

DEPARTMENT OF TAXATION

2013 Fiscal Impact Statement

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

2. **Bill Number** HB 1399

3. **Committee** Passed House and Senate

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Retail Sales and Use Tax Exemption;
Pollution Control Equipment

Second House:

☐ In Committee

☐ Substitute

☒ Enrolled

5. **Summary/Purpose:**

This bill would clarify that pollution control equipment certified by the Department of Mines, Minerals and Energy for coal, oil, and gas production continues to be exempt from the Retail Sales and Use Tax.

This bill is declarative of existing law.

6. **Budget amendment necessary:** No

7. **No Fiscal Impact.** (See Line 8.)

8. **Fiscal implications:**

As this bill is a clarification of the existing law, it would have no impact on state or local revenues.

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

Department of Taxation
Department of Mines, Minerals, and Energy

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

11. **Other comments:**

Pollution Control Equipment

Pollution control equipment and facilities certified by the applicable state certifying agency are exempt from the Retail Sales and Use Tax. The Department of Mines, Minerals, and Energy ("DMME") is the certifying authority for equipment and facilities used in coal, oil, and gas production. The State Water Control Board certifies water pollution control equipment and facilities, the State Air Pollution Control Board certifies air pollution control equipment and facilities, and the Virginia Waste Management Board certifies waste

disposal facilities. The Department of Environmental Quality administers the environmental regulations approved by the three regulatory boards.

Prior to the 1995 General Assembly Session, the Retail Sales and Use Tax exemption for certified pollution control equipment was not available for equipment used for coal, oil, and gas production. Legislation in the 1995 General Assembly Session provided an exemption for pollution control equipment certified by the DMME for coal, oil, and gas. Legislation in the 1995 General Assembly Session also retroactively allowed such pollution control equipment to qualify for the exemption beginning July 1, 1994. The retroactive exemption was extended in 1996 and 2001, but expired on July 1, 2006. However, the non-retroactive component of the exemption for pollution control equipment certified by DMME remains in effect.

Proposal

This bill would clarify that even though a retroactive clause in the exemption expired on July 1, 2006, pollution control equipment certified by the Department of Mines, Minerals and Energy for coal, oil, and gas production continues to be exempt.

This bill is declarative of existing law.

cc : Secretary of Finance

Date: 2/14/2013 AM
DLAS File Name: HB1399FER161