

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron R. Creigh Deeds

2. Bill Number SB 14

3. Committee Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. Title Local Consumer Utility Tax on Telegraph
and Telephone Companies; Town of
Iron Gate

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would specifically authorize the Town of Iron Gate to impose a consumer utility tax on telegraph and telephone companies by adopting an ordinance on or after July 1, 2004. The bill would also provide that at such time as the ordinance is enacted by the Town of Iron Gate, Alleghany County may no longer impose a consumer utility tax on telegraph and telephone companies within the town limits of Iron Gate, as long as the ordinance is in effect.

Under current law, the Town of Iron Gate is prohibited from imposing a consumer utility tax on telegraph and telephone companies because Alleghany County currently imposes such a tax.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. As it would allow the Town of Iron Gate to impose a local consumer utility tax on telegraph and telephone companies and thereby deprive Alleghany County of the authority to impose the tax within the town limits it would have a potential positive but unknown revenue impact on the Town of Iron Gate and a potential negative but unknown revenue impact on Alleghany County.

9. Specific agency or political subdivisions affected:

The Town of Iron Gate and Alleghany County

10. Technical amendment necessary: No.

11. Other comments:

Under current law, counties are prohibited from imposing the consumer utility tax on telephone and telegraph companies within incorporated towns: (1) that constitute a separate school district and impose a consumer utility tax, or (2) that enacted an ordinance on or before January 1, 2000 to impose the tax. Furthermore, a town located within a county that imposes a county consumer utility tax is prohibited from imposing a similar tax. Legislation enacted during the 2002 and 2003 General Assembly sessions created exceptions for the Towns of Orange, Gordonsville, Colonial Beach and Montross. This bill would create a similar exception for the Town of Iron Gate.

House Bill 372 and **Senate Bill 316** would authorize the Towns of Herndon and Vienna to impose this tax.

House Bill 1174 would provide a framework for restructuring the state and local telecommunications taxes by declaring the intent of the General Assembly to enact legislation in the 2005 Session replacing the local consumer utility taxes on telephone and telegraph services and other state and local telecommunications taxes with a uniform statewide tax on all retail telecommunications services and a uniform statewide 911 tax and fee.

cc : Secretary of Finance

Date: 3/16/2004 JEM