

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Benjamin L. Cline

3. **Committee** House Finance

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

2. **Bill Number** HB 2183

House of Origin:

 Revised

 X **Substitute**

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill, as amended, 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 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" and does not require additional funding.

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, as amended, 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 same rules, regulations and guidelines, as required by the Tax Commissioner, in issuing certificates of registration. The bill would also allow the Tax Commissioner to revoke and suspend certificates of registration issued by the local commissioner of the revenue, as well as those issued by TAX.

Under the terms of the bill, once the registrant obtains his certificate(s) of registration, if he wishes to change locations for his business, he would be permitted to complete the process for changing business locations with the local commissioner of the revenue.

Under this bill, the business would be able to register for the Special Construction Equipment Use Tax and Retail Sales and Use Tax in each locality in which it operates separately. For businesses that are liable for other taxes, it would still be necessary to register with TAX.

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

Senate Bill 1226 would: 1) authorize local commissioners of the revenue and treasurers to enter into agreements with the Commissioner of DMV to act as an agent and maintain a limited amount of branch offices; 2) authorize local commissioners acting as agents to collect a service fee to retain as compensation for services; 3) give dealers seeking to register for sales and use tax and out-of-state contractors subject to the special use tax in Virginia the option of registering with the local commissioner of the revenue; 4) give local commissioners the authority to examine the documents of transportation companies to determine which dealers are shipping taxable tangible personal property; and 5) require local commissioners to verify that taxpayers seeking a local business license have satisfied all the licensing requirements.

cc : Secretary of Finance

Date: 2/1/2011 KP
DLAS File Name: HB2183FR161