

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** Ward L. Armstrong

3. **Committee** House Finance

4. **Title** Machinery and Tools Tax: Date to File
Returns

2. **Bill Number** HB 1072

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would change the date by which machinery and tools tax returns must be filed from May 1st, to March 1st. Under current law, all tangible personal property tax, machinery and tools tax and merchant's capital tax returns must be filed on or before May 1st.

The effective date of this bill is not specified.

6. **No Fiscal Impact**

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

8. **Fiscal implications:**

This bill would have no impact on state revenues. Because this bill would not affect the tax payment due dates, it would not, by itself, accelerate the payment of the tax.

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

All localities.

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

11. **Other comments:**

Businesses are subject to a variety of local taxes. The business, professional and occupational license (BPOL) tax, the business tangible personal property (BTPP) tax, the machinery and tools tax (M&T) and the merchant's capital tax are commonly regarded as "local business taxes." The machinery and tools tax is segregated as a separate class of class of tangible personal property and applies to machinery and tools used in manufacturing, mining, well drilling, processing, dairy, broadcasting, and laundry or dry cleaning businesses. This bill would make March 1st the filing date for machinery and

tools tax returns uniform for all localities, while retaining the May 1st date for filing of all other tangible personal property tax returns and merchant's capital tax returns. This bill would affect the above named businesses in every locality.

Under current law, businesses in those localities that impose the BPOL tax must file their BPOL returns on March 1st. The BPOL tax is imposed at local option, however, and many localities do not impose the BPOL tax. All tangible personal property, on the other hand, including machinery and tools, is subject to taxation unless specifically exempted by law.

cc : Secretary of Finance

Date: 1/20/2004/SLR