Department of Planning and Budget
2007 Fiscal Impact Statement

1. **Bill Number** HB1825

    House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

    Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Suit

3. **Committee** Appropriations

4. **Title** Housing Trust Fund; name change, deposit of recordation tax revenues into Fund.

5. **Summary/Purpose:** The bill dedicates 50 percent of the annual revenue collection from the taxes and fees from the state recordation tax that are in excess of the official estimates for such taxes and fees, unless otherwise provided in the general appropriation act, to the Virginia Housing Trust Fund. Twenty-five percent of any such revenue deposited to the Fund is to be used to provide matching funds for localities that have both established a local housing fund for affordable housing programs and projects and are supporting that fund with local revenues. The Department of Housing and Community Development (DHCD) is tasked with establishing criteria for the disbursement of these matching funds. The bill also expands the programs or projects that will be eligible for a grant from the Fund to include innovative housing projects and low and moderate housing projects that are located in areas experiencing extreme shortages of such housing. It also renames the Virginia Housing Partnership Revolving Fund the Virginia Housing Trust Fund. This bill is a recommendation of the Virginia Housing Commission.

6. **Fiscal Impact Estimates are:** Not available. See item 8, below.

7. **Budget amendment necessary:** Yes. Item 103.

8. **Fiscal implications:** The amount of the potential transfer to the Fund is unknown. It is not possible to estimate the extent to which state recordation tax collections may deviate from the official forecast. In years where the state recordation tax collections exceed the official estimate, and the revenue is not otherwise provided in the general appropriation act, 50 percent of the excess amount would be deposited to the Fund. Any monies deposited to the Fund would need to be appropriated to DHCD. The monies would be transferred to the Virginia Housing and Development Authority (VHDA) for various loans and grants. VHDA administers the Fund.

    The table below illustrates the estimated amount of recordation tax revenues deposited to the general fund that would have been deposited to the Fund in past fiscal years had this bill been in effect:

Fiscal Year	Estimated Deposit to Fund (in Millions)
2006	$-
2005	$40.8
2004	$24.6
2003	$20.2
2002	$7.9
2001	$14.6
2000	$3.9
1999	$2.3
1998	$6.6
1997	$2.8
1996	$3.3
1995	$-
1994	$0.8
1993	$2.9
1992	$4.4
1991	$2.4
1990	$-

In FY 2006, FY 1995, and FY 1990, the forecast exceeded the actual revenues. In those years the transfer amount would have been zero.

The bill would have an expenditure impact for DHCD. This would include costs associated with the development of revised grant eligibility requirements, as mandated by the proposed legislation, as well as ongoing administrative costs associated with processing applications and ongoing assurances.

9. Specific agency or political subdivisions affected: Department of Housing and Community Development, Virginia Housing Development Authority, and the Department of Taxation.

10. Technical amendment necessary: Yes. Line 176, italicize "taxes"

11. Other comments: SB 967 would also earmark excess recordation tax revenues for the Virginia Housing Trust Fund. SB 966 would dedicate unreserved general fund balances for the Virginia Housing Trust Fund.

The introduced budget includes an appropriation of $2 million FY 2008 for the Virginia Housing Partnership Fund.

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cc: Secretary of Commerce and Trade