is suspended.

(g) **Rulings.** Any taxpayer may request a written ruling regarding the application of the tax to a specific situation from the assessor. Any person requesting such a ruling must provide all the relevant facts for the situation and may present a rationale for the basis of an interpretation of the law most favorable to the taxpayer. In addition, the taxpayer or authorized representative may request a written ruling with regard to the classification applicable to the taxpayer's business, including whether the business properly falls within a business license subclassification established by the locality.

Any misrepresentation or change in the applicable law or the factual situation as presented in the ruling request shall invalidate any such ruling issued. A written ruling may be revoked or amended prospectively if (i) there is a change in the law, a court decision, or the guidelines issued by the Department of Taxation upon which the ruling was based or (ii) the assessor notifies the taxpayer of a change in the policy or interpretation upon which the ruling was based. However, any person who acts on a written ruling which later becomes invalid shall be deemed to have acted in good faith during the period in which such ruling was in effect.

Sec. 6.5-9. - Recordkeeping and audits.

Every person who is assessable with a license tax shall keep sufficient records to enable the assessor to verify the correctness of the tax paid for the license years assessable

and to enable the assessor to ascertain what is the correct amount of tax that was assessable for each of those years. All such records, books of accounts and other information shall be open to inspection and examination by the assessor in order to allow the assessor to establish whether a particular receipt is directly attributable to the taxable privilege exercised within the county. The assessor shall provide the taxpayer with the option to conduct the audit in the taxpayer's local business office, if the records are maintained there. In the event the records are maintained outside the county, copies of the appropriate books and records shall be sent to the assessor's office upon demand.

Sec. 6.5-10. - Exclusions and deductions from gross receipts

(a) **General rule.** Gross receipts for license tax purposes shall not include any amount not derived from the exercise of the licensed privilege to engage in a business or profession in the ordinary course of the business or profession.

(b) The following items shall be excluded from gross receipts:

(1) Amounts received and paid to the United States, the Commonwealth or any county, city or town for the Virginia retail sales or use tax, for any local sales tax or any local excise tax on cigarettes, or amounts received for any federal or state excise taxes on motor fuels.

(2) Any amount representing the liquidation of a debt or conversion of another asset to the extent that the amount is attributable to a transaction previously taxed (e.g., the factoring of accounts receivable created by sales which have been included in taxable receipts even though the creation of such debt and factoring are a regular part of its business).

(3) Any amount representing returns and allowances granted by the business to its customers.

(4) Receipts which are the proceeds of a loan transaction in which the licensee is the obligor.

(5) Receipts representing the return of principal of a loan transaction in which the licensee is the creditor, or the return of principal or basis upon the sale of a capital asset.

(6) Rebates and discounts taken or received on account of purchases by the licensee. A rebate or other incentive offered to induce the recipient to purchase certain goods or services from a person other than the offeror, and which the recipient assigns to the licensee in consideration of the sale of goods and services shall not be considered a rebate or discount to the licensee, but shall be included in the licensee's gross receipts together with any handling or other fees related to the incentive.

(7) Withdrawals from inventory for purposes other than sale or distribution and for which no consideration is received and the occasional sale or

exchange of assets other than inventory, whether or not a gain or loss is recognized for federal income tax purposes.

(8) Investment income not directly related to the privilege exercised by a licensable business not classified as rendering financial services. This exclusion shall apply to interest on bank accounts of the business, and to interest, dividends and other income derived from the investment of its own funds in securities and other types of investments unrelated to the licensed privilege. This exclusion shall not apply to interest, late fees and similar income attributable to an installment sale or other transaction that occurred in the regular course of business.

(c) The following shall be deducted from gross receipts or gross purchases that would otherwise be taxable:

(1) Any amount paid for computer hardware and software sold to a United States federal or state government entity provided such property was purchased within two (2) years of the sale to said entity by the original purchaser who shall have been contractually obligated at the time of purchase to resell such property to a state or federal government entity. This deduction shall not occur until the time of resale and shall apply to only the original cost of the property and not to its resale price, and the deduction shall not apply to any of the tangible personal property which was the subject of the original resale contract if it is not resold to a state or federal government entity in accordance with the original contract obligation.

(2) Any receipts attributable to business conducted in another state or foreign country in which the taxpayer is liable for an income or other tax based upon income.

Sec. 6.5-11. - License Tax Rate.

