

**DEPARTMENT OF TAXATION
2009 Fiscal Impact Statement**

1. Patron Clarence E. Phillips

2. Bill Number HB 2186

3. Committee House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. Title Business, Professional, and Occupational License Tax; Local Coal and Gas Road Improvement Tax; Removal of Sunset Provision

Second House:

☐ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would make the local Business, Professional, and Occupational License ("BPOL") Tax coal and gas road improvement tax permanent.

Under current law, the local coal and gas road improvement tax is set to expire on December 31, 2012.

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. Currently, ten localities impose a tax on coal, gas, and oil. These localities are the Counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise, the City of Norton, and the Towns of Big Stone Gap and Wise. Although revenues from Wise County are not available, the remaining localities collected a total of \$14,024,000 in Fiscal Year 2007 from this tax.

9. Specific agency or political subdivisions affected:

Counties of: Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise

City of: Norton

Towns of: Big Stone Gap and Wise

10. Technical amendment necessary: No.

11. Other comments:

Governing bodies of any county or city may levy a license tax on persons engaged in the business of severing gas or coal from the earth. The amount of the tax levied may not exceed 1% of the gross receipts from the sale of gas or coal severed within such county or city. The revenues generated from this tax are allocated as follows: 75% are paid into a special fund in each locality called the Coal and Gas Road Improvement Fund where at least 50% are spent on road improvements and 25% may be spent on new water and sewer systems within the locality; and the remaining 25% of the revenue is paid to the Virginia Coalfield Economic Development Fund. Currently, seven counties, two towns and one city benefit from this tax.

This tax was originally enacted in 1978, effective January 1, 1979, with a sunset that has been extended five times (1985, 1991, 1995, 2002, and 2007). This bill would remove the December 31, 2012 sunset provision and make this tax permanent.

Similar Legislation

Senate Bill 1337 would provide that revenues from the local Business, Professional, and Occupational License ("BPOL") Tax coal and gas road improvement tax that are designated for water and sewer systems must be directly distributed to the local industrial development authority, local economic development authority, or the local public service authority.

cc : Secretary of Finance

Date: 1/19/2009 KP
DLAS File Name: HB 2186F161.doc