

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. Patron Charles J. Colgan

2. Bill Number SB 801

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 Dumfries

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would specifically authorize the Town of Dumfries to impose a consumer utility tax on telegraph and telephone companies by adopting an ordinance on or after July 1, 2005.

This bill would also provide that at such time as the ordinance is enacted by the Town of Dumfries, Prince William County may no longer impose a consumer utility tax on telephone and telegraph companies within the town limits of Dumfries, as long as the ordinance is in effect.

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 Dumfries to impose a local consumer utility tax on telegraph and telephone companies and thereby deprive Prince William 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 Dumfries and a potential negative but unknown revenue impact on Prince William County.

9. Specific agency or political subdivisions affected:

The Town of Dumfries and Prince William County

10. Technical amendment necessary: No.

11. Other comments:

Under current law, counties are prohibited from imposing a 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 consumer utility tax is prohibited from imposing a similar

tax. Previous legislation has created similar authority for the Towns of Orange, Gordonsville, Colonial Beach, Montross, Clifton, Herndon, Vienna, and Iron Gate.

cc : Secretary of Finance

Date: 3/9/2005 SM

SB801FER161doc