

DEPARTMENT OF TAXATION

2009 Fiscal Impact Statement

1. **Patron** William K. Barlow

2. **Bill Number** HB 2250

3. **Committee** House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Local Business, Professional, and
Occupational License Tax; Businesses
Engaged in Severing Sand, Marl, or Gravel

Second House:

☐ In Committee

☐ Substitute

☐ Enrolled

5. **Summary/Purpose:**

This bill would add sand, marl, or gravel to the list of items on which localities may impose a local Business, Professional and Occupational License ("BPOL") severance tax.

Under current law, the governing body of any locality is authorized to levy a license tax on every person engaging in the business of severing coal or gases. The tax is imposed at a rate not to exceed one percent of the gross receipts from the sale of coal or gases.

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 is unknown whether localities will impose the tax on the severance of sand, marl, or gravel, the local revenue impact of this bill is unknown. This bill would result in a local revenue increase for those localities that elect to impose the tax on the severance of these additional items.

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

All localities in which businesses sever sand, marl, or gravel.

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

11. **Other comments:**

Under current law, localities are generally prohibited from imposing a license tax or fee on any person engaged in the business of severing minerals from the earth for the privilege of selling the severed minerals at wholesale at the place of severance.

However, localities are authorized to levy licenses taxes on businesses severing coal or gases. The tax is capped at one percent of the gross receipts from the sale of coal or gases severed within such county. The gross receipts are the fair market value measured at the time the coal or gases are utilized or sold for utilization in the locality or at the time they are placed in transit for shipment from the locality. In calculating the fair market value, no person engaging in the production and operation of severing gases from the earth in connection with coal mining is permitted to take any deductions, including but not limited to, depreciation, compression, marketing fees, overhead, maintenance, transportation fees and personal property taxes.

This bill would add sand, marl, or gravel to the list of items on which localities may impose a local Business, Professional and Occupational License ("BPOL") severance tax.

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cc : Secretary of Finance

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