State Corporation Commission
2004 Fiscal Impact Statement

1. **Bill Number** SB121

House of Origin	☒ Introduced	☐ Substitute	☐ Engrossed
Second House	☐ In Committee	☐ Substitute	☐ Enrolled

2. **Patron** Watkins

3. **Committee** Finance

4. **Title** Local Taxation of generating equipment reported to the Commission.

5. **Summary/Purpose:**
Clarifies that generating equipment reported to the Commission for assessment by electric suppliers can be taxed at a rate determined by the locality, but shall not exceed the real estate rate.

6. **Fiscal Impact Estimates are:** Not Available. There could be a fiscal impact on localities. See item 8.

7. **Budget amendment necessary:** No

8. **Fiscal implications:** This legislation attempts to more clearly clarify that although localities are prohibited from using a rate greater than the real estate rate, they can use a rate less than the real estate rate on generating equipment reported to the Commission for assessment. There were some concerns among the localities, that the current language did not give them the discretion to use a rate less than the real estate rate. This legislation simply attempts to clarify that concern. Any locality currently taxing at the real estate rate, which decided to use a lower rate, would have a fiscal impact on that locality.

9. **Specific agency or political subdivisions affected:** Localities (Cities, Counties, and Towns); State Corporation Commission

10. **Technical amendment necessary:** No

11. **Other comments:** Although, the current provisions in §58.1-2606 gave the localities the ability to use a rate less than the real estate rate on generating equipment, the localities felt it was not clear enough.

Date: 01/16/04 / RST

cc: Secretary of Finance