

DEPARTMENT OF TAXATION

2009 Fiscal Impact Statement

1. **Patron** R. Lee Ware, Jr.

2. **Bill Number** HB 1975

3. **Committee** House Counties, Cities and Towns

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Green Roofs; Incentives

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would authorize localities to grant incentives and provide regulatory flexibility to encourage the use of green roofs, which may include reducing permit fees and gross receipts taxes on green roof contractors and streamlining the approval process for building permits.

This bill would also require TAX, working with the Virginia Association of Roofing Contractors, the Virginia Municipal League, the Virginia Association of Counties, and other interested persons, to determine the fiscal impact of enacting a Retail Sales and Use Tax exemption for materials and supplies used directly in the construction of a green roof. TAX would be required to provide the written impact to the chairmen of the House Committee on Appropriations, and the House and Senate Committees on Finance no later than October 1, 2009.

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 this bill is permissive and allows localities to decide which incentives to enact in their ordinances, the revenue impact of this bill is uncertain. To the extent that a locality enacts incentives that affect revenue, the locality would incur a revenue loss.

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

All localities

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

11. Other comments:

BPOL Tax

The Business, Professional and Occupational License (BPOL) tax is a tax on businesses for the privilege of engaging in business at a definite place of business within a Virginia locality. The measure or basis of the BPOL tax generally is the gross receipts of the business. The BPOL tax is a tax on gross receipts, not net income.

Contractors may be subject to license tax at a rate not to exceed the sixteen cents per \$100 of gross receipts.

Proposal

This bill would authorize localities to grant incentives and provide regulatory flexibility to encourage the use of green roofs, which may include reducing permit fees and gross receipts taxes on green roof contractors and streamlining the approval process for building permits.

Under this proposal, a green roof would be defined as a solar roof, a solar roofing system that generates reusable energy that accounts for at least 2.5% of the total electric energy used by the building, or a vegetative roof, a roofing system with at least 50% of the total roofing area being vegetative.

This bill would also require TAX, working with the Virginia Association of Roofing Contractors, the Virginia Municipal League, the Virginia Association of Counties, and other interested persons, to determine the fiscal impact of enacting a Retail Sales and Use Tax exemption for materials and supplies used directly in the construction of a green roof. TAX would be required to provide the written impact to the chairmen of the House Committee on Appropriations, and the House and Senate Committees on Finance no later than October 1, 2009.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 1058 is identical to this bill.

House Bill 2153 and **Senate Bill 1074** would allow the towns of Herndon and Leesburg levy the BPOL Tax on any person, firm, or corporation engaged in the business of renting real property.

House Bill 2205 would repeal the local BPOL taxes.

cc : Secretary of Finance

Date: 1/19/2009 AM
DLAS File Name: HB1975F161