

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** L. Scott Lingamfelter

3. **Committee** House Finance

4. **Title** Income Tax; Home Accessibility Features for the Disabled Tax Credit

2. **Bill Number** HB 3026

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would expand the Home Accessibility Features for the Disabled Tax Credit. The credit is currently offered to taxpayers who retrofit their residence with disabled accessibility features. The expanded credit would also be offered to taxpayers who purchase or construct a new residence with disabled accessibility features. This bill would also allow veterans with 100% permanent service-connected disability to claim a 100% credit (compared to the 25% allowed for other taxpayers). The credit is limited to \$500 per taxpayer and is not refundable. The amount of credits granted for any taxable year is limited to \$1 million. Unused tax credits may be carried forward for the next five years.

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

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

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

8. **Fiscal implications:**

Administrative Costs

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

The expanded home accessibility credit would result in a revenue loss of unknown magnitude. Through November 2006 processing of TY 2005 returns, the current credit was claimed on 23 tax returns for a total of \$8,806; therefore, 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

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 expand the Home Accessibility Features for the Disabled Tax Credit by offering it to taxpayers who purchase or construct a new home with disabled accessibility features. This bill would also allow veterans with 100% permanent service-connect disability to claim a 100% credit (compared to the 25% allowed for other taxpayers). The bill would not increase the credit's \$500 per taxpayer limit nor would it increase the \$1 million annual cap on the credit.

Similar Legislation

Senate Bill 791 and **House Bill 2498** would expand the credit by offering it to taxpayers who construct new homes, and would require the Department of Housing and Community Development to administer the credit.

House Bill 1721 would similarly expand the credit by offering it to taxpayers who construct or purchase new homes.

cc : Secretary of Finance

Date: 1/23/2007 Initials
DLAS File Name