

**DEPARTMENT OF TAXATION
2005 Fiscal Impact Statement**

1. Patron Emmett W. Hanger, Jr.

2. Bill Number SB 1142

3. Committee Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. Title Recordation Tax: Transfer to Virginia Water
Quality Improvement Fund

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require that \$20 million of all state recordation taxes collected be transferred to the Virginia Water Quality Improvement Fund.

This bill would be effective for fiscal years beginning on and after July 1, 2005.

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

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no direct impact on administrative costs to the Department of Taxation.

This bill would have no direct impact on state revenue, however, earmarking state revenues would reduce the amount of discretionary General Fund revenue available for appropriation by \$20 million per fiscal year beginning in FY 2006.

9. Specific agency or political subdivisions affected:

Department of Taxation
Comptroller
Virginia Water Quality Improvement Fund

10. Technical amendment necessary: No.

11. Other comments:

This bill would require that \$20 million of all recordation taxes collected be transferred to the Virginia Water Quality Improvement Fund.

The \$20 million distribution would only be made after the \$40 million distribution to the U.S. Route 58 Corridor Development Fund and the \$40 million distribution to the counties and cities.

The Virginia Water Quality Improvement Fund was established to provide Water Quality Improvement Grants to local governments, soil and water conservation districts, institutions of higher learning institutions of higher education and individuals for point and nonpoint source pollution prevention, reduction and control programs.

Other Legislation

House Bill 1684 would provide that 50% of the amount of state recordation taxes collected that are attributable to deeds and other instruments recorded be apportioned and distributed annually to each such county or city that either has a Purchase of Development Rights program in effect or has filed a statement of intent with the Virginia Department of Agriculture and Consumer Services that it will create such a program within 3 years or less.

House Bill 2292 would distribute annually to the Transportation Trust Fund the additional recordation tax revenue generated by the rate increases enacted by the 2004 Special Session I of the Virginia General Assembly.

cc : Secretary of Finance

Date: 1/23/2005 NMS
SB1142F161