

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** J. Chapman Petersen

2. **Bill Number** SB 1226

3. **Committee** Passed by House and Senate

House of Origin:

☐ **Revised**

☐ **Substitute**

☐ **Engrossed**

4. **Title** Retail Sales and Use Tax; Registration with
Local Commissioners of the Revenue

Second House:

☐ **In Committee**

☐ **Substitute**

☒ **Enrolled**

5. **Summary/Purpose:**

This bill would authorize local commissioners of the revenue to elect to allow dealers seeking to register for the general Retail Sales and Use Tax and out-of-state contractors who are subject to the special use tax in Virginia the option of registering with the local commissioner of the revenue, rather than registering with the Tax Commissioner. The local commissioner would be required to follow the guidelines, rules, or procedures set forth by the Tax Commissioner in providing these services.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs Impact

TAX considers implementation of this bill as "routine." Assuming the local commissioners use TAX's systems and follow the procedures TAX sets forth in its guidelines, TAX would not require additional funding to implement this bill.

Revenue Impact

This bill is expected to have no impact on revenue generated from the Retail Sales and Use Tax.

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

All localities

TAX

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

11. Other comments:

Current Law

Special Construction Equipment Use Tax

Under current law, a special state use tax is imposed on the storage or use of all motor vehicles, machinery, tools or other equipment brought into Virginia for use in construction contracts. The special use tax does not apply to articles purchased in a state that does not impose a similar tax upon Virginia contractors. Before such property is brought into Virginia, the owner or lessee of the property must register with the Tax Commissioner, and must subsequently file quarterly reports and remit any taxes due.

Retail Sales and Use Tax

Individuals who wish to conduct business as dealers subject to the general Retail Sales and Use Tax in Virginia must file an application with the Tax Commissioner for a certificate of registration for each place of business he or she will operate in Virginia. Engaging in business as a dealer in Virginia without obtaining a certificate of registration, or after a certificate of registration has been suspended or revoked is a Class 2 misdemeanor.

The applications set forth the name of the business, the location of the place or places of business, and any other information the Tax Commissioner deems necessary. Once the application process is completed, the Tax Commissioner issues to each applicant a separate certificate of registration for each place of business in Virginia. Under current law, the Tax Commissioner is authorized to revoke and suspend any one or more of the certificates of registration, if the taxpayer fails to comply with the application requirements, provided a hearing is held, and the Tax Commissioner has provided proper notice to the registrant, as provided by law.

A holder of a certificate of registration that wishes to change locations for his business or ceases to conduct business at the place specified in his certificate must inform the Tax Commissioner in writing 30 days after he has ceased to conduct such business.

TAX's registration process is available on the Internet at TAX's website. Using this process, a business is able to register for all taxes administered by TAX and a separate certificate of registration is issued for each business location.

Proposal

This bill would authorize local commissioners of the revenue to elect to allow dealers seeking to register for the general Retail Sales and Use Tax and out-of-state contractors who are subject to the special use tax in Virginia the option of registering with the local commissioner of the revenue, rather than registering with the Tax Commissioner.

Under the terms of this bill, the local commissioner would need to follow the rules, regulations and guidelines, as required by the Tax Commissioner, in issuing certificates of

registration. TAX anticipates that initially the local commissioner would assist dealers in entering data directly into TAX's system using a computer in the local commissioner's office. Once the required information is entered, the local commissioner would provide the applicant with a TAX-issued certificate of registration. Dealers with businesses in more than one location would be able to register for each location through one local commissioner of the revenue. TAX is in the process of upgrading its online registration system (iReg). As this upgrade is completed, TAX will work with local commissioners to facilitate their ability to assist businesses in the registration process.

Under the terms of the bill, once the registrant obtains his certificate(s) of registration, if he wishes to cease conducting his business, he would be permitted to notify the local commissioner of the revenue, in lieu of the Tax Commissioner, in writing within 30 days after he has ceased business operations.

Currently, commissioners of the revenue have access into TAX's systems, which allows them to view data they need to determine if a business is registered in the proper locality and to assist a business with registering.

The effective date of this bill is not specified.

Similar Bills

House Bill 2183 is identical to this bill.

cc : Secretary of Finance

Date: 2/23/2011 KP
DLAS File Name: SB1226FER161