

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number SB967

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Whipple

3. Committee Finance

4. Title Virginia Housing Trust Fund; dedicating recordation tax revenues.

5. Summary/Purpose: The bill provides for \$0.02 per \$100 of the recordation tax collected to be transferred to the Virginia Housing Trust Fund, in a fiscal year immediately following a fiscal year in which the state recordation tax collections exceeded \$200 million. The bill also provides that a portion of the Fund shall be used to provide matching funds to localities that have both established a local housing fund and appropriated local monies to the fund. Under the bill, the Department of Housing and Community Development (DHCD) is required to establish criteria for the allocation of the matching funds to eligible localities and to annually report on the allocation of the matching funds. In addition, the bill authorizes grants to be made from the Fund to support innovative housing projects and low and moderate income housing projects that are located in areas experiencing extreme shortages of such housing. It also renames the Virginia Housing Partnership Revolving Fund the Virginia Housing Trust Fund.

6. Fiscal Impact Estimates are: Not available. See item 8, below.

7. Budget amendment necessary: Yes. Item 103.

8. Fiscal implications: In a fiscal year immediately following a fiscal year in which the state recordation tax collections exceeded \$200 million, \$0.02 per \$100 of the amount collected would be transferred to the Fund. Any monies deposited to Fund would need to be appropriated to DHCD. The monies would be transferred to the Virginia Housing and Development Authority (VHDA) for various loans and grants. VHDA administers the Fund.

Revenue collected from the state recordation tax is deposited to the general fund. The bill would provide for a transfer from the general fund to the Fund, and as such it would affect the total general fund resources available for other uses. The table below illustrates the estimated amount of recordation tax revenues that would be deposited to the Fund, rather than the general fund, in future fiscal years:

Fiscal Year of Distribution	Estimated Deposit to Fund (in Millions)
2008	\$39.5
2009	\$39.6

2010	\$42.7
2011	\$44.8
2012	\$45.0
2013	\$45.3
2014	\$45.7

The bill would have an expenditure impact for DHCD. This would include costs associated with the development of revised grant eligibility requirements, as mandated by the proposed legislation, as well as ongoing administrative costs associated with processing applications and ongoing assurances.

9. Specific agency or political subdivisions affected: Department of Housing and Community Development, Virginia Housing Development Authority, and the Department of Taxation.

10. Technical amendment necessary: No.

11. Other comments: HB 1825 would dedicate excess recordation tax revenues for the Virginia Housing Trust Fund; SB 967 would also earmark excess recordation tax revenues for the Virginia Housing Trust Fund. SB 966 would dedicate unreserved general fund year-end balances and excess general fund revenues for the Virginia Housing Trust Fund.

The introduced budget includes an appropriation of \$2 million in FY 2008 for the Virginia Housing Partnership Fund.

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Document: G:\2007 Session\Fiscal Impact Statements\SB967.Doc

cc: Secretary of Commerce and Trade