

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB174

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

2. Patron Lewis

3. Committee House Finance

4. Title State recordation tax; additional distribution to localities.

5. Summary/Purpose:

Provides that 50 percent of the amount of state recordation tax collected in excess of \$80 million shall be distributed, beginning June 30, 2005, and each year thereafter, to the counties and cities based on the percentage of recordation taxes collected in each county and city. The remaining 50 percent of the amount of state recordation tax collected in excess of \$80 million would remain in the state's general fund. The additional amount to be distributed to counties and cities would be used for land preservation.

6. Fiscal Impact Estimates are: Tentative. See item 8 below.

7. Budget amendment necessary: Yes.

8. Fiscal implications: While this bill would have no effect on the amount of general fund revenue collected, it would change the manner in which the general fund dollars collected through the state recordation tax are apportioned between the state and localities.

Currently, \$80 million of state recordation taxes collected are distributed to localities or deposited into a special fund for transportation purposes. Of this \$80 million, the first \$40 million go to the U.S. Route 58 Corridor Development Fund. The next \$40 million are distributed to the localities proportionally to the amount of tax collected in the locality. The balance after the above distributions remains in the state's general fund and may be appropriated for any purpose.

The proposed legislation would change the manner in which this balance would be distributed between the state and localities. Under the legislative proposal, fifty percent of this balance would be distributed to the localities proportionally to the amount of tax collected in the locality. These additional funds would be used for land preservation. The funds remaining after the \$80 million in distributions currently provided for and the additional distribution provided for in the proposed legislation would remain in the state's general fund. The additional distribution to localities would result in a loss of general fund revenue that could be appropriated by the state for various programs and projects. The Department of Taxation estimates the reduction of discretionary general fund dollars as follows:

<i>Fiscal Year</i>	<i>Dollars</i>
2004-05	(\$56,185,970)
2005-06	(\$59,905,870)
2006-07	(\$66,186,220)
2007-08	(\$70,389,223)
2008-09	(\$74,833,778)
2009-10	(\$79,471,575)

9. Specific agency or political subdivisions affected: Any locality that currently receives a distribution of the revenue generated from state recordation taxes and the state's general fund.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/15/04 / tmw

Document: G:\2004 Session\Legislation\Hb174.Doc Toni Walker

cc: Secretary of Finance