In addition to the fee specified in sec. 6.5-3(e), any person engaged in a business, profession, trade, or occupation with gross receipts of Two Million Dollars ($2,000,000) or more shall be assessed and required to pay annually a license tax on gross receipts or a flat tax at the rate established for the particular enterprise as set below:

(a) For contractors and persons constructing for their own account for sale, sixteen cents ($0.16) per one hundred dollars ($100.00) of gross receipts;

(b) For retailers, sixteen cents ($0.16) per one hundred dollars ($100.00) of gross receipts;

(c) For financial, real estate and professional services, sixteen cents ($0.16) per one hundred dollars ($100.00) of gross receipts;

(d) For repair, personal and business services and all other businesses and occupations not specifically listed or exempted in this chapter or otherwise by law, sixteen cents ($0.16) per one hundred dollars ($100.00) of gross receipts;

(e) For wholesalers, five cents ($0.05) per one hundred dollars ($100.00) of purchases;

(f) For carnivals, circuses and speedways, five hundred dollars ($500.00) for each performance held in the county;

(g) For fortune tellers, clairvoyants and practitioners of palmistry or phrenology, five hundred dollars ($500.00) per year;

(h) For itinerant merchants or peddlers, two hundred fifty dollars ($250.00) per year. This section shall not apply to the following persons:

(1) Persons who sell or offer for sale in person or by their employees ice, wood, charcoal, meats, milk, butter, eggs, poultry, game, vegetables, fruits or other family supplies of a perishable nature or farm products grown or produced by them and not purchased by them for sale;

(2) A licensed wholesale dealer who sells and, at the time of such sale, delivers merchandise to retail merchants;

(3) A distributor or vendor of motor fuels and petroleum products;

(4) A distributor or vendor of seafood who catches seafood and sells only the seafood caught by him;

(5) A farmer or producer of agricultural products who sells only the farm or agricultural products produced or grown by him;

(6) A farmers' cooperative association; and

(7) A manufacturer who is subject to Virginia tax on intangible personal property who peddles at wholesale, only the goods, wares or merchandise manufactured by him at a plant, whose intangible personal property is taxed by this Commonwealth;

(i) For photographers—meaning every person having no regularly established place of business in the Commonwealth who provides services consisting of the taking of pictures or the making of pictorial reproductions in the Commonwealth. This term shall also include every employee, agent or canvasser for such photographer. Nothing in this section shall apply to (i) amateur photographers who expose, develop and finish their own work and who do not receive compensation for such work or receive compensation for performing any of the processes of photography; (ii) coin-operated photography machines; or (iii) photographers providing service in the course

of their employment by newspapers, magazines or television stations—fifteen dollars ($15.00) per year;

(j) For direct sellers, as defined in Code of Virginia § 58.1-3719.1, with total annual sales in excess of Four Thousand ($4,000) per year, sixteen ($0.16) cents per one hundred dollars ($100.00) of total annual retail sales or five cents ($0.05) per one hundred dollars ($100.00) of total annual wholesale sales, whichever is applicable; and

(k) For savings institutions and state-chartered credit unions, Twenty-Five Dollars ($25) and shall be levied only where the main office is located.

Sec. 6.5-12. - Certification of erroneous assessments, refunds of license taxes.

(a) The assessing official is authorized to certify to the Treasurer any instances of erroneous assessments of license taxes and in such instances to authorize the Treasurer to make the appropriate refund. Interest shall be paid on the refund of any license tax from the date of payment or due date, whichever is later, whether attributable to an amended return or other reason. Interest on any refund shall be paid at the same rate charged. Whenever an assessment of additional or omitted tax by the assessing official is found to be erroneous, all interest and any penalties charged and collected on the amount of the assessment found to be erroneous shall be refunded together with interest on the refund from the date of payment or the due date, whichever is later. No interest shall accrue on an adjustment of estimated tax liability to actual liability at the conclusion of a base year. No interest shall be paid on a refund provided the refund is made not more than thirty (30) days from the date of the payment that created the refund or the due date of the tax, whichever is later.

(b) Licenses issued under the provisions of this chapter based on gross receipts or gross expenditures shall be subject to refund where the licensee goes out of business before the end of the then current license tax year subject to all of the following qualifications:

(1) Licenses for the current license tax year shall be based on gross receipts or gross expenditures obtained throughout the preceding calendar year.

(2) The reason for going out of business is not connected in any manner with the violation of any state law or local ordinance or violation of any rules and regulations made pursuant thereto.

(3) The refund shall be determined by the assessing official and shall be prorated for the number of months that the business operated during the then current license tax year.

Sec. 6.5-13. - Revocation of licenses.

Any license granted under this article may be revoked by the assessing official upon the failure of any licensee to comply with the terms of this chapter and there shall be no refund.

