



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10 -350 -50, 60, 90, 100 – Forest Product Tax Regulations
Department of Taxation
August 4, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation (TAX) proposes to repeal Sections 50, 60, 90, and 100 of the Forest Product Tax Regulations (23 VAC 10-350). These sections do not address changes in the statutes and have been obsolete.

Result of Analysis

The proposed repeals are not likely to have any significant impact

Estimated Economic Impact

TAX proposes to repeal Sections 50, 60, 90, and 100 of the existing Forest Product Tax Regulations (23 VAC 10-350) that do not address the previous statutory changes.

House Bill 657 passed by the 1998 General Assembly provided an alternative method of paying the forest products tax based on weight. Previously, the tax was based on various volume measurements, such as board footage, cords, number of pieces, bundle size, etc. Sections 50 and 60 of the existing Forest Product Tax Regulations (23 VAC 10-350) do not address this alternative method, rendering these sections obsolete.

House Bill 657 passed by the 1998 General Assembly also changed the method used by the State Forester in determining the revenues to be collected from the tax each biennium from an estimate of future revenues to the actual past revenues collected. At the election of the taxpayer, the amounts credited to the Reforestation of Timberlands State Fund may be based on weight. Sections 90 and 100 of the existing Forest Product Tax Regulations (23 VAC 10-350) do not address these changes and have been obsolete.

Repeals of these obsolete regulations do not reflect a change in existing TAX policy and will likely not have any significant impact.

Businesses and Entities Affected

The proposed repeal of these regulations will not significantly affect businesses and entities.

Localities Particularly Affected

No localities are particularly affected.

Projected Impact on Employment

The proposed repeal of these regulations will not affect employment.

Effects on the Use and Value of Private Property

The proposed repeal of these regulations will not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed repeal of these regulations will not significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed repeal of these regulations will not significantly affect small businesses.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other

administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.