

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Glenn R. Davis

2. **Bill Number** HB 1679

3. **Committee** Senate Finance and Appropriations

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** License Taxes; Acceptable Identification

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that on any application for a license issued by a locality under its business, professional, and occupational license (BPOL) taxing authority, the locality would not be permitted to require an applicant to provide a social security number if the applicant provides his federal employer identification number (FEIN) instead. Additionally, if the applicant supplies a valid FEIN, the locality would not be required to determine the residency status of the applicant.

If enacted during the Regular Session of the 2020 General Assembly, this bill would become effective July 1, 2020.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill could result in unknown administrative costs to localities that impose a BPOL tax or fee. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown revenue impact on localities that impose a BPOL tax or fee. It would have no impact on state revenues.

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

All localities

10. **Technical amendment necessary:** No

11. Other comments:

Under current law, localities are authorized to impose a Business, Professional and Occupational License (BPOL) Tax upon local businesses. The BPOL tax is levied on the privilege of engaging in business at a definite place of business within a Virginia locality.

According to the Weldon Cooper Center for Public Service, in Fiscal Year 2017, the BPOL tax was levied in every city, 51 counties, and 118 towns.

The BPOL tax is generally imposed by the locality in which an entity has its “definite place of business,” defined in state law as an office or a location where the business has a regular and continuous course of dealing for thirty consecutive days or more.

Under state law, each person subject to a local license tax must apply for a license prior to beginning business if such person was not subject to licensure in a particular jurisdiction on or before January 1 of the license year, or no later than March 1 of the license year if such person had been issued a license for the preceding year. The BPOL application is on forms that are prescribed by the local assessing official.

Proposal

This bill would provide that on any application for a license issued by a locality under its business, professional, and occupational license (BPOL) taxing authority, the locality would not be permitted to require an applicant to provide a social security number if the applicant provides his federal employer identification number (FEIN) instead. Additionally, if the applicant supplies a valid FEIN, the locality would not be required to determine the residency status of the applicant.

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cc : Secretary of Finance

Date: 2/11/2020 SK
HB1679FE161