

DEPARTMENT OF TAXATION

2016 Fiscal Impact Statement

1. **Patron** Glen H. Sturtevant

3. **Committee** Senate Finance

4. **Title** Accelerated Sales Tax Payments; Prohibition

2. **Bill Number** SB 499

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would prohibit any requirement that a Retail Sales and Use Tax dealer remit sales and use taxes on an accelerated schedule or on any schedule other than the schedule for transmitting Retail Sales and Use Tax returns provided in *Va. Code* § 58.1-615.

Under *Va. Code* § 58.1-615, dealers are required to file a Retail Sales and Use Tax return and remit the sales or use tax for each month to the Department of Taxation on or before the twentieth day of the following month. The Tax Commissioner also is authorized to allow a dealer to file and remit the Retail Sales and Use Tax on a less frequent schedule.

The Introduced Executive Budget currently provides that any Retail Sales and Use Tax dealer having taxable sales and/or purchases of \$10 million or greater between July 1, 2015, and June 30, 2016, must make a payment equal to 90 percent of his Retail Sales and Use Tax liability for June, 2016, on or before June 30, 2017, if paying by electronic funds transfer. If payment is made by another method, the payment must be made on or before June 25, 2017. The Introduced Executive Budget increases the threshold to \$25 million for the accelerated sales tax payment due June, 2018.

The effective date of this bill is not specified.

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

ITEM(S): Page 1, Revenue Estimates
§3-5.06, Accelerated Sales Tax

7. **Fiscal Impact Estimates are:** Preliminary. (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

The Introduced Executive Budget would raise the threshold for Retail Sales and Use Tax dealers required to make accelerated sales tax payments from dealers having at least \$2.5 million in taxable sales and/or purchases to dealers having \$10 million in taxable sales and/or purchases in Fiscal Year 2017. The Introduced Executive Budget further raises the threshold to \$25 million in Fiscal Year 2018. As compared to the Introduced Executive Budget, this bill would decrease the General Fund revenues available for appropriation by \$161.5 million for Fiscal Year 2017 and increase the General Fund revenues available for appropriation by \$27.0 million for Fiscal Year 2018, resulting in a net decrease of \$134.5 million in General Fund revenues available for appropriation for the 2016-2018 Biennium.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Accelerated Sales Tax Payment

The Appropriations Act for the current biennium provides that any Retail Sales and Use Tax dealer having taxable sales and/or purchases of \$2.5 million or greater between July 1, 2014, and June 30, 2015, must make a payment equal to 90 percent of his Retail Sales and Use Tax liability for June, 2015, on or before June 30, 2016, if paying by electronic funds transfer. If payment is made by another method, the payment must be made on or before June 25, 2016. The Introduced Executive Budget increases the threshold to \$10 million for the accelerated sales tax payment due June, 2017, and increases the threshold to \$25 million for the accelerated sales tax payment due June, 2018.

The accelerated sales tax payment is due on or before each June 30 if paying by electronic funds transfer. If payment is made by another method, the payment must be made on or before June 25. In the event that either June 25 or June 30 falls on a Saturday or Sunday, any payment made on or before the next succeeding business day will be considered timely. Dealers who are required to remit the Retail Sales and Use Tax by electronic funds transfer are also required to remit the accelerated sales tax payment for those accounts by electronic funds transfer.

Budget Bill

Pursuant to § 4-13.00 of the Budget Bill, Conflict with Other Laws, the provisions of the Budget Bill prevail over any conflicting provision of any other law, without regard to whether the law is enacted before or after the Budget. However, if a provision of law conflicting with the Budget Bill is enacted after Budget Bill, such provision of law may prevail over the conflicting provision of Budget Bill if the General Assembly has clearly evidenced the intent for the provision of law to prevail. In order to show such intent, the other law must: i) identify the specific provision of the Budget Bill over which the

conflicting provision of law is intended to prevail and ii) specifically state that the terms of § 4-13.00 of the Budget Bill, Conflict with Other Laws, are not applicable with respect to the conflict.

Proposal

This bill would prohibit any requirement that a Retail Sales and Use Tax dealer remit sales and use taxes on an accelerated schedule or on any schedule other than the schedule for transmitting Retail Sales and Use Tax returns provided in *Va. Code* § 58.1-615.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/22/2016 AM
DLAS File Name: SB499F161