

State Corporation Commission

2001 Fiscal Impact Statement

1. Bill Number SB834

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☒ Substitute ☐ Enrolled

2. Patron Watkins

3. Committee Passed House

4. Title Natural gas consumption tax.

5. Summary/Purpose:

Natural gas consumption tax. Provides that if a locality's license fee rate is set at a lower rate than the local consumption tax rate component of the natural gas consumption tax, the excess funds collected by the State Corporation Commission shall constitute additional state consumption tax revenue. The substitute allows local governments that are not currently served by a gas utility, to pass an ordinance at such time gas service becomes available to collect their local portion of the consumption tax. It also clarifies how localities can impose a consumer utility tax in jurisdictions where there was no existing tax rate to convert.

This bill contains an emergency clause.

6. Minimal Fiscal Impact: The revenue impact of this bill should be minimal to the Commonwealth since the majority of localities have increased their local license tax rate to the maximum. It will result in additional revenue to the state should any locality not have their rate at the maximum. See item 8.

7. Budget amendment necessary: None

8. Fiscal implications: Any excess local portion of the consumption tax collected would be additional revenue to the state treasury. This should be minimal since the majority of the localities have their rates set at the maximum to collect the local portion of the consumption tax. The bill will not require any additional personnel. The State Corporation Commission's Division of Public Utility and Taxation's current systems have the capability to collect the excess local portion of the consumption tax.

9. Specific agency or political subdivisions affected: State Corporation Commission, Cities, Counties, Towns and pipeline distribution companies or gas utilities.

10. Technical amendment necessary: None.

11. Other comments: This bill will prevent a pipeline distribution company or gas utility from keeping any excess local consumption tax as a result of the locality's license fee rate being less than the local consumption tax component of the natural gas consumption tax. The substitute allows local governments that are not currently served by a gas utility, to pass an

ordinance at such time gas service becomes available to collect their local portion of the consumption tax. The House Substitute must be acted on by the Senate.

Date: 2/21/01

Analyst: Robert S. Tucker

cc: Secretary of Finance

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