

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** Rick L. Morris

2. **Bill Number** HB 1295

3. **Committee** House Agriculture, Chesapeake and
Natural Resources

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Egg Tax; Repeal

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would repeal the excise tax on eggs purchased or sold for use or consumption in the Commonwealth. The bill would also eliminate Virginia Egg Fund, into which the tax revenues are deposited, and the Egg Board.

Under current law, the tax is imposed at the rate of 5 cents per 30-dozen case or, if the eggs are purchased or sold in other than shell form, 11 cents per 100 pounds of liquid eggs or liquid equivalent. The tax is imposed only on handlers selling 500 or more cases of eggs per year, or the liquid equivalent thereof. A "handler" is any person who operates a grading station, a packer, distributor, or other person who purchases, sells, or handles eggs that are used at the wholesale level for consumption in Virginia or, a farmer who packs, processes, or otherwise performs the functions of a handler.

The Egg Board is tasked with administering the Virginia Egg Fund and may expend such funds to provide for programs of research, education, publicity, advertising, and other promotion of eggs that are the subject of the tax.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** Yes.

ITEM(S): 88, Agricultural Industry Marketing, Development, Promotion, and Improvement, Department of Agriculture and Consumer Services

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

7b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2014-15	\$0	NGF
2015-16	(\$155,000)	NGF
2016-17	(\$155,000)	NGF
2017-18	(\$155,000)	NGF
2018-19	(\$155,000)	NGF
2019-20	(\$155,000)	NGF
2020-21	(\$155,000)	NGF

8. Fiscal implications:

Administrative Costs

The Department considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

If the excise tax on eggs purchased or sold for use or consumption in the Commonwealth were repealed, this bill would result in an estimated \$155,000 a year decrease in Nongeneral Fund revenues beginning in Fiscal Year 2016. The excise tax on eggs provided revenues of \$151,000 in Fiscal Year 2011, \$149,000 in Fiscal Year 2012, and \$160,000 in Fiscal Year 2013 to the Virginia Egg Fund.

9. Specific agency or political subdivisions affected:

Department of Taxation
Virginia Egg Board

10. Technical amendment necessary: No.

11. Other comments:

Virginia Egg Fund

Under current law, the tax is imposed at the rate of 5 cents per 30-dozen case or, if the eggs are purchased or sold in other than shell form, 11 cents per 100 pounds of liquid eggs or liquid equivalent. The tax is imposed only on handlers selling 500 or more cases of eggs per year, or the liquid equivalent thereof. A "handler" is any person who operates a grading station, a packer, distributor, or other person who purchases, sells, or handles eggs that are used at the wholesale level for consumption in Virginia or, a farmer who packs, processes, or otherwise performs the functions of a handler. The excise tax is levied only once.

The Egg Board is tasked with administering the Virginia Egg Fund and may expend such funds to provide for programs of research, education, publicity, advertising, and other promotion of eggs that are the subject of the tax. The Egg Board also has the power to manage the Virginia Egg Fund so as to accumulate a reserve for contingencies; establish an office and employ such technical, professional, and other assistants as may be required; contract for research, publicity, advertising, and other promotional services; and take measures to strengthen and promote the best interest of farmers producing eggs that are the subject of the tax.

Proposal

This bill would repeal the excise tax on eggs purchased or sold for use or consumption in the Commonwealth. The bill would also eliminate Virginia Egg Fund, into which the tax revenues are deposited, and the Egg Board.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/18/2015 AM
DLAS File Name: HB1295F161