

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron David A. Nutter

2. Bill Number HB 240

3. Committee Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. Title Virginia Regional Industrial Facility Authority:
Appropriation of Taxes Generated at
Facilities

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would grant localities which contain a facility established under the Virginia Regional Industrial Facilities Act the authority to direct all local tax revenues generated by the facility back to the Regional Industrial Facilities Authority. All local tax revenues received by the Authority may be used for payment of debt service on bonds and other obligation of the Authority with respect to the facility.

The effective date of this bill is not specified.

6. No Fiscal Impact: Not available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

There would be no state revenue impact nor administrative costs incurred by the Department if this bill is passed. To the extent localities choose to direct additional local tax revenue back to a qualifying facility, there will be less local revenue for other purposes.

9. Specific agency or political subdivisions affected:

Regional Industrial Facilities Authorities established under the Virginia Regional Industrial Facilities Act
Localities

10. Technical amendment necessary: No.

11. Other comments:

Generally

The Virginia Regional Industrial Facilities Act was enacted in 1997 to allow certain regions of the Commonwealth to establish Regional Industrial Facilities Authorities to assist in the economic development of regions lagging behind other areas of the Commonwealth. These regions contain areas within the boundaries of Planning Districts 3, 4, 5, 10, 11, 12, 13, 14, and 19. The purpose of the Act is to allow multiple localities within a region to share in the costs and the revenue gain of industrial parks located within one locality in the region. Facilities include any structure or park used for manufacturing, warehousing, distribution, office, or other industrial or commercial purposes.

This bill would authorize member localities which contain a facility established under the Virginia Regional Industrial Facilities Act to allocate all local tax revenues generated by the facility back to the Regional Industrial Facilities Authority. Under current law, localities have the authority to allocate machinery and tools tax revenue generated by a facility established under the Virginia Regional Industrial Facilities Act to such facility. This bill expands the funding to include all local tax revenue generated by the facility.

Similar Legislation

House Bill 1393 and Senate Bill 546 are identical to this bill.

cc: Secretary of Finance

Date: 1/30/04 wbs