

DEPARTMENT OF TAXATION

2009 Fiscal Impact Statement

1. **Patron** Robert H. Brink

2. **Bill Number** HB 1891

3. **Committee** Senate Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

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

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This proposal 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 proposal would also extend the carryover period by two years for those affected by this limitation.

This proposal 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 proposal 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 proposal would have no revenue impact. If this proposal is not passed, however, then General Fund revenue would be decreased by \$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 is \$102,287,000.

Proposal

This proposal 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 proposal would also extend the carryover period by two years for those affected by this limitation. This proposal 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 proposal would be effective for taxable years beginning on and after January 1, 2009.

Similar Bills

Senate Bill 986 is identical to this bill.

Senate Bill 838 would modify the Land Preservation Tax Credit so that, for any portion of a donation of land located in Virginia that is conveyed for the purposes of a public park or public recreational facility, the credit would be equal to sixty percent of the fair market value.

cc : Secretary of Finance

Date: 2/9/2009 JKL
HB1891FE161