

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** Patricia S. Ticer

2. **Bill Number** SB 641

3. **Committee** Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Income Tax: Land Preservation Tax Credit

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would modify the Land Preservation Tax Credit so that, for donations of land or interest in land located in Virginia that are conveyed for the purpose of a public park, public recreational facility, or public trail access easement, the credit would be equal to sixty percent of the fair market value.

This modification would only apply if the board of supervisors of the county or the council of the city in which the land was located passed a duly adopted resolution stating (i) its approval of the conveyance, and (ii) that the conveyance is in accordance with the comprehensive plan in effect for the county or city. The taxpayer making the conveyance would be required provide a copy of this resolution to the Tax Commissioner.

This bill would be applicable to conveyances of donations made on or after July 1, 2008.

6. **Fiscal Impact Estimates are:** Preliminary. (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

This bill would have no revenue impact, as the amount of Land Preservation Tax Credits that may be granted each year is subject to a cap.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

The Land Preservation Tax Credit is now 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 is \$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.

Proposal

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Similar Legislation

House Bill 1283 would eliminates Department of Conservation and Recreation verification of the conservation value of land donations that will result in \$1 million or more

in land preservation tax credits. The bill also would establish a review and administrative appeal process in which proposed conveyances of donations would be reviewed by TAX for purposes of determining whether the proposed donation would qualify for a land preservation tax credit.

Senate Bill 259 would eliminate Department of Conservation and Recreation verification of the conservation value of land donations resulting in \$1 million or more in tax credits if the grantee for the donation is the Virginia Outdoors Foundation.

cc : Secretary of Finance

Date: 1/20/2008 AMS
SB641F161