

# DEPARTMENT OF TAXATION

## 2010 Fiscal Impact Statement

1. **Patron** Harry B. Blevins

2. **Bill Number** SB 725

3. **Committee** House Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Retail Sales and Use Tax; Includes Pet  
Carriers as Qualifying Hurricane  
Preparedness Items

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

### 5. **Summary/Purpose:**

This bill would expand the list of items that are eligible for exemption from the Retail Sales and Use Tax during the seven-day hurricane preparedness holiday to include portable pet carriers.

Under current law, for a seven day period that begins each year on May 25 and ends on May 31, certain hurricane preparedness items can be purchased exempt of the Retail Sales and Use Tax. These items include portable generators with a selling price of \$1,000 or less and other hurricane preparedness equipment, including diesel fuel tanks, nonelectric food storage coolers, portable self-powered light sources, portable flexible waterproof sheeting, ground anchor systems or tie down kits, and certain batteries with a selling price of \$60 or less.

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:**

#### Administrative Costs

TAX considers implementation of this bill as "routine" and does not require additional costs.

#### Revenue Impact

This bill would result in an unknown, but minimal revenue loss.

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

TAX

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

**11. Other comments:**

Current Hurricane Preparedness Sales Tax Holiday

Senate Bill 1167 (Acts of Assembly 2007, Chapter 608) provides an annual exemption, from the Retail Sales and Use Tax, which began in 2008, for the purchase of certain hurricane preparedness equipment purchased during a seven-day period, beginning on May 25 and ending on May 31 of each year. Items that are statutorily eligible for exemption during the seven-day period include portable generators, with a selling price of \$1,000 or less per item and additional hurricane preparedness equipment with a selling price of \$60 or less per item. These items include, but are not limited to blue ice, carbon monoxide detectors, cell phone batteries, cell phone chargers, gas or diesel fuel tanks, nonelectric food storage coolers, portable self-powered light sources, portable self-powered radios, two-way radios, weather band radios, storm shutter devices, tarpaulins, or other flexible waterproof sheeting, ground anchor systems or tie down kits, and packages of AAA cell, AA cell, C cell, D cell, 6 volt or 9 volt batteries, excluding automobile and boat batteries. The statute required TAX to develop guidelines describing the items of merchandise that qualify for the exemption. In addition to the items set forth above, TAX has identified fire extinguishers, smoke detectors, bottled water, manual can openers, first aid kits, and water storage containers as items that qualify for exemption during the hurricane preparedness holiday.

The hurricane preparedness sales tax holiday is set to expire on July 1, 2012.

Other Sales Tax Holidays Currently Offered in Virginia

***Sales Tax Holiday for Clothing and School Supplies***

The 2006 General Assembly enacted Senate Bill 571 and House Bill 532 (Acts of Assembly 2006, Chapters 597 and 593) providing for an annual three-day sales tax holiday scheduled to begin each year at 12:01 a.m. on the first Friday in August, and to end at midnight on the following Sunday. Pursuant to this legislation, school supply items, including dictionaries, notebooks, pens, pencils, notebook paper, calculators, and similar items can be purchased exempt of the Retail Sales and Use Tax during the three-day holiday, provided that the sales price of each item does not exceed \$20. In addition, articles of clothing with a sales price of \$100 or less can be purchased exempt of the tax during the holiday period.

***Energy Star Sales Tax Holiday***

The 2007 General Assembly enacted House Bill 1678 and Senate Bill 867 (Acts of Assembly 2007, Chapters 176 and 817), which provide an annual exemption from the Retail Sales and Use Tax for the purchase of certain Energy Star qualified products with a maximum sales price of \$2,500 per item. An Energy Star qualified product includes any dishwasher, clothes washer, air conditioner, ceiling fan, compact fluorescent light bulb, dehumidifier, programmable thermostat, or refrigerator, the energy efficiency of which has

been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each such agency's requirements under the Energy Star program. The sales tax holiday period begins each year on the Friday before the second Monday in October and ends at midnight on the second Monday in October. The holiday is set to expire on July 1, 2012.

### Other States

Currently, Louisiana is the only other state that offers a hurricane preparedness sales tax holiday. The annual holiday takes place on the last Saturday and Sunday of May each year. The first \$1,500 of the sales price of each of the following items is not subject to Louisiana's sales tax: 1) portable self-powered light sources; 2) portable self-powered radios, two-way radios, or weather band radios; 3) tarpaulins or other flexible waterproof sheeting; 4) ground anchor systems or tie-down kits; 5) gas or diesel fuel tanks; 6) packages of AAA-cell, AA-cell, C-cell, D-cell, 6 volt or 9 volt batteries, excluding automobile and boat batteries; 7) nonelectric food storage coolers; 8) portable generators; 9) storm shutter devices; 10) carbon monoxide detectors; and 11) reusable freezer packs. The exemption does not apply to hurricane preparedness items or supplies sold at any airport, public lodging establishment or hotel, convenience store, or entertainment complex. Portable pet carriers are not included among the list of qualifying items.

### Proposal

This bill would expand the list of items that are eligible for exemption from the Retail Sales and Use Tax during the hurricane preparedness holiday to include portable pet carriers.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/12/2010 KP  
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