

DEPARTMENT OF TAXATION

2006 Fiscal Impact Statement

1. **Patron** Clifford L. Athey, Jr.

3. **Committee** House Finance

4. **Title** Animal Adoption Tax Credit

2. **Bill Number** HB 1114

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill provides for a credit to individuals when they adopt one or more animals from public pounds or charitable animal shelters. The amount of the credit is equal to one-half of the adoption fee(s) paid, not to exceed \$25 per adoption.

This bill is effective for taxable years beginning on or after January 1, 2007.

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

6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2005-06	\$0	GF
2006-07	\$0	GF
2007-08	(\$2.2 million)	GF
2008-09	(\$2.2 million)	GF
2009-10	(\$2.2 million)	GF
2010-11	(\$2.2 million)	GF
2011-12	(\$2.2 million)	GF

7. **Budget amendment necessary:** Yes.

Page 1, Revenue Estimate

8. **Fiscal implications:**

This bill would result in a revenue loss of \$2.2 million annually. Based on data from the Humane Society of the United States, it is estimated that 122,500 animals are adopted annually from Virginia animal shelters. A survey indicated that almost all shelters charge an adoption fee of more than \$50, so virtually all animal adoptions from shelters in Virginia would qualify for the proposed credit.

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: Yes.

Due to the requirements of electronic filing, which cannot accommodate attachments, the following amendment is suggested.

Line 19, after shall

Strike: submit

Insert: obtain

11. Other comments:

Proposal

This bill provides for a credit against individual income tax to individuals when they adopt one or more animals from public pounds or charitable animal shelters. The amount of the credit is equal to one-half of the adoption fee(s) paid, not to exceed \$25 per adoption. The total credit amount in a single year will not exceed the taxpayer's tax liability for that taxable year. This bill is effective for taxable years beginning on or after January 1, 2007.

This bill requires that the taxpayer submit proof of the number of animals adopted in the taxable year in order to claim the credit. The bill provides that TAX will establish information reporting requirements associated with the proposed credit and explain such requirements in the instructions to the income tax return.

cc : Secretary of Finance

Date: 02/02/2006 CHC
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