

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron: Barlow

3. Committee: House Finance

4. Title: Local Severance Tax; Businesses
Engaged in Severing Sand, Marl
or Gravel

2. Bill Number: HB 744

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize any county or city to levy a license tax on every person engaged in the business of severing sand, marl or gravel from the earth. The rate of this tax would not exceed one percent of the gross receipts from the sale of sand, marl or gravel severed within the county or city.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Unknown (See line 8).

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. The revenue impact of this bill on localities is unknown because localities may or may not enact the tax this bill authorizes.

This bill would have a positive impact on local revenues for those localities that elect to impose the additional tax authorized by this bill. Local revenues would depend on the rate of tax imposed and the amount and value of sand, marl or gravel severed.

9. Specific agency or political subdivisions affected:

All localities in which businesses sever sand, marl or gravel.

10. Technical amendment necessary:

If the intent of this bill is to exclude gross receipts subject to the license tax authorized by this bill from other local license taxes, the following amendment is suggested:

Page 1, Line 20, After: end of sentence

Insert: That portion of the gross receipts of a person engaged in the business of severing sand, marl, or gravel from the earth that is subject to the license tax authorized by this section shall not be subject to any other license tax in the county or city.

11. Other comments:

Under current law, localities are prohibited from imposing a license tax or fee on any person engaged in the business of severing minerals from the earth for the privilege of selling the severed minerals at wholesale at the place of severance.

Otherwise, localities are currently authorized to levy license taxes on businesses severing sand, marl or gravel from the earth. State law currently limits the rate of tax that may be imposed by localities on different business license classifications. Depending on the business license classification, the maximum rate of tax that may currently be imposed by a locality on businesses severing sand, marl or gravel ranges from \$.16 to \$.36 per \$100 of gross receipts.

This bill would authorize any county or city to levy a license tax on all businesses severing sand, marl or gravel at a rate of tax that would not exceed one percent of the gross receipts from the sale of the sand, marl or gravel.

This bill is similar to House Bill 743. However, House Bill 743 would only authorize localities to impose the tax if it is approved in a local referendum.

c: Secretary of Finance

