

## Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number:** SB 791

**House of Origin:** ☒ Introduced ☐ Substitute ☐ Engrossed

**Second House:** ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Puller

3. **Committee:** Finance

4. **Title:** Residential tax credit; increased accessibility and visitability for disabled.

5. **Summary/Purpose:** The bill requires the Department of Housing and Community Development to develop guidelines establishing the eligibility requirements for the tax credit in §58.1-339.7, and expands the current individual income tax credit for retrofitting residences with accessibility features to cover purchases “designed to improve the accessibility or quality of life for disabled individuals.” 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 \$500 credit for a taxable year.

The expanded credit would be available for taxable years beginning on and after January 1, 2008.

6. **Fiscal Impact Estimates are:** Preliminary. See item 8, below.

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</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.

8. **Fiscal implications:** The bill would impact the Department of Taxation (TAX) and the Department of Housing and Community Development (DHCD), and has both an expenditure and revenue impact. The preliminary annual general fund expenditure impact of the proposed legislation is \$8,000. DHCD anticipates that an additional \$8,000 will be required to implement the 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. At this time, TAX believes that it can implement the provisions of this bill as part of its routine annual changes to systems and forms, and does not anticipate the

need for additional funds. However, the cumulative effect of all state legislation adopted by the 2007 General Assembly requiring changes to systems and forms may necessitate additional funding for TAX.

The expanded home accessibility credit will result in an annual loss of general fund revenue, however the magnitude is indeterminate. According to TAX, through November 2006, processing 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 Housing and Community Development and the Department of Taxation.

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

**11. Other comments:** HB 1721 and HB 2498 also amend §58.1-339.7 of the Code.

**Date:** 01/11/07/tmw

**Document:** G:\2007 Session\Fiscal Impact Statements\SB791.Doc

cc: Secretary of Finance  
Secretary of Commerce and Trade