

DEPARTMENT OF TAXATION

2013 Fiscal Impact Statement

1. **Patron** Walter A. Stosch

2. **Bill Number** SB 1296

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

3. **Committee** Passed House and Senate

4. **Title** Unclaimed Tax Credit Report

Second House:

☐ In Committee

☐ Substitute

☒ Enrolled

5. **Summary/Purpose:**

This bill would deem tax credits that have not been claimed by any taxpayer during the five preceding calendar years obsolete and would preclude the Department from authorizing taxpayers to claim such tax credits except as expressly authorized by the General Assembly. This bill would not prevent the lawful carryover or transfer of a tax credit previously authorized by the Department.

The effective date of this bill is not specified.

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

7. **Fiscal Impact Estimates are:** Final. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

Because this bill would not affect the carryforward of unused tax credits that would be deemed obsolete, it would have no General Fund revenue impact.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

11. Other comments:

Background

Virginia currently offers thirty-four tax credits to taxpayers. Of these tax credits, the Day-Care Facility Investment Credit and the Tax Credit for Certain Employers Hiring Recipients of Temporary Assistance to Needy Families were not claimed during Fiscal Years 2010 through 2012. The Tax Credit for Certain Employers Hiring Recipients of Temporary Assistance to Needy Families requires a direct appropriation by the General Assembly in order for taxpayers to claim the tax credit, but it has never been funded. Further, the Green Job Creation Tax Credit, which became available in Taxable Year 2010, was not claimed in Fiscal Years 2011 or 2012.

Proposed Legislation

This bill would deem tax credits that have not been claimed by any taxpayer during the five preceding calendar years obsolete and would preclude the Department from authorizing taxpayers to claim such tax credits except as expressly authorized by the General Assembly. For the purposes of this bill, a tax credit would be considered to have been claimed in the calendar year in which it was claimed by a taxpayer. The carryover or transfer of a tax credit in a subsequent taxable year would not alter the date on which a tax credit was claimed. This bill would not prevent the lawful carryover or transfer of a tax credit previously authorized by the Department.

This bill would require the Department to report the tax credits that were deemed obsolete to the House Committee on Appropriations, the House Committee on Finance, and the Senate Committee on Finance no later than February 1 of each year and to publish the report on its website. The report would also be required to be submitted to the Division of Legislative Automated Systems pursuant to *Va. Code* § 30-34.15.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 3/21/2013 MTH
SB1296FER161