

# DEPARTMENT OF TAXATION

## 2005 Fiscal Impact Statement

1. **Patron** Jeffrey M. Frederick

2. **Bill Number** HB 1530

3. **Committee** Senate Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Individual and Corporate Income Tax: Tax  
Deduction for Individuals and Corporations  
Providing Parking for Commuters

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

### 5. Summary/Purpose:

This bill would offer an income tax deduction to individuals or corporations who own a shopping center or strip mall and who contribute to the locality in which the center or mall is located the right to use certain parking spaces, provided that the locality has established a program to implement the use of the parking spaces for commuters. The amount of the deduction could not exceed \$50 per each approved parking space.

This bill would be effective for taxable years beginning on or after January 1, 2006.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

#### 6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2004-05	\$0	0	GF
2005-06	\$0	0	GF
2006-07	\$168,560	0	GF
2007-08	\$3,554	0	GF
2008-09	\$3,671	0	GF
2009-10	\$3,781	0	GF
2010-11	\$3,895	0	GF

7. **Budget amendment necessary:** No.

### 8. Fiscal implications:

The revenue loss associated with this bill is unknown. The amount is difficult to determine because there is a lack of data regarding private commercial parking facilities that presently have informal agreements with commuters. However, given the deduction of \$50 per parking space and an average income tax rate of 5.75%, each space claimed per tax year would create a revenue loss of \$2.87.

The Department would incur administrative costs of \$168,560 for FY 2007, \$3,554 for FY 2008, \$3,671 for FY 2009, \$3,781 for FY 2010 and \$3,895 for FY 2011. These costs are

for forms and systems modifications. Localities would also incur costs in developing guidelines and reviewing the contributions of parking spaces.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary: No.**

**11. Other comments:**

This bill would grant an income tax deduction to both individual and corporate owners of shopping centers or strip malls who contribute the right to use certain parking spaces to the locality in which the center or mall is located. However, in order to do this, the locality must have established a program based on guidelines developed by the Department to implement the use of the parking spaces for commuters. The amount of the deduction could not exceed \$50 per parking space.

If the local governing body were to approve parking spaces consistent with local zoning ordinances, it would be required to provide notification of the approval to the contributor and to the Department. This bill would also require the Department to develop procedures and processes in order for the contributor to claim this deduction.

This bill would be effective for taxable years beginning on and after January 1, 2006.

cc : Secretary of Finance

Date: 2/8/2005 AMS  
HB1530FS1161