

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Parrish

2. **Bill Number** HB 1754

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Retail Sales and Use Tax Exemption:
Extend the Sunset Dates for Medical
Related Nonprofit Organizations

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would extend to July 1, 2008, the sunset dates for certain medical related (§ 58.1-609.7) retail sales and use tax exemptions for various nonprofit organizations. The exemptions are scheduled to expire July 1, 2003.

6. **No Fiscal Impact:** (See Line 8.)

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

8. **Fiscal implications:**

The value of the exemptions extended by this bill is estimated to be \$62.1 million (state: \$48.0 million; local: \$14.1 million) in FY 2004 and \$69.7 million (state: \$53.9 million; local: \$15.8 million) in FY 2005. This bill would not necessitate a budget amendment as the official budget estimates assume the extension of all these expiring exemptions. The administrative costs associated with this bill would be minimal.

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

Department of Taxation

10. **Technical amendment necessary:** None.

11. **Other comments:**

This bill would extend to July 1, 2008, the sunset dates for 29 retail sales and use tax exemptions in the medical related group. The exemptions are scheduled to expire July 1, 2003.

The sunset dates in this bill are consistent with the schedule for reviewing sales tax exemptions established under Code of Virginia § 30-19.05.

This bill is identical to Senate Bill 742.

House Bill 1537 would extend to July 1, 2008, the sunset date for the retail sales and use tax exemption for nonprofit tissue banks. The provisions of House Bill 1537 are included in House Bill 1754 and Senate Bill 742.

House Bill 1755 and Senate Bill 743 would extend to July 1, 2007 the sunset dates for 31 retail sales and use tax exemptions in the educational group.

cc : Secretary of Finance

Date: 01/14/03 BB

Document: S:\2003leg\WorkInProgress\OTPwork\House Bills\hb1754F161.doc