

# DEPARTMENT OF TAXATION

## 2007 Fiscal Impact Statement

1. **Patron** Robert D. Orrock, Sr.

2. **Bill Number** HB 2498

3. **Committee** Senate Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Residential Tax Credit; Increased  
Accessibility and Visitability for the Disabled

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

### 5. Summary/Purpose:

This bill would expand the current individual income tax credit for retrofitting residences with accessibility features. The bill would also rename the credit the "Livable Home Tax Credit." The expanded credit would cover purchases "designed to improve the accessibility or quality of life for disabled individuals," with eligibility guidelines established by the Department of Housing and Community Development. The purchases may be for existing or newly constructed residences. The amount of credits granted for any taxable year may not exceed \$1 million with each taxpayer limited to a \$500 credit for a taxable year.

The bill would be effective for taxable years beginning on and after January 1, 2008.

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

#### 6a. Expenditure Impact:

#### Department of Housing and Community Development

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Positions</b></i>	<i><b>Fund</b></i>
2006-07	-	-	-
2007-08	\$8,000	0	GF
2008-09	\$8,000	0	GF
2009-10	\$8,000	0	GF
2010-11	\$8,000	0	GF
2011-12	\$8,000	0	GF
2012-13	\$8,000	0	GF

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

Item 106, Department of Housing and Community Development

## **8. Fiscal implications:**

### Administrative Impact

The Department of Housing and Community Development anticipates that an additional \$8,000 annually will be required to implement this legislation. This would include costs associated with the development of eligibility requirements, as mandated by the proposed legislation, and a part-time staff person to process applications.

TAX considers implementation of this bill as routine, and does not require additional funding.

### Revenue Impact

The expanded home accessibility credit will result in a revenue loss of unknown magnitude. Through November, 2006, processing of tax year 2005 returns, the current credit was claimed on 23 tax returns for a total of \$8,806. Even a substantial increase in the number of returns claiming the credit would not result in a significant revenue loss. Because of the \$1 million cap on this credit, the maximum revenue loss may never exceed that amount annually.

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

Department of Taxation  
Department of Housing and Community Development

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

## **11. Other comments:**

### Current Law

The Disabled Accessibility Features Tax Credit is currently offered to Virginians who retrofit an existing resident with certain accessibility features. The credit is equal to 25% of the amount spent for qualified accessibility features. The credit does not apply to new construction or to newly purchased homes.

The current credit defines the accessibility features that qualify for the credit as: one no stop entrance allowing access into the residence, interior passage doors providing a thirty-two inch wide opening, reinforcements in bathroom walls and installation of grab bars around the toilet, tub and shower, light switches and outlets placed in wheelchair accessible locations and universal design features prescribed in the Virginia Uniform Statewide Building Code.

### Proposal

This bill would repeal the definition of "accessibility features" and require the Department of Housing and Community Development ("DHCD") to develop guidelines establishing the eligibility requirements by September 30, 2007, for the renamed "Livable Home Tax

Credit. DHCD would also be required to review and approve applications for the credit and ensure that the total credits granted do not exceed \$1 million annually.

The credit would be extended to taxpayers who purchase a new residence. The amount of the credit would be \$500 for a new residence that satisfies the criteria promulgated by DHCD, and 25% of the costs retrofitting an existing residence in accordance with the guidelines to be promulgated by DHCD.

#### Similar Legislation

**Senate Bill 791** is similar to this bill.

cc : Secretary of Finance

Date: 2/5/2007 JOC  
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