

**DEPARTMENT OF TAXATION  
2006 Fiscal Impact Statement**

**1. Patron** Harry J. Parrish

**2. Bill Number** HB 1539

**3. Committee** Senate Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

**4. Title** Retail Sales and Use Tax: Extends the  
Sunset Date for the Gas and Oil Mining  
Exemption

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

**5. Summary/Purpose:**

This bill would extend the sunset date from July 1, 2006 to July 1, 2009 for the retail sales and use tax exemption for raw materials, fuel, power, energy, supplies, machinery or tools or repair parts therefore or replacement thereof, used directly in the drilling, extraction, refining, or processing of natural gas or oil and the reclamation of the well area.

The effective date of this bill is not specified.

**6. No Fiscal Impact:** (See Line 8.)

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

Administrative Costs Impact

If this bill is passed, TAX would incur no administrative costs.

Revenue Impact

This bill would have no impact on state and local revenues. The General Fund revenue forecast assumes the extension of this exemption; therefore, this bill would have no impact on revenues.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** No.

## 11. Other comments:

This exemption in this bill was originally enacted in 1994 (House Bill 20, Chapter 381, 1994 Acts of Assembly). Gas and oil drilling, processing, and refining were originally activities that fell under the industrial manufacturing and processing exemption. In 1994, a separate exemption was created for these activities and expanded to include raw materials, fuel, power, energy, supplies, machinery or tools or repair parts therefor or replacement thereof, used directly in the drilling, extracting, refining, or processing of natural gas or oil and the reclamation of the well area. This exemption was originally set to expire on June 30, 2001. The expiration of the exemption was extended to July 1, 2006 in 2001. This bill would extend the exemption until July 1, 2009.

### Similar Legislation

**Senate Bill 714** would remove the sunset date from the exemption for gas and oil drilling, processing and refining and make the exemption permanent.

cc : Secretary of Finance

Date: 02/16/2006 WBS  
HB1539FE161