

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Phillips

2. Bill Number HB 862

3. Committee Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. Title Local Coal and Gas Road Improvement Tax:
Extend Sunset Date

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would extend the sunset date for the local coal and gas road improvement tax from December 31, 2002, to December 31, 2007.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Unknown (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. The local coal and gas improvement tax is a local option tax imposed at a rate not to exceed one percent on the gross receipts generated by the severance of coal and gas. If imposed, receipts from the tax are deposited into a "Coal and Gas Road Improvement Fund," the monies of which must be used to improve public roads and water systems.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: None.

11. Other comments:

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 rate of the tax may not exceed one percent. In fiscal year 2000, seven counties, one city and two towns imposed some

form of severance tax on coal, gas or oil. The Auditor of Public Accounts reported that in 2000, total revenues collected from all three levies was \$19.5 million. However, for reporting purposes, revenues from all three taxes are reported in the aggregate, therefore the actual revenues attributed to the local coal and gas road improvement tax are unknown.

The local coal and gas road improvement tax was first enacted in 1978. Extensions of the tax's sunset date were granted in 1985, 1991, and 1995.

c: Secretary of Finance

Date: 2/27/02/SLR

Document: \\TAXOFFICE\LEGISDIR\2002leg\WorkInProcess\OTPwork\HB862FENR161.doc