
TAX - VIRGINIA

City of Richmond v. Virginia Electric and Power Company

Supreme Court of Virginia - June 30, 2016 - S.E.2d - 2016 WL 3610425

Power company appealed from the decision of the Tax Commissioner affirming city's ruling that company was subject to tax for natural gas consumed at its electric generation station.

The Circuit Court entered a consolidated letter opinion and order ruling that the company was not subject to the tax. City appealed.

The Supreme Court of Virginia held that city could not impose tax on natural gas consumed solely for purpose of generating electricity.

Statute allowing localities to impose tax on consumption of natural gas provided by "pipeline distribution companies" did not permit city to tax power company for natural gas consumed at electric generation station. Statute defined "pipeline distribution companies" as corporations which transmit natural gas to a purchaser for the purpose of furnishing "heat or light," and legislature's use of the word "power" alongside "heat" and "light" in separate provision of statute defining "commission," while omitting it from the definition of "pipeline distribution companies," reflected that the legislature did not intend to permit localities to impose a tax on natural gas consumed solely for the purpose of generating electricity.

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