

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** Nick Rush

3. **Committee** House Finance

4. **Title** Sales and Use Tax Exemption; Volunteer Organizations

2. **Bill Number** HB 1498

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide a Retail Sales and Use Tax exemption for tangible personal property sold by a volunteer organization that is (1) exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code, (2) exempt from paying sales and use tax on its purchases, and (3) organized exclusively to meet the immediate needs of low-income, unemployed, elderly, and handicapped individuals.

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 of Taxation ("the Department") considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

The proposed legislation would have an unknown negative revenue impact on the General Fund, Transportation Trust Fund and localities. The magnitude of the revenue loss associated with the proposed legislation is unknown.

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

Department of Taxation

10. **Technical amendment necessary:** No

11. Other comments:

Retail Sales and Use Tax

Generally, the Retail Sales and Use Tax is imposed upon the charge for the sale or use of tangible personal property, unless an exemption applies. Virginia law defines “tangible personal property” as personal property that may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. The tax is generally collected by retail merchants from consumers at the time of purchase.

Under current law, tangible personal property sold by nonprofit organizations is generally subject to the Retail Sales and Use Tax.

Proposal

This bill would provide a Retail Sales and Use Tax exemption for tangible personal property sold by a volunteer organization that is (1) exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code, (2) exempt from paying sales and use tax on its purchases, and (3) organized exclusively to meet the immediate needs of low-income, unemployed, elderly, and handicapped individuals.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/28/2018 SK
DLAS File Name: HB1498F161