

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB336

|                 |                                     |              |                          |            |                          |           |
|-----------------|-------------------------------------|--------------|--------------------------|------------|--------------------------|-----------|
| House of Origin | <input checked="" type="checkbox"/> | Introduced   | <input type="checkbox"/> | Substitute | <input type="checkbox"/> | Engrossed |
| Second House    | <input type="checkbox"/>            | In Committee | <input type="checkbox"/> | Substitute | <input type="checkbox"/> | Enrolled  |

**2. Patron:** Wilt

**3. Committee:** Finance

**4. Title:** Virginia Land Conservation Fund; distribution of revenues.

**5. Summary:** This bill removes the number of donated interests received by federal government entities from the calculation used to determine the distribution of revenues in the Virginia Land Conservation Fund (VLCF) generated by the sale of land conservation tax credits.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary

**8. Fiscal Implications:** This bill is not anticipated to result in a fiscal impact to the state.

According to the Department of Taxation (TAX), this bill should not have a revenue impact. Additionally, there are no anticipated workload costs to either TAX or the Department of Conservation and Recreation (DCR) as a result of this bill.

According to § 58.1-512, Code of Virginia, taxpayers may receive a Land Preservation Tax Credit equal to 40 percent of the fair market value of land or interest in land located in Virginia which is conveyed to a public or private conservation agency for the purpose of agricultural and forestal use, open space, natural resource, and/or biodiversity conservation, or land, agricultural, watershed and/or historic preservation. Beginning in 2007, the aggregate amount of Land Preservation Tax Credits that may be issued in one year is subject to a cap of \$100.0 million multiplied by the percentage by which the consumer price index for all-urban customers (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 2012, the cap is \$111,054,000.

Taxpayers holding a Land Preservation Tax Credit may transfer unused credit for use by another taxpayer. There is a two percent fee on the value of the donated interest applied against any transfers. Up to 50 percent of annual revenue generated by this fee is used by DCR and TAX to recover costs incurred by administering the Land Preservation Tax Credit. The remaining revenue is transferred to the Virginia Land Conservation Fund to be

distributed to the public or private organizations that are responsible for enforcing the conservation and preservation purposes of the donated interests. Currently, the calculation of the distributions is based on a three-year average of the number of donated interests accepted by the public or private conservation agencies during the immediately preceding three-year period. This bill changes the calculation to exempt consideration of lands received by federal government entities. The bill does not specify if federal government entities are also not to receive distributions from the VLCF.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Taxation, Department of Conservation and Recreation, public entities holding interests in land donated for conservation or preservation purposes.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** If the intention of this bill is to also exempt federal government entities, TAX suggests an amendment to line 42 specifying such: after “organizations,” insert “, excluding federal government entities.”

**Date:** 1/17/2012