

## Department of Planning and Budget 2002 Fiscal Impact Statement

**1. Bill Number:** HB341

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Albo

**3. Committee:** Appropriations

**4. Title:** Virginia Land Conservation Foundation; dedication of recordation taxes

**5. Summary/Purpose:** This bill would dedicate to the Virginia Land Conservation Foundation, on a phased basis in schedule, the amount by which annual state recordation taxes exceed \$91.4 million. In 2003, 25 percent of such funds are so dedicated; in 2004, 50 percent of such funds are so dedicated; in 2005, 75 percent of such funds are so dedicated; and in 2006 and thereafter, 100 percent of such funds are so dedicated. The annual transfer to Foundation cannot exceed \$40 million.

**6. Fiscal Impact Estimates are:** Final. See Item 8.

**7. Budget amendment necessary:** Yes. The Virginia Land Conservation Fund into which these would be deposited, is administered by the Department of Conservation and Recreation. Therefore, the general appropriation in HB30 for Item 381 must be increased by the amount of the transfer.

Page 292, line 31, STRIKE "\$448,000" and INSERT "\$11,948,000"  
Page 292, line 31, STRIKE "\$448,000" and INSERT "\$23,448,000"

**8. Fiscal implications:** This bill would have no impact on general fund revenues because this proposed legislation does not affect the amount of recordation taxes collected, but rather the allocation of such revenues. This legislation would, however, reduce the amount of discretionary general fund revenue available for appropriation to statewide programs.

For fiscal year 2002, \$137.4 million is forecasted for recordation tax collections. Currently, the first \$40 million of recordation tax collections 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. The balance remains in the general fund and is used to fund statewide programs.

In fiscal year 2002, recordation tax revenue collections are estimated to be \$137.4 million. Based on this estimate, \$11.5 million would be transferred to the Foundation in fiscal year 2003. Assuming the same amount of recordation tax revenue collections in future years, \$23.0 million would be transferred in fiscal year 2004, \$34.5 million in fiscal year 2005, and \$40 million in fiscal year 2006 and thereafter.

**9. Specific agency or political subdivisions affected:** Department of Taxation, Department of Conservation and Recreation

**10. Technical amendment necessary:** The mechanism for depositing the funds to the Virginia Land Conservation Fund should be to first appropriate the general funds to the Department of Conservation and Recreation and then to transfer the funds to the Virginia Land Conservation Fund. The following language is recommended to effect this transfer:

Page 294, after line 8, IN SE RT: "Included in the amounts for Preservation of Open Space Lands is \$11,500,000 the first year, and \$23,000,000 the second year from the general fund for the Virginia Land Conservation Fund (§ 10.1-1020, Code of Virginia)."

**11. Other comments:** HB 234 proposes to dedicate \$5 million annually of recordation taxes to the Public Beach Maintenance and Development Fund for use in awards matching grants to local governments to pay the costs of erosion abatement measures, for the construction or maintenance of public beach-related support structures or facilities, and the creation or restoration of beach landscapes.

**Date:** 1/14/02/djy

**Document:** G:\02-04 Budget \Legislation\2002 Session\DCR\HB341.Doc

cc: Secretary of Finance