Sec. 6.5-14. - Payment of administrative costs.

Delinquent taxpayers shall pay a fee, as required by this section, to cover the administrative costs associated with the collection of delinquent taxes. This fee shall be in addition to all penalties and interest, and shall be in the amount of Thirty Dollars ($30.00) for taxes collected subsequent to filing a warrant or other appropriate legal document but prior to judgment, and in the amount of Thirty-Five Dollars ($35.00) for taxes collected subsequent to judgment.

Sec. 6.5-15. - Criminal penalties for failure to file applications; false statements.

Willful failure or refusal to file an application for a license when due or making false statements with intent to defraud in an application shall constitute a Class 3 misdemeanor if the amount of the tax lawfully assessed in connection with the application is One Thousand Dollars ($1,000) or less, or a Class 1 misdemeanor if the amount of the tax lawfully assessed in connection with the application is more than One Thousand Dollars ($1,000).

Sec. 6.5-16. – Contractor's license prerequisite to obtaining permit, county contract.

Every contractor, electrical contractor, plumber and steamfitter, building wrecker, developer or speculative builder who proposes to work in the county for which a permit must be obtained and pursuant to a contract let by a department, bureau, or office of the county, including the county School Board, shall, upon making application for such permit or upon the award of such contract, exhibit to the proper county official the county license authorizing him to engage in the business for the year in which the permit is applied for, or in which such contract is awarded, and shall furnish to that official a list of his subcontractors and the amounts of such subcontracts. If any of such subcontracts have not been closed or awarded at the time of applying for such permit or award of such contract, he shall furnish such list in writing immediately upon awarding the subcontracts, and he shall not allow the work under any subcontract to proceed until the subcontractor shall have exhibited to him his county license to do such business in the County for the current year.

; and

BE IT FURTHER ORDAINED that this ordinance shall become effective on January 1, 2027.

Request Advertisement of Business, Professional, and Occupational License (BPOL)

Scott Mayausky,
Commissioner of the Revenue
Andrea Light, CFO
August 18, 2026 Board Meeting

Proposed Resolution R26-257

- The Board is being asked to consider the advertisement of a public hearing for Business, Occupational and Professional (BPOL) tax
  - Public Hearing tentatively scheduled for August 18, 2026
  - BPOL Proposed Ordinance O26-34
- Commissioner of the Revenue provided the Board with a presentation on BPOL at the June 23, 2026 Work Session

What is BPOL?

- BPOL is based upon a business's gross receipts for the "privilege of doing business" in Stafford County.
- The tax contains three components:
  1. license fee
  2. license tax
  3. gross receipts exemption
- It is a "license" in name only. It does not give the county any additional enforcement authority over businesses. It is a revenue generating license NOT a regulatory license.
- BPOL offers more flexibility than most local taxes.

3 Components of BPOL

- **License fee** – Every person engaged in a business, profession, trade, or occupation may be required to pay an annual fee not to exceed fifty dollars ($50.00)

- **License tax** – The tax liability is determined by the prior years total gross receipts. For example, the license tax for Calendar Year (CY) 2027 will be based upon the total gross receipts generated in 2026.

- **Exemption** –Localities are required to have a minimum exemption from taxation. Stafford must have an exemption of at least $100,000.

License Fee

- Requires businesses to register with the Commissioner of the Revenue.
- State law caps the license fee at $50 for localities with a population over 50,000 people.
- Spotsylvania's License Fee is $0 annually.
- Fredericksburg's License Fee is $25 annually.

License Tax

- Prior Calendar Years Gross Receipts.
- Tax rate is determined by category/type of business.
- Leads to a lot of appeals from business "rate shopping."

Category	Maximum Tax Rate	Spotsy Tax Rate*
Wholesalers	$.05	$.025
Contractors	$.16	$.08
Merchants	$.20	$.10
Financial, Real Estate and Professional Service	$.58	$.29
Repair, Personal, Business and Other Services	$.36	$.18

Exemption

- State law provides for a mandatory exemption of the first $100,000 of gross receipts for any business operating in a locality with more than 50,000 people.
- There is no cap on the exemption a locality may provide.

