

## State Corporation Commission 2012 Fiscal Impact Statement

**1. Bill Number:** SB505

<b>House of Origin</b>	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
<b>Second House</b>	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Wagner

**3. Committee:** Commerce and Labor

**4. Title:** Combined heat and power facilities; incentives.

**5. Summary:** Combined heat and power facilities; incentives. Provides that combined heat and power facilities that meet the output and efficiency qualifications for the federal combined heat and power tax credit are eligible for a performance incentive of 200 basis points for the first portion of service life. Such combined heat and power facilities are declared to be certified pollution control equipment and facilities, which are exempt from state and local taxation pursuant to Article X, Section 6 (d) of the Constitution of Virginia.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Fiscal impact estimates are not available; see Item 8.

**8. Fiscal Implications:** The Department of Taxation has commented that the retail sales and use tax exemption for pollution control equipment is based solely on the definition of pollution control equipment found under § 58.1-3660. Therefore, if the definition is expanded, it would have an unknown negative impact on sales tax revenue depending on how many facilities may fall under this definition.

There is no fiscal impact on the State Corporation Commission.

**9. Specific Agency or Political Subdivisions Affected:** Department of Taxation; State Corporation Commission

**10. Technical Amendment Necessary:** The language contained as clause “(iii)” on lines 296-297 of the bill is unclear and may need to be clarified.

**11. Other Comments:** On January 30, 2012, this bill was continued to 2013 by the Senate Commerce and Labor Committee.

**Date:** 1/31/12 CW/AB