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**Periodic Review and Small Business Impact Findings
Where Result is "Retain the Regulation As Is"**

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|----------------------------------------------------|------------------------------|
| Agency name | Department of Taxation |
| Virginia Administrative Code (VAC) citation | 23 VAC 230 |
| Regulation title | Watercraft Sales and Use Tax |
| Date | August 15, 2016 |

This information is required pursuant to Executive Order 17 (2014).

Legal basis

Please identify the state and/or federal legal authority for the regulation, including: 1) the most relevant law and/or regulation; and 2) promulgating entity, i.e., agency, board, or person.

The Virginia Watercraft Sales and Use Tax is administered by the Department of Taxation pursuant to *Code of Va. § 58.1-1403*. This regulation was promulgated by the Department of Taxation pursuant to *Code of Va. § 58.1-203*.

Alternatives

Please describe all viable alternatives for achieving the purpose of the existing regulation that have been considered as part of the periodic review process. Include an explanation of why such alternatives were rejected and why this regulation is the least burdensome alternative available for achieving the purpose of the regulation.

No viable alternatives to the regulation governing the administration of the Watercraft Sales and Use Tax were identified. The Watercraft Sales and Use Tax regulation is the least burdensome alternative to provide clarification of the Watercraft Sales and Use Tax statutes and set out administrative policies of

the Department of Taxation as provided in rulings of the Tax Commissioner. Six sections of the regulation that duplicated state law were repealed in 2007. The regulation was last amended in 2009 and there have been no significant change in the Watercraft Sales and Use Tax statutes subsequent to the amendments.

Public comment

Please summarize all comments received during the public comment period following the publication of the Notice of Periodic Review, and provide the agency response. Please indicate if an informal advisory group was formed for purposes of assisting in the periodic review.

| Commenter | Comment | Agency response |
|-----------|---------|-----------------|
| | | |

No public comment was received following publication of the Notice of Periodic Review. The Department of Taxation did not form an informal advisory group to assist in this periodic review.

Effectiveness

Please indicate whether the regulation meets the criteria set out in Executive Order 17 (2014), e.g., is necessary for the protection of public health, safety, and welfare, and is clearly written and easily understandable.

The regulation is necessary for the protection of public health, safety, and welfare. It provides guidance regarding the administration of the Watercraft Sales and Use Tax. It is clearly written and easily understandable.

Result

Please state that the reason why the agency is recommending that the regulation should stay in effect without change.

The Department of Taxation is recommending that the regulation should stay in effect without change in order to provide clarification of the Watercraft Sales and Use Tax statutes and set out administrative policies of the Department of Taxation provided in rulings of the Tax Commissioner.

Small business impact

In order to minimize the economic impact of regulations on small business, please include, pursuant to § 2.2-4007.1 E and F, a discussion of the agency’s consideration of: 1) the continued need for the regulation; 2) the nature of complaints or comments received concerning the regulation from the public; 3) the complexity of the regulation; 4) the extent to which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and 5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation. Also, include a discussion of the basis for the agency’s determination to retain

the regulation as is, consistent with the stated objectives of applicable law, to minimize the economic impact of regulations on small businesses.

The regulation continues to be needed in order to provide guidance regarding the administration of the Watercraft Sales and Use Tax. There have been no complaints or comments received concerning the regulation from the public. The regulation is not complex and six sections of the regulation that duplicated state law were repealed in 2007. The regulation was last amended in 2009 and there have been no significant changes in technology, economic conditions, or other factors that have affected the Watercraft Sales and Use Tax.