

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB1900

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Lopez

3. Committee: Finance

4. Title: Virginia Housing Trust Fund; revenue deposits.

5. Summary: The bill requires that a portion of the recordation tax imposed by three sections of the Code of Virginia be transferred to the Virginia Housing Trust Fund if revenue from these three sections exceeds \$200 million.

6. Budget Amendment Necessary: See item 8, below.

7. Fiscal Impact Estimates: Indeterminate, see item 8.

8. Fiscal Implications: The fiscal implications of this bill are indeterminate.

The bill requires that a portion of recordation tax revenue generated pursuant to §§ 58.1-801, 58.1-802, and 58.1-803, Code of Virginia, be transferred to the Virginia Housing Trust Fund provided that the revenue collected pursuant to these sections exceeds \$200 million. According to the Department of Taxation, the amount transferred would be equivalent to a tax on deeds and deeds of trust at the rate of 1¢ per \$100 of value. Computation of the amount to transfer would not consider revenue from recordation tax on other types of documents. Any monies deposited to the Virginia Housing Trust Fund would need to be appropriated to the Department of Housing and Community Development in Item 103 of SB800/HB1400.

Currently, revenue collected from the state recordation taxes are deposited to the general fund. The bill would provide for the transfer of a portion of the revenues generated pursuant to §§ 58.1-801, 58.1-802, and 58.1-803, Code of Virginia, to the Fund if the revenue generated pursuant to these sections exceeds \$200 million, and as such it may affect the total general fund resources available for other uses. At this time, any revenue impact is indeterminate.

According to the Department of Taxation, the data needed to calculate the proposed fund transfer as specified in the bill is not available from the information transmitted from the local clerks of the circuit courts, as the courts do not differentiate the various types of recordation revenue generated pursuant to §§ 58.1-801, 58.1-802, and 58.1-803, Code of Virginia. Reporting of recordation tax revenue imposed by Chapter 8 of Title 58.1 (§ 58.1-801 et seq.) is provided in a single accounting code.

At this time, it is unknown if the implementation of this bill will require upgrades to reporting and accounting systems by the Virginia Supreme Court and local circuit courts. As such, any cost associated with the bill to these entities is indeterminate.

The Department of Housing and Community Development administers the Virginia Housing Trust Fund. According to the department, the provisions provided for in this bill will not require in any additional appropriation to cover administrative costs. Currently, provisions regarding the administration of the Virginia Housing Trust Fund authorize the department to utilize a portion of the fund's appropriation to cover administration expenses related to the program. As such, the agency anticipates that adequate resources will be available to match the scope of the funding provided to the fund as a result of this legislation.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Housing and Community Development; Department of Taxation; Virginia Supreme Court; local circuit court systems.

10. Technical Amendment Necessary: No.

11. Other Comments: No.