

**DEPARTMENT OF TAXATION
2016 Fiscal Impact Statement**

1. **Patron** Riley E. Ingram
3. **Committee** Passed House and Senate
4. **Title** Peanut Excise Tax; Extension of the \$0.30 per 100 Pounds Rate

2. **Bill Number** HB 20
House of Origin:
 Introduced
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled
 X

5. Summary/Purpose:

This bill would extend the expiration date of the current \$0.30 per 100 pounds rate of the Peanut Excise Tax from July 1, 2016 to July 1, 2021. The bill also would delete the requirement that the tax would revert to the rate of \$0.15 per 100 pounds on July 1, 2021. The Peanut Excise Tax is imposed on peanuts grown in and sold in the Commonwealth for processing.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No
7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)
8. **Fiscal implications:**

Administrative Costs

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

Revenue Impact

Beginning July 1, 2010, the Peanut Excise Tax was imposed at a rate of \$0.30 per 100 pounds. The Peanut Excise Tax generated \$172,000 in Fiscal Year 2012, \$265,000 in Fiscal Year 2013, \$224,000 in Fiscal Year 2014, and \$289,000 in Fiscal Year 2015 in revenues for the Peanut Fund.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Agriculture and Consumer Services
Virginia Peanut Board

10. Technical amendment necessary: No

11. Other comments:

Current Law

The Peanut Excise Tax is levied on peanuts grown in and sold in the Commonwealth for processing. The processor is liable for payment of the tax on all peanuts purchased. A processor is defined as any person, individual, corporation, partnership, trust, association, cooperative and any and all other business units, devices and arrangements that clean, shell or crush peanuts.

Beginning July 1, 2010, the Peanut Excise Tax was imposed at a rate of \$0.30 per 100 pounds. The tax rate prior to July 1, 2010 was \$0.15 per 100 pounds. On July 1, 2016, the tax rate is set to revert to \$0.15 per 100 pounds. All revenue from the Peanut Excise Tax is deposited into the Peanut Fund. The tax is a semi-annual tax with returns due and payable on July 10 and February 15.

The Peanut Fund is a special nonreverting fund used solely for the purposes of paying the costs of collecting the tax levied on peanuts and the administration the Virginia Peanut Board. The Virginia Peanut Board was created to plan and conduct campaigns for education, advertising, publicity, sales promotion, and research regarding Virginia peanuts. The Virginia Peanut Board may cooperate with other state, regional, and national agricultural and peanut organizations in research, advertising, publicity, education, and other means of promoting the sale and use of peanuts, and may expend moneys of the Peanut Fund for such purposes.

Proposal

This bill would extend the expiration date of the current \$0.30 per 100 pounds rate of the Peanut Excise Tax from July 1, 2016 to July 1, 2021. The bill also would delete the requirement that the tax would revert to the rate of \$0.15 per 100 pounds on July 1, 2021. The Peanut Excise Tax is imposed on peanuts grown in and sold in the Commonwealth for processing.

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Similar Bills

Senate Bill 1 is identical to this bill.

cc : Secretary of Finance

Date: 2/29/2016 AM
DLAS File Name: HB20FER161