

DEPARTMENT OF TAXATION

2001 Fiscal Impact Statement

1. **Patron** Larrabee

3. **Committee** Senate Finance

4. **Title** Income Tax: Credit for Growing Oysters

2. **Bill Number** HB 2493

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would create a nonrefundable individual income tax credit equal to the cost of growing oysters for non-commercial purposes and depositing the oysters on a state-managed sanctuary reef. The credit would be limited to \$300 per individual or the individual's tax liability, whichever is less.

This bill is effective for taxable years beginning on and after January 1, 2001, but before January 1, 2011.

6. Fiscal Impact Estimates are: Unavailable. See Line 8.

7. Budget amendment necessary: No.

8. Fiscal implications:

The impact this bill would have on General Fund revenues is unknown. It is likely however that any negative impact would be minimal.

While this bill does have costs associated with systems development, these cannot be ascertained at this time. The cost for implementing a **single** piece of legislation cannot be calculated precisely due to economies of scale. The actual cost to implement **all** legislation enacted during a given session will more than likely be less than the sum of the costs attributed to individual bills. Further, the ability to accurately predict costs is complicated because TAX is replacing its current database system. As a result, legislative changes may need to be made to both the current and the future system, depending on the effective date. Therefore, TAX is not providing specific systems costs for this bill, but will calculate the total for all tax bills once they have been acted upon favorably in both houses and prior to the conference committee report. Other administrative costs to implement this bill would be minimal.

9. Specific agency or political subdivisions affected:

Department of Taxation
Virginia Marine Resources Commission

10. Technical amendment necessary: None.

11. Other comments:

This bill would create a nonrefundable individual income tax credit equal to the cost of growing oysters for non-commercial purposes and depositing the oysters on a state-managed sanctuary reef. The amount spent may include, but is not limited to, amounts spent on materials and training.

In order to qualify for the credit, the oysters must be grown pursuant to a valid Virginia Marine Resources Commission General Permit for Noncommercial Riparian Shellfish Growing Activities. At least 500 oysters must then be transferred to a state-managed sanctuary reef or to an organization or person who will deposit them on a state-managed reef. The individual would have to obtain a receipt from the Virginia Marine Resources Commission evidencing such transfer.

The credit would be limited to \$300 per individual or the individual's tax liability whichever is less. If the amount of the credit exceed the individual's tax liability, the credit may be carried forward for up to five years. A credit would not be allowed for an expenditure that is also the basis of a federal income tax credit for the individual or the individual's spouse.

cc: Secretary of Finance

Date: 2/6/01/CT

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