

**DEPARTMENT OF TAXATION
2006 Fiscal Impact Statement**

1. **Patron** John J. Welch, III

3. **Committee** House Finance

4. **Title** Veterinarian Pro Bono Tax Credit

2. **Bill Number** HB 835

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide a nonrefundable individual income tax credit to veterinarians who perform spay, neuter and euthanasia procedures at no cost on animals that have been held in public pounds or in shelters run by charitable organizations. The amount of the credit is \$40 for each procedure performed and shall not exceed the taxpayer's annual tax liability.

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

6. **Fiscal Impact Estimates are:** Highly Tentative. (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	(\$200,000)	GF
2008-09	(\$200,000)	GF
2009-10	(\$200,000)	GF
2010-11	(\$200,000)	GF
2011-12	(\$200,000)	GF

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

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8. Fiscal implications:

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.

The revenue impact of this bill depends on how many veterinarians are willing to perform spay, neuter and euthanasia services for free. The dog and cat population of Virginia is estimated at 1.7 million, of which about 409,000 are estimated not to have been spayed or neutered. Based on national data, an estimated 89,000 dogs and cats are euthanized annually in Virginia. If veterinarians offering free services in reliance on this proposed credit persuade the owners of those 409,000 dogs and cats to have 1% of them spayed or neutered, and perform 1% of the euthanasia procedures, in coordination with charitable animal shelters, then the revenue loss would be about \$200,000.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

There is a voluntary contribution for the Spay and Neuter Fund, which was enacted in 2003 and appeared for the first time in the 2004 individual income tax returns. The Virginia Federation of Humane Societies administers the Fund. The Fund provides monetary assistance for spay and neuter surgeries for dogs and cats.

Proposal

This bill would provide a nonrefundable individual income tax credit to veterinarians who perform spay, neuter and euthanasia procedures at no cost on animals that have been held in public pounds or in shelters run by charitable organizations. The amount of the credit is \$40 for each procedure performed and shall not exceed the taxpayer's annual tax liability. Any unused credits cannot be carried forward. This bill would be effective for taxable years beginning on or after January 1, 2007.

In order to claim the credit proposed by this bill, the taxpayer must submit proof of the number of applicable procedures performed according to information requirements established by TAX. Returns filed electronically cannot include attachments, so the information requirements will not require the taxpayer to submit proof with the return.

Other Legislation

HB 1113 and **HB 1367** are identical to this bill.

cc : Secretary of Finance

Date: 02/03/2006 CHC
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