

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron Phillip P. Puckett

2. Bill Number SB 71

House of Origin:

 Introduced

 Substitute

 Engrossed

3. Committee Passed House and Senate

4. Title Local Utility Tax: Exemption for churches.

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would allow any county, city or town to exempt from local consumer utility tax any church or religious body, or the residences of their ministries.

The effective date for 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. The revenue impact on localities and towns 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 property taxes.

10. Technical amendment necessary: No.

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 local consumer utility tax a nonprofit organization organized for religious, charitable, patriotic, historical, benevolent, cultural, or as a public park or playground. This bill would allow counties, cities and towns to exempt from the local consumer utility tax churches and religious bodies and the residencies used for their ministries.

The bill would also remove the current exemption from the consumer utility tax for churches and religious bodies in the City of Manassas. Such organizations would be exempt under the statewide exemption provided by this bill.

Other Legislation

This bill is identical to House Bill 743.

cc: Secretary of Finance

Date: 3/4/05 wbs