

# DEPARTMENT OF TAXATION

## 2006 Fiscal Impact Statement

1. **Patron** Robert H. Brink

3. **Committee** House Finance

4. **Title** Major Business Facility Job Tax Credit

2. **Bill Number** HB 1600

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would modify the Major Business Facility Job Tax Credit to provide that the number of new jobs that must be created to qualify for the credit would be reduced from 100 to 25, where the business is located in an area impacted by the decisions of the Base Realignment and Closure Commission.

This bill would be effective for taxable years beginning on or after January 1, 2007, and would sunset on January 1, 2012.

**6. Fiscal Impact Estimates are:** Not available. (See Line 8.)

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

**8. Fiscal implications:**

This bill would result in revenue loss to the General Fund of unknown magnitude. The bill is a recommendation of the Northern Virginia Working Group, which estimated that this proposal would reduce revenue by \$1 million. The Department could not ascertain the assumptions on which their estimate is based.

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.

In order to clarify the definition of the census tracts in which the reduced threshold would apply, the following amendment is suggested:

Page 1, Line 123, after J.

Strike: *A BRAC Impacted Area is defined as census tracts where decisions*

Insert: *For purposes of this subsection, a BRAC Impacted Area means census tracts, as established by the United States Census Bureau pursuant to the most recent United States census, in which decisions set forth in the 2005 final report*

**11. Other comments:**

This bill would modify the Major Business Facility Job Tax Credit. For taxable years beginning January 1, 2007 through January 1, 2012, a major business facility located in an area affected by decisions of the Base Realignment and Closure Commission (a "BRAC Impacted Area") would qualify for the credit with the creation of 25 jobs, rather than the usual threshold of 100.

The bill would define a "BRAC Impacted Area" as census tracts where decisions of the Base Realignment and Closure Commission result in direct Department of Defense net job losses that exceed 1,000 military and civilian jobs.

Other Legislation

**SB 698** is identical to this bill. A substitute clarified the definition of "BRAC Impacted Area." The amendment suggested above would make the definitions in both bills identical.

cc : Secretary of Finance

Date: 02/07/2006 CHC  
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