

# DEPARTMENT OF TAXATION

## 2009 Fiscal Impact Statement

1. **Patron** Robert H. Brink

2. **Bill Number** HB 1891

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

3. **Committee** Passed House and Senate

4. **Title** Land Preservation Tax Credit; Reduction in  
Amount Claimed Per Year

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

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

This bill would reduce the amount of Land Preservation Credits that may be claimed on income tax returns from \$100,000 per taxpayer to \$50,000 per taxpayer effective for credits claimed for taxable years beginning on and after January 1, 2009, but before January 1, 2011. This bill would also extend the carryover period by two years for those affected by this limitation.

This bill would be effective for taxable years beginning on and after January 1, 2009.

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

7. **Budget amendment necessary:** No.

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

#### Administrative Costs

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

#### Revenue Impact

The introduced Executive Budget incorporates the fiscal impact of this bill. As a result, this bill would have no revenue impact. The following amounts were incorporated into the Executive Budget for this bill: \$50 million for FY 2010 and \$75 million for FY 2011.

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

Department of Taxation

Department of Conversation and Recreation

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

## 11. Other comments:

### Background

The Land Preservation Tax Credit is currently equal to forty percent of the fair market value of land or interest in land located in Virginia which is conveyed for the purpose of agricultural and forestal use, open space, natural resource, and/or biodiversity conservation, or land, agricultural, watershed and/or historic preservation, as an unconditional donation by the taxpayer to a public or private conservation agency. For donations made prior to January 1, 2007, the percentage was fifty percent.

Beginning with calendar year 2007, the amount of Land Preservation Tax Credits that may be issued in any one year is subject to a cap. For 2007, the cap amount was \$100 million. Starting in calendar year 2008, the \$100 million cap will be increased by an amount equal to \$100 million multiplied by the percentage by which the consumer price index for all-urban consumers published by the United States Department of Labor (CPI-U) for the 12-month period ending August 31 of the preceding year exceeds the CPI-U for the 12-month period ending August 31, 2006. For 2008, the cap was \$102,287,000.

### Proposal

This bill would reduce the amount of Land Preservation Credits that may be claimed on income tax returns from \$100,000 per taxpayer to \$50,000 per taxpayer effective for credits claimed for taxable years beginning on and after January 1, 2009, but before January 1, 2011. This bill would also extend the carryover period by two years for those affected by this limitation. This bill would only reduce the amount of credit that could be claimed on the return, but would not reduce the amount of credit held by the taxpayer.

This bill would be effective for taxable years beginning on and after January 1, 2009.

### Similar Bills

**Senate Bill 838** as amended and **Senate Bill 986** are identical to this bill.

cc : Secretary of Finance

Date: 2/13/2009 JKL  
HB1891FER161