

DEPARTMENT OF TAXATION

2013 Fiscal Impact Statement

1. **Patron** K. Rob Krupicka

3. **Committee** House Finance

4. **Title** Income Tax; Subtraction for Income from
Space Leased to Public Schools

2. **Bill Number** HB 1512

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create an individual and corporate income tax subtraction for any income received from the lease or rental during the taxable year of any portion of a commercial or industrial building to a local public school division. To qualify for the subtraction, such portion of the building would be required to be used primarily to provide instruction to K-12 public school students or students in a publicly funded pre-kindergarten program or for the administration of K-12 public education programs or publicly funded pre-kindergarten education programs. For purposes of the subtraction, a commercial or industrial building would not include any residential building, including, but not limited to, multifamily residential buildings, cooperatives, condominiums, townhouses, apartments, or other similar residential buildings.

The subtraction would be effective for taxable years beginning on or after January 1, 2013.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") believes that it could implement this bill as part of its routine annual changes to systems and forms and is not requesting funding.

Revenue Impact

This bill would reduce General Fund revenue by an unknown amount, beginning in Fiscal Year 2014.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Proposed Legislation

This bill would create an individual and corporate income tax subtraction for any income received from the lease or rental during the taxable year of any portion of a commercial or industrial building to a local public school division. To qualify for the subtraction, such portion of the building would be required to be used primarily to provide instruction to K-12 public school students or students in a publicly funded pre-kindergarten program or for the administration of K-12 public education programs or publicly funded pre-kindergarten education programs. For purposes of the subtraction, a commercial or industrial building would not include any residential building, including, but not limited to, multifamily residential buildings, cooperatives, condominiums, townhouses, apartments, or other similar residential buildings. The subtraction would also not apply to temporary modular or portable classrooms.

The subtraction would be effective for taxable years beginning on or after January 1, 2013.

Similar Legislation

House Bill 1767 would create an income tax credit for donations of machinery and equipment to a community college or vocational school that would be principally used in Virginia in teaching or training students.

House Bill 1996, **Senate Bill 1206**, and **Senate Bill 1227** would make changes to the Education Improvement Scholarships Tax Credit.

Senate Bill 1000 would repeal the Education Improvement Scholarships Tax Credit.

Senate Bill 749 would create an income tax credit for contributions to STEM organizations for use in science, technology, engineering, and math (STEM) programs at qualified public schools.

Senate Bill 848 would create a tax credit for scholarships to students attending Virginia two-year colleges.

cc : Secretary of Finance

Date: 1/12/2013 KLC
HB1512F161