

DEPARTMENT OF TAXATION

2001 Fiscal Impact Statement

1. **Patron** Parrish

3. **Committee** Senate Finance

4. **Title** Retail Sales and Use Tax: Extends Sunset
Dates for Natural Gas and Oil Production
Exemption and Related Certified Pollution
Control Equipment Exemption

2. **Bill Number** HB 2830

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would extend from June 30, 2001 to June 30, 2006, the sunset dates for two retail sales and use tax exemptions:

1) certified pollution control equipment and facilities which have been certified by the Department of Mines, Minerals and Energy for coal, oil and gas production, including gas, natural gas, and coalbed methane gas, and

2) raw materials, fuel, power, energy, supplies, machinery or tools or repair parts therefor or replacements thereof, used directly in the drilling, extraction, refining, or processing of natural gas or oil and the reclamation of the well area.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** None. See line 8.

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

There would be no revenue impact associated with this legislation. The official budget estimates assume the extension of sales and use tax exemptions.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

Department of Mines, Minerals and Energy

10. **Technical amendment necessary:** No.

11. Other comments:

The exemption for raw materials, fuel, power, energy, supplies, machinery, tools or repair parts and replacement parts used in the drilling, extraction, refining, or processing of natural gas or oil and the reclamation of the well area was enacted by the 1994 General Assembly.

The exemption for certified pollution control equipment and facilities used in coal, oil, and gas production was enacted by the 1995 General Assembly. The state certifying authority for coal, oil, and gas production is the Department of Mines, Minerals and Energy.

“Certified pollution control equipment and facilities” is defined in Code of Virginia § 58.1-3660 as “any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters of the Commonwealth and which the state certifying authority having jurisdiction with respect to such property has certified to the Department of Taxation as having been constructed, reconstructed, erected, or acquired in conformity with the state program or requirements for abatement or control of water or atmospheric pollution or contamination.”

cc: Secretary of Finance

Date: 2/6/01/GRM

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