

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron Jackie T. Stump

3. Committee House Finance

4. Title Local Utility Tax: Exemption for churches.

2. Bill Number HB 743

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would allow any county, city or town, by ordinance, to exempt from the local consumer utility tax any churches or religious bodies that are exempt from the local real or personal property tax.

This bill would be effective for taxable years beginning on or after January 1, 2004.

6. No Fiscal Impact.

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. The revenue impact on localities is unknown because it is unknown how many, if any, localities will enact the exemption authorized by this bill.

9. Specific agency or political subdivisions affected:

All localities that exempt churches or religious bodies from local real or personal property taxes.

10. Technical amendment necessary: Yes.

The third paragraph of Subsection C of this statute provides an exemption from the local consumer utility tax for churches and religious bodies in the City of Manassas. As this bill authorizes all cities, counties and towns the same authority, the following technical amendment is recommended:

Page 1, Line 41, At the beginning of the line

Strike: lines 41 through 43

11. Other comments:

Local consumer utility taxes are imposed on consumers of water, heat, light, telephone, telegraph or power. Generally, the tax may not exceed twenty percent of the monthly charge. For residential consumers, the maximum tax may not exceed twenty percent of the first fifteen dollars of the monthly charge. Any county, city or town that imposed a higher local consumer utility tax prior to July 1, 1972, may continue to impose the tax in excess of the current limits, but not at an amount higher than it did prior to July 1, 1972.

Currently, all counties, cities and towns have the authority to exempt from the real or personal property tax, or both, property or realty owned by a nonprofit organization that uses such property for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes. This bill would allow counties, cities and towns that exempt churches and religious bodies from the local real or property tax to also exempt such entities from the local consumer utility tax.

Other Legislation

This bill is identical to Senate Bill 71.

cc : Secretary of Finance