

# DEPARTMENT OF TAXATION

## 2006 Fiscal Impact Statement

1. **Patron** Benjamin L. Cline

2. **Bill Number** HB 850

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

4. **Title** Income Tax: Revenue Surplus Tax Credit

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide for a credit against individual income tax whenever the revenues, for fiscal year ending June 30, are in excess of the amount appropriated in the appropriations act for such fiscal year, having reserved the amounts required for the Revenue Stabilization Fund and the Water Quality Improvement Fund.

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

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

#### 6a. **Expenditure Impact:**

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Fund</b></i>
2005-06	\$0	GF
2006-07	\$65,451	GF
2007-08	\$0	GF
2008-09	\$0	GF
2009-10	\$0	GF
2010-11	\$0	GF
2011-12	\$0	GF

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

ITEM(S) 284 and 286, Department of Taxation

### 8. **Fiscal implications:**

Revenues in excess of those specified in the appropriations act would fund the refunds that would result from the tax credit proposed by this bill. Although revenue would not be affected, this bill would reduce excess revenues at the end of the fiscal year available for appropriation in the next budget bill.

This bill would result in administrative costs of \$65,451 for FY 2007 and minimal costs annually thereafter for systems modifications related to the credits.

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
Auditor of Public Accounts

**10. Technical amendment necessary:** No.

**11. Other comments:**

Proposal

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The credit proposed by this bill would be calculated by the Auditor of Public Accounts. The credit would be calculated by dividing the amount of surplus revenues by the number of personal exemptions taken on individual income tax returns for the immediately-preceding tax year. TAX would include the amount of the credit in the income tax forms instructions.

cc : Secretary of Finance

Date: 02/03/2006 CHC  
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