DEPARTMENT OF TAXATION
2020 Fiscal Impact Statement

1. Patron Paul E. Krizek

2. Bill Number HB 502

House of Origin:
X **Introduced**
_____ **Substitute**
_____ **Engrossed**

3. Committee House Finance

4. Title Litter Tax: Penalty Increase

Second House:
_____ **In Committee**
_____ **Substitute**
_____ **Enrolled**

5. Summary/Purpose:

This bill would increase existing penalties for delinquent payment of the litter tax. It would add a $100 penalty to the existing penalty for failure to timely pay the annual tax. Current law imposes a penalty for failure to timely pay the litter tax that is equal to the amount of litter tax due.

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: 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

This bill would result in a positive revenue impact to the Litter Control and Recycling Fund beginning in Fiscal Year 2021. As the number of taxpayers who will pay the tax late in future years is unknown, the amount of this gain in future years is unknown. As a portion of the revenues from this tax are distributed to localities to fund litter programs, this bill would have a positive revenue impact on localities.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Environmental Quality
Localities

10. Technical amendment necessary: No

11. Other comments:

The Virginia Litter Tax is imposed annually at a rate of $10 per establishment from which business is conducted by manufacturers, wholesalers, distributors, and retailers of:

- Food for human or pet consumption;
- Groceries;
- Cigarettes and tobacco products;
- Soft drinks and carbonated waters;
- Beer and other malt beverages;
- Wine;
- Newspapers and magazines;
- Paper products and household paper;
- Glass containers;
- Metal containers;
- Plastic or fiber containers made of synthetic material;
- Cleaning agents and toiletries;
- Nondrug drugstore sundry products;
- Distilled spirits; and
- Motor vehicle parts

An additional litter tax of $15 per establishment is imposed on manufacturers, wholesalers, distributors, and retailers of groceries, soft drinks, carbonated waters, beer, and other malt beverages. The Department has interpreted groceries to include produce and dairy products.

Litter Tax revenues, minus the necessary expenses of the Department of Taxation for the administration of this tax, as certified by the Commissioner, are deposited into the Litter Control and Recycling Fund.

Litter tax returns and payments are due on May 1 of each year. Virginia imposes a penalty equal to 100% of the tax assessed if the litter tax is paid late.

Proposal

This bill would increase existing penalties for delinquent payment of the litter tax. It would add a $100 penalty to the existing penalty for failure to pay the annual tax.

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

Similar Legislation

House Bill 302 would repeal the litter tax. Any litter tax levied prior to July 1, 2020, would not be affected by the provisions of this repeal.

House Bill 1154 would increase the annual litter tax from $10 to $20 and the additional annual litter tax from $15 to $30.

cc: Secretary of Finance

Date: 1/30/2020 SK
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