

DEPARTMENT OF TAXATION

2017 Fiscal Impact Statement

1. **Patron** Emmett W. Hanger, Jr.

3. **Committee** House Finance

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

2. **Bill Number** SB 963

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would extend the \$20,000 limitation on the amount of Land Preservation Tax Credits that a taxpayer may claim per taxable year to apply to Taxable Year 2017. Such limitation would then increase to \$50,000 for Taxable Year 2018 and thereafter.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. No Fiscal Impact. (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

This bill would have a positive General Fund revenue impact of \$6.1 million in Fiscal Year 2018. No budget amendment is needed because the General Fund revenue impact is assumed in the Introduced Executive Budget. However, if this provision is not enacted, the budget would need to be adjusted to reduce the revenue estimate by \$6.1 million in Fiscal Year 2018.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Land Preservation Tax Credit

The Land Preservation Tax Credit is equal to forty percent of the fair market value of land or an 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. The credit is subject to an annual credit cap of \$75 million.

Any taxpayer holding a Land Preservation Tax Credit who is unable to use the credit may either carry the credit over to a subsequent year or transfer the unused credit for use by another taxpayer. Under current law, the amount of the credits that may be claimed by each taxpayer per taxable year is limited as follows:

Limitation on Land Preservation Tax Credits Claimed Per Taxable Year	
2000	\$50,000
2001	\$75,000
2002-2008	\$100,000
2009-2011	\$50,000
2012-2014	\$100,000
2015-2016	\$20,000
2017 and thereafter	\$50,000

Any unused portion of a credit issued to a taxpayer may generally be carried forward for a maximum of 10 years. For taxpayers affected by the credit reduction for taxable years 2009, 2010, 2011, and 2015 and thereafter, any unused portion of a credit issued to a taxpayer may be carried forward for a maximum of 13 years. For taxpayers to whom a credit has been transferred, any unused portion may be carried forward for a maximum of 11 years after the credit was originally issued. For taxpayers affected by the credit reduction for taxable years 2009, 2010, 2011, and 2015 and thereafter, any portion of a transferred credit may be carried forward for a maximum of 14 years after the credit was originally issued.

Proposed Legislation

This bill would extend the \$20,000 limitation on the amount of Land Preservation Tax Credits that a taxpayer may claim per taxable year to apply to Taxable Year 2017. Such limitation would then increase to \$50,000 for Taxable Year 2018 and thereafter.

The effective date of this bill is not specified.

Similar Bills

Senate Bill 1286 would create an exemption from the Land Preservation Tax Credit transfer fee for the distribution of credits to a nonresident owner of a pass-through entity when such credits are applied by the pass-through entity to the pass-through entity withholding tax.

cc : Secretary of Finance

Date: 2/9/2017 MTH
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