

## Department of Planning and Budget 2006 Fiscal Impact Statement

**1. Bill Number** HB17

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Lingamfelter

**3. Committee** House Committee on Appropriations

**4. Title** Housing allowance; provided for full-time, sworn State Police officers.

**5. Summary/Purpose:** Provides a housing allowance for full-time, sworn State Police officers, based upon pay grade and geographical location, from funds that are appropriated for such purpose. The rates of the variable allowance shall be based on suggested rates developed and annually updated by the Department of Human Resource Management. The housing allowance shall not be considered Virginia taxable income, nor shall it be considered creditable compensation for the State Police Officers' Retirement System.

**6. Fiscal Impact Estimates are:** PRELIMINARY; See item 8 below.

**7. Budget amendment necessary:** Yes; Item 414.

**8. Fiscal implications:** The Department of Human Resource Management is not aware of similar programs and at present has not yet developed rates to use in estimating the impact of this proposal. Therefore, it is not possible to determine the fiscal impact of the proposal. However, for every \$100 in monthly housing allowance provided for all state troopers, the estimated annual cost is \$2.2 million. For example, if the housing allowance averages \$300 per month for troopers, the total annual cost would be \$6.6 million.

Also, the Department of Taxation states that no additional funding would be required to implement the proposal since changes such as this are implemented as part of their annual changes to their systems and forms.

**9. Specific agency or political subdivisions affected:** Departments of Human Resource Management, State Police and Taxation.

**10. Technical amendment necessary:** Yes. According to the Department of Taxation, a conflict between state and federal law could result if the federal government implements a similar housing allowance for federal law enforcement personnel. The *Davis v. Michigan* and *Harper v. Department of Taxation* cases held that states could not exempt state benefits while taxing federal benefits. To prevent such conflict, the following technical amendment is suggested by Taxation:

Page 5, line 274, after “§ 52-11.6” insert “or similar full time federal law enforcement officers”.

**11. Other comments:** None.

**Date:** 01/31/06 jgc

**Document:** DPB G:\2006\EFIS\Posted\HB17.DOC

cc: Secretary of Public Safety  
Secretary of Administration  
Secretary of Finance