

# DEPARTMENT OF TAXATION

## 2001 Fiscal Impact Statement

1. **Patron** Grayson

3. **Committee** Senate Finance

4. **Title** Individual Income Tax: Repeal of Obsolete  
Age Subtraction Provisions

2. **Bill Number** HB 2820

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

5. **Summary/Purpose:**

This bill would repeal obsolete provisions of the individual income tax age deduction.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not Provided. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** None.

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

Department of Taxation  
Virginia Code Commission

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

11. **Other comments:**

Virginia currently allows an age deduction for taxpayers age 62 or older. The deduction amounts are \$6,000 for taxpayers age 62 through 64 and \$12,000 for taxpayers age 65 and over. These amounts have remained unchanged since the 1996 taxable year.

The age deduction was originally enacted by the 1990 General Assembly. The base amounts were \$6,000 for taxpayers age 62 through 64 and \$12,000 for taxpayers age 65 and over, reduced by the individual's total Social Security or Railroad Tier 1 retirement benefits. Beginning in taxable year 1992, the age deduction amounts were

indexed annually based on the most recent percentage increase in the Social Security wage base.

The 1994 Special Session of the General Assembly eliminated the indexation of the age deduction after taxable year 1993 and repealed the requirement for taxpayers to reduce the deduction amounts by Social Security or Railroad Tier 1 retirement benefits beginning in taxable year 1995.

This bill would repeal the outdated age deduction provisions that were effective for taxable years prior to the 1996 taxable year.

cc: Secretary of Finance

**Date:** 2/6/01/NMS

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