

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget **Economic Impact Analysis**

23 VAC 10-55 Virginia Corn Excise Tax

Department of Taxation

Town Hall Action/Stage: 4507/7430

February 5, 2016

Summary of the Proposed Amendments to Regulation

The Department of Taxation (Department) proposes to update the corn excise tax rate in the regulation to reflect the rate that has been in effect since 1989. The Department also proposes to amend other language for clarity.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The current regulation states that the corn excise tax rate is one-quarter cent per bushel. The Code of Virginia (§ 3.2-1405 and § 3.2-1406) establishes that the excise tax rate may be changed or eliminated by virtue of referenda of corn producers. An October 1, 1989 tax bulletin reported that “On September 7, 1989, Virginia corn producers voted 136 to 51 in favor of increasing the corn assessment from one-quarter cent to one cent per bushel of corn ...” In practice, the tax has been assessed at one cent per bushel ever since. The Department proposes to amend this regulation to indicate that the tax is one cent per bushel. This amendment will be beneficial in that the regulation will reflect the actual tax rate that is assessed, significantly improving clarity.

Businesses and Entities Affected

The regulation affects corn farmers, processors, dealers, shippers, country buyers, and exporters. According to the Department, there were 63 corn excise tax payers in 2015.

Localities Particularly Affected

The regulation particular affects localities where corn is grown and processed for profit.

Projected Impact on Employment

The proposed amendments do not affect employment.

Effects on the Use and Value of Private Property

The proposed amendments do not affect the use and value of private property.

Real Estate Development Costs

The proposed amendments do not affect real estate development costs.

Small Businesses:**Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

The proposed amendments do not affect costs for small businesses.

Alternative Method that Minimizes Adverse Impact

The proposed amendments do not create adverse impact for small businesses.

Adverse Impacts:**Businesses:**

The proposed amendments will not adversely affect businesses.

Localities:

The proposed amendments will not adversely affect localities.

Other Entities:

The proposed amendments will not adversely affect other entities.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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