



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-230 – Watercraft Sales and Use Tax Regulations
Department of Taxation
July 10, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation (department) proposes to repeal the civil penalties section of these regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Section 50 of these regulations addresses civil penalties when a person fails to file a return or pay the full amount of the tax due for the purchase of watercraft. Code of Virginia Section 58.1-1408 addresses the same issue. The penalty rates for failure to file a return or pay the full amount of the tax due for the purchase of watercraft are higher in the Code. When there is a conflict between the Code of Virginia and regulations, the Code of Virginia applies. Thus the repealing of these regulations will not change applicable penalty rates. The repeal will be beneficial nonetheless since the current contradictory information is misleading.

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.