

**Commission on Local Government**  
**Estimate of Local Fiscal Impact**

2018 General Assembly Session

**Bill:** HB747

**Patron:** Leftwich

**Date:** 1/19/2018

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

**Bill Summary:**

Exempts veterinarians from sales and use tax on the purchase or prescription of drugs and medicines.

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**Executive Summary:**

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$200,000.00, however most localities were unable to quantify a fiscal impact due to lack of available data on the subject. Nevertheless, most localities agreed there would be some fiscal impact even if it was minimal, and it would impact their future revenue stream negatively in some way.

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**Local Analysis:**

**Locality:** Augusta County

**Estimated Fiscal Impact:** \$0.00

We do not have a way of determining how much sales tax will be foregone if the bill passes.

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**Locality:** Botetourt County

**Estimated Fiscal Impact:** \$0.00

Botetourt County

There are three veterinarians / pet clinics in Botetourt County.

Detail is not available as to specific fiscal impact regarding these entities.

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**Locality:** City of Covington

**Estimated Fiscal Impact:** \$0.00

I have spoken with the Commissioner of Revenue and we feel this has no major impacts to the city. The largest vet operations are in the county and we have 2 smaller ones here in downtown.

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**Locality:** City of Harrisonburg

**Estimated Fiscal Impact:** \$0.00

Not able to determine fiscal impact of this legislation. Generally would not be in favor of legislation that could impact future revenue.

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**Locality:** City of Martinsville

**Estimated Fiscal Impact:** \$5,000.00

With the overall decline in sales and use taxes due to the increase in internet sales, any exemption for any type of medical function, including veterinary services, should not be considered at this time. Costs for pet health management and treatments are on the rise, and why shouldn't we collect sales and use taxes on them? Just cutting into an already shrinking pool of funds.

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**Locality:** City of Roanoke

**Estimated Fiscal Impact:** \$1,536.00

8 veterans producing 1% sales tax making assumptions on purchases

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**Locality:** City of Virginia Beach

**Estimated Fiscal Impact:** \$0.00

Fiscal impact unknown as the number of veterinarians and the volume of prescription drugs and medication they purchase is unknown. General sales tax revenue is over \$66 Million. Opposed to this exemption as it negatively impacts this revenue stream.

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**Locality:** City of Winchester

**Estimated Fiscal Impact:** \$0.00

minimal to our area. The larger concern is the slow erosion of items being charged sales tax.

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**Locality:** County of Henrico

**Estimated Fiscal Impact:** \$200,000.00

Henrico County currently has 43 veterinarians licensed for BPOL. In FY2017 they generated \$40 million in gross receipts. The maximum impact from the local 1% sales tax would be \$400,000. The \$200,000 figure provided assumes that 50% of gross receipts from these veterinarians are drug and medicine related.

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**Locality:** Fairfax County

**Estimated Fiscal Impact:** \$1.00

The fiscal impact of exempting veterinarians from sales and use tax on the purchase or prescription of drugs and medicines would be minimal.

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**Locality:** Prince George County

**Estimated Fiscal Impact:** \$2,000.00

Estimated local impact of this legislative change is less than \$2,000. Prince George County has one local veterinarian office.

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**Locality:** Rockingham County

**Estimated Fiscal Impact:** \$0.00

Not a significant impact.

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**Locality:** Spotsylvania County

**Estimated Fiscal Impact:** \$10,000.00

The financial impact of this bill cannot be quantified. Expect minimal impact and estimate a loss of revenue of less than \$10,000.

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**Locality:** Town of Christiansburg

**Estimated Fiscal Impact:** \$5,000.00

The Town of Christiansburg receives approximately one-sixth of every \$0.01 of local sales tax returned from the state based on a formula in which Montgomery County receives half of the \$0.01 and the other half of \$0.01 is distributed to the Towns of Blacksburg and Christiansburg and Montgomery County based on school aged population (which are roughly even between the three). This would mean on an estimated \$3 million in veterinarian prescription drug and medicine sales, the Town would receive \$5,000 (but the Town does not have a good way to verify the estimated \$3 million in sales).

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**Locality:** Town of Culpeper

**Estimated Fiscal Impact:** \$1.00

This would have minimal impact to the Town. We have 2 veterinarians with business license within Town. To the extent that sales and use tax is generated from their purchase of drugs and medicines, the Town receives a portion of that from the sharing allocation with the County.

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**Locality:** Wise County

**Estimated Fiscal Impact:** \$1,000.00

Limited impact but uncertain on need for this bill.

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**Professional Organization Analysis:**

**Organization:** Accomack-Northampton Planning District Commission

The local impact appears to be minimal.

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**Organization:** Commissioners of Revenue Association of VA

No position