Example of how these components work

- Example – A retail store that generated $1,000,000 in gross receipts in CY2026. The 2027 BPOL tax liability is determined below:
  - Tax rates are per/$100. This is the same as all property taxes.
  - Taxable Gross Receipts/$100 X Tax Rate = Tax Due
- Retail maximum tax rate is $.20
  - $1,000,000 Gross Receipts
  - $1,000,000/100 *$.20 = **$2,000**

Revenue Estimates for Stafford

- Impossible to estimate because we do not know and do not have the legal right to ask a business what their gross receipts are without corresponding taxing authority.
- Based on the Spotsylvania model it is estimated that the net tax revenue generated by Stafford will be between $3.5 to $4 million tax dollars.
  - $2 million exemption of gross receipts
  - Half the state maximum in tax rates

Impact of BPOL

- You can not have both BPOL and Merchants Capital. In 2025 Merchants Capital generated approximately $1 million in tax revenue.
- You still collect Business Property taxes.
- The cost of administering the program will be between $300,000-$350,000.
  - 2 employees (compliance and auditing)
  - Office furniture
  - BPOL software

COR recommendation if adopted for FY27

- At least for the first year, adopt the following rate schedule to give the COR office time to properly classify over 4,000 businesses:

Category	Maximum Tax Rate
Wholesalers	$.025
Contractors	$.16
Merchants	$.16
Financial, Real Estate and Professional Service	$.16
Repair, Personal, Business and Other Services	$.16

  - $2 million exemption.

Comparison of BPOL Thresholds

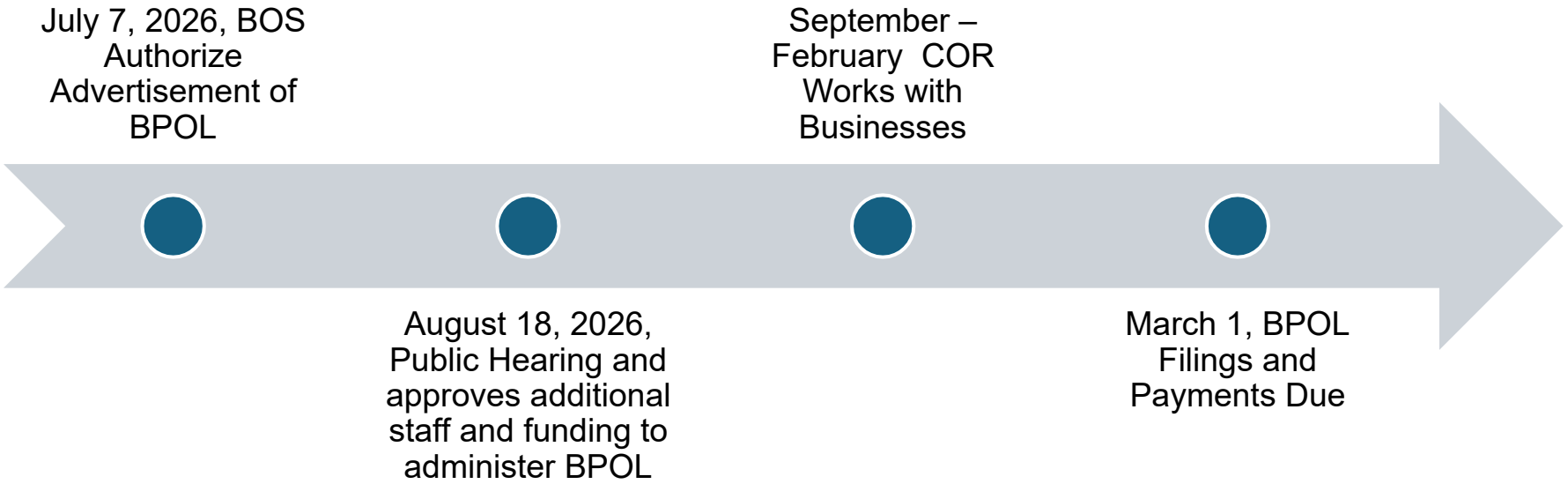
Locality	Threshold
Spotsylvania	$2,000,000
Caroline	$300,000
Fredericksburg	$100,000
Prince William	$500,000
Loudoun	$200,000
Hanover	$100,000
Chesterfield	$500,000

Spotsylvania has the highest threshold in the Commonwealth

BPOL Tax Limitations and Staff Recommendations for Advertisement

Category	State Minimum/Maximum	Staff Recommendation for Advertisement
License Fee	$50.00 Maximum	$50.00
License Tax Categories		
Wholesalers	$0.05 Maximum	$0.05
Contractors	$0.16 Maximum	$0.16
Merchants	$0.20 Maximum	$0.16
Financial, Real Estate and Professional Svcs	$0.58 Maximum	$0.16
Repair, Personal, Business and Other Svcs	$0.36 Maximum	$0.16
Gross Receipts Threshold	$100,000 Minimum	$2,000,000

BPOL Implementation Timeline



QUESTIONS