

**DEPARTMENT OF TAXATION  
2012 Fiscal Impact Statement**

1. **Patron** Edward T. Scott

2. **Bill Number** HB 300

3. **Committee** House Finance

**House of Origin:**

**Introduced**

**Substitute**

**Engrossed**

4. **Title** Income Tax: Beehive Tax Credit

**Second House:**

**In Committee**

**Substitute**

**Enrolled**

**5. Summary/Purpose:**

This bill would allow an individual income tax credit for the purchase of equipment to start a new beehive. The amount of the credit would equal \$200 per new hive, not to exceed \$2,400 per year. The total amount of the tax credit could not exceed the taxpayer's tax liability for the taxable year. Any unused tax credits would be allowed to be carried over for five taxable years or until the total credit amount has been taken, whichever occurs first.

This bill would be effective for taxable years beginning on and after January 1, 2012, but before January 1, 2015.

**6. Budget amendment necessary:** Yes.

Page 1, Revenue Estimates

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

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011-12	\$0	GF
2012-13	\$0	GF
2013-14	\$175,000	GF
2014-15	\$175,000	GF
2015-16	\$175,000	GF
2016-17	\$0	GF
2017-18	\$0	GF

**8. Fiscal implications:**

Department of Taxation Administrative Costs

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

The Department will provide specific administrative costs on any legislation that is not “routine.” Additionally, the Department 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, the Department will identify the costs at that time.

Department of Agriculture and Consumer Services Administrative Costs

According to the Department of Agriculture and Consumer Services (“VDACS”), this bill would impose new unfunded mandates on VDACS. The registration requirement and the inspection requirement contained in this bill would have an undetermined impact on its operations. During fiscal year 2011, VDACS inspectors examined approximately 2,400 apiary colonies for disease and overall health of the honey bees. These inspections involved commercial operations with control measures initiated or recommended to maintain adequate pollination for crops and to meet interstate requirements for the movement of honey bees. Because this bill would also apply to hobbyist beekeepers, VDACS is unable to determine the number of individuals that would claim the tax credit and the administrative costs for inspecting these new beehives.

Revenue Impact

The negative General Fund revenue impact of this bill is not known. The maximum negative revenue impact, however, could not exceed the \$500,000 cap beginning in FY 2014. Based on VDACS estimates, there are 2,750 beehives annually in existence, and 30 percent of these hives are typically lost and initiated annually. Thus, 875 new beehives are initiated annually at \$200 per beehive, so it is estimated that the total amount of credits that would be claimed in a calendar year would be \$175,000.

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

Department of Taxation  
Department of Agriculture and Consumer Services

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

**11. Other comments:**

Other States

There are several states that offer some form of tax incentive for individuals who are beekeepers and own beehives. Based on an analysis of some of these states, it appears that the preferred means for offering tax incentives for these individuals are through property, motor fuels, and sales and use taxes. For example, Arizona exempts bee colonies from property tax, California and Connecticut exempts the sale or use of bees from sales and use taxes, and Florida and Wyoming offer exemptions or refunds from motor fuels taxes for the fuel used in connection with beekeeping.

## Proposal

This bill would allow an individual income tax credit for the purchase of equipment to start a new beehive. The amount of the credit would equal \$200 per new hive, not to exceed \$2,400 per year. The total amount of the tax credit could not exceed the taxpayer's tax liability for the taxable year. Any unused tax credits would be allowed to be carried over for five taxable years or until the total credit amount has been taken, whichever occurs first.

In order to be eligible for the credit, a taxpayer would be required to register as a beekeeper with the Virginia Department of Agriculture and Consumer Services and request and receive an inspection of the new beehive from the Virginia Department of Agriculture and Consumer Services.

The maximum amount of tax credits that would be allowed in a calendar year would be \$500,000. In the event that applications for tax credit exceed \$500,000 for any calendar year, the Department of Taxation would be required to allocate the credits on a pro rata basis.

This bill would also require the Virginia Department of Agriculture and Consumer Services to compile, maintain, and distribute a Virginia Beekeeping Guide to provide information to beekeepers on beekeeping.

This bill would be effective for taxable years beginning on and after January 1, 2012, but before January 1, 2015.

## Similar Bills

**Senate Bill 354** is identical to this bill.

cc : Secretary of Finance

Date: 1/28/2012 tlg  
HB300F161