

**DEPARTMENT OF TAXATION  
2006 Fiscal Impact Statement**

**1. Patron** Phillip P. Puckett

**3. Committee** House Finance

**4. Title** Local Coal and Gas Road Improvement Tax

**2. Bill Number** SB 506

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

**5. Summary/Purpose:**

This bill would allow those localities that comprise the Virginia Coalfield Economic Development Authority, to use the portion of the revenue from the Local Coal and Gas Road Improvement Tax currently dedicated for the construction of new and improved water and sewer systems to also use that portion of the revenue to repair or enhance existing water and sewer systems.

The effective date of this bill is not specified.

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

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

**8. Fiscal implications:**

This bill would have no impact on state revenues. This bill simply allows localities comprising the Virginia Coalfield Economic Development Authority to divert revenue originally dedicated to building new and enhanced water and sewer systems to the repair or enhance of such systems.

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

Localities comprising the Virginia Coalfield Economic Development Authority: City of Norton and the counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise.

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

## 11. Other comments:

### Local Coal and Gas Road Improvement Tax

The local coal and gas road improvement tax is imposed on persons engaged in the business of severing coal or gases from the earth. The tax is an optional tax that may be imposed in addition to the severance taxes imposed on coal and gas. The rate of tax may not exceed one percent.

Under current law, a portion of the revenues raised by the coal and gas road tax in localities comprising the Virginia Coalfield Economic Development Authority may be used by those localities for the construction of new and improved water and sewer systems and lines in areas where natural water supplies are insufficient in quality or quantity.

### Proposal

This bill would allow those localities that comprise the Virginia Coalfield Economic Development Authority, to use the portion of the revenue from the Local Coal and Gas Road Improvement Tax currently dedicated for the construction of new and improved water and sewer systems to also use that portion of the revenue to repair or enhance existing water and sewer systems.

cc : Secretary of Finance

Date: 02/14/2006 JEM