

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** R. Lee Ware, Jr.

2. **Bill Number** HB 295

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Passed House and Senate

4. **Title** Local Business Taxes: Advisory Opinions

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would authorize the Tax Commissioner to issue advisory opinions in specific cases regarding the business tangible personal property tax, the machinery and tools tax and the merchants' capital tax.

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 or local revenues. Based upon the Department's experience with the staffing required to respond to appeals of local business tax assessments, the additional authority to issue advisory opinions can be done with existing staff.

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

Department of Taxation
All localities

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

11. **Other comments:**

Since 1978, the Department of Taxation has been authorized to issue advisory opinions with respect to the local business, professional and occupational use (BPOL) tax. In 1996, the General Assembly adopted the Uniform Ordinance provisions that authorized the Department to hear appeals of local (BPOL) tax assessments.

When the General Assembly adopted the local business tax appeals process in 1999, it applied the basic format used for the BPOL tax uniform ordinance provisions; however, it did not provide the Department with the authority to issue written advisory opinions.

Under current law, a taxpayer may request a written ruling regarding the application of a local business tax to a specific situation from the commissioner of the revenue or other local assessing official. The commissioner of the revenue or other local assessing official may in turn request a written opinion from the Attorney General.

This bill would allow both taxpayers and local tax officials an additional venue for seeking guidance with respect to local business taxes.

cc : Secretary of Finance

Date: 3/12/2004/JEM