

Department of Planning and Budget

2001 Fiscal Impact Statement

1. Bill Number HB1879

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Albo

3. Committee Finance

4. Title Land Conservation Foundation; dedication of recordation taxes

5. Summary/Purpose: This bill dedicates to the Virginia Land Conservation Foundation (VLCF), on a phased-in schedule, the amount by which annual state recordation taxes exceed \$91.4 million. In 2001, 25 percent of such funds are so dedicated; in 2002, 50 percent of such funds are so dedicated; in 2003, 75 percent of such funds are so dedicated; and in 2004 and thereafter, 100 percent of such funds are so dedicated.

6. Fiscal Impact Estimates: See Item 8.

7. Budget amendment necessary: Yes. Item 410.

8. Fiscal implications: This bill would have no effect on general fund revenues because this proposed legislation would not affect the amount of recordation tax collected, but rather the allocation of such revenues. The balance of the recordation tax collected in excess of the current annual mandated distribution of \$80 million remains in the general fund. (The first \$40 million is distributed to the U.S. Route 58 Corridor Development Fund. The second \$40 million is distributed to cities and counties in proportion to the amount each locality collected. However, for localities in the Northern Virginia Transportation District and the Potomac-Rappahannock Transportation District, their portion is distributed to the Northern Virginia Transportation District Fund.)

This bill would reduce the amount of funds available for distribution to statewide programs paid for with general fund revenue by the amount of recordation tax collected in excess of \$91.4 million. These reductions will result in a need for changes to the proposed operating budgets of agencies as introduced in the Governor's budget bill.

Based on the recordation tax revenue estimates (see Table 2 on page 2) and the phased-in implementation schedule for this proposed legislation, the following distribution of recordation tax revenues in excess of \$91.4 million would be made for fiscal years 2001 through 2005.

<u>Table 1</u>					
<u>Fiscal Year</u>	<u>Total Collections</u>	<u>Amount in excess of \$91.4 million</u>	<u>Percentage to VLCF</u>	<u>General funds transferred to VLCF</u>	<u>Amount remaining in general fund</u>
2002*	\$137.9	\$46.5	25%	\$11.6	\$34.9
2003*	\$137.9	\$46.5	50%	\$23.3	\$23.3

2004*	\$137.9	\$46.5	75%	\$34.9	\$11.6
2005*	\$137.9	\$46.5	100%	\$46.5	\$0

* Projected

The recordation tax is a very volatile revenue source. It reacts more quickly to changes in the economy and housing market than do other revenue sources. The following table details the recordation tax collections for fiscal year 1990 through 2005.

Table 2

Fiscal Year	<u>Total Collections</u>	<u>Distributed to Route 58 Fund</u>	<u>Distributed to Localities</u>	Net <u>Collections to General Fund</u>
1990	\$88.3	\$0.0	\$0.0	\$88.3
1991	\$68.6	\$0.0	\$0.0	\$68.6
1992	\$80.2	\$7.9	\$0.0	\$72.3
1993	\$96.1	\$15.3	\$0.0	\$80.8
1994	\$111.2	\$22.3	\$20.0	\$68.9
1995	\$80.8	\$40.0	\$40.0	\$0.8
1996	\$91.4	\$40.0	\$40.0	\$11.4
1997	\$98.7	\$40.0	\$40.0	\$18.7
1998	\$122.3	\$42.0	\$40.0	\$40.3
1999	\$152.4	\$42.0	\$40.0	\$70.4
2000	\$141.3	\$43.9	\$40.0	\$61.3
2001*	\$132.9	\$40.0	\$40.0	\$52.9
2002*	\$137.9	\$40.0	\$40.0	\$57.9
2003*	\$137.9	\$40.0	\$40.0	\$57.9
2004*	\$137.9	\$40.0	\$40.0	\$57.9
2005*	\$137.9	\$40.0	\$40.0	\$57.9

* Projected

9. Specific agency or political subdivisions affected: The budgets of all state agencies would be affected by this proposed legislation. This bill would reduce the amount of funds available for distribution to statewide programs paid for with general fund revenue by the amount of record-ation tax collected in excess of \$91.4 million. These reductions will result in a need for changes to the proposed operating budgets of agencies as introduced in the Governor's budget bill.

10. Technical amendment necessary: No

11. Other comments: None

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cc: Secretary of Finance
Secretary of Natural Resources