

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron** Plum

3. **Committee** Passed House and Senate

4. **Title** Individual Income Tax: Home Energy
Assistance Fund Check-off

2. **Bill Number** HB 748

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would create a permanent individual income tax check-off for voluntary contributions to the Home Energy Assistance Fund to be used to assist low-income Virginians in meeting seasonal residential energy needs.

This bill would also allow the Department of Taxation to retain up to five percent of all voluntary contributions made for the taxable year for its costs to administer voluntary contributions. However, the department could not retain more than \$50,000 for any taxable year.

This bill would be effective for taxable years beginning on or after January 1, 2003.

6. Fiscal Impact Estimates are: None. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

There are costs associated with modifying the system to implement this legislation. TAX is currently in the process of replacing its automated systems as part of a partnership with AMS. As a result, TAX will be maintaining two systems – the current STARS system and the new IRMS system – for a period of time as a contingency. The contract with AMS generally provides for the costs of implementing routine legislation. However, changes attributable to major legislation are not within the scope of the contract.

TAX will incur \$93,320 in costs for changes to its existing system. Changes to the new IRMS system will be covered under the AMS contract changes. Ongoing administrative costs incurred in Fiscal Years 2005 and beyond would be minimal.

This bill would have no impact in the General Fund revenues because check-offs are voluntary contributions made by taxpayers that reduce their income tax refunds.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No

11. Other comments:

This bill would allow individuals who are due a tax refund to contribute one dollar or more to the Home Energy Assistance Fund to be used to assist low-income Virginians in meeting seasonal residential energy needs. This bill would be effective for taxable years beginning on or after January 1, 2003. This check-off would not sunset.

There are twenty-one active voluntary contribution check-off provisions. Thirteen are permanent and eight sunset. The following illustrates their status:

Voluntary Check-off Contribution	Current Expiration Date
Center for Government Studies	January 1, 2005
Chesapeake Bay	None
Children of America Finding Hope	None
Community Policing Fund	None
Elderly Transportation Fund	None
Family and Children's Trust Fund	None
Historic Resources Fund	January 1, 2004
Jamestown-Yorktown Foundation	January 1, 2008
Law and Economics Center	January 1, 2005
Nongame Wildlife	None
Open Space Recreation and Conservation Fund	None
Organ and Tissue Donation	January 1, 2007
Political Parties (See * below)	None
Public School Foundation	January 1, 2007
State Forest Systems Fund	None
Uninsured Medical Catastrophe	None
U.S. Olympic Committee	None
Virginia Arts Foundation	None
Virginia Foundation for the Humanities and Public Policy Fund	January 1, 2005
Virginia Housing Program	None
4-H Educational Center	January 1, 2007

The following chart represents historical data on the individual income tax check-offs:

Program/Fund	1996		1997		1998		1999	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Virginia Democratic Party *	3,676	\$37,701	1,877	\$23,655	1,945	\$25,591	1,656	\$23,743
Virginia Republican Party *	2,835	29,013	1,422	18,611	1,454	19,974	1,255	17,510
Virginia Reform Party *			111	871	10	194	0	0
Virginia Nongame Wildlife Program	19,446	260,829	9,881	163,454	9,287	156,194	8,716	151,902
Virginia Housing Program	181	2,479	2,667	29,596	2,961	37,286	2,506	33,756
Virginia Open Space Recreation and Conservation Fund	10,779	114,180	4,342	52,920	4,138	51,232	3,905	52,215
Virginia Family and Children's Trust Fund (FACT)	9,285	88,611	3,588	40,988	3,306	42,227	3,224	42,304
Virginia Elderly and Disabled Transportation Fund	222	2,496	4,113	47,445	4,263	54,421	4,203	60,353
United States Olympic Committee	6,794	56,790	3,220	33,304	2,338	24,284	2,470	30,065
Community Policing Fund	5,837	52,645	2,042	21,179	1,838	19,478	1,434	15,888
Virginia Arts Foundation			2,410	25,964	2,668	30,077	2,077	25,706
Chesapeake Bay Restoration			6,913	98,161	6,673	100,191	7,192	116,956
Historic Resources Fund					2,160	22,298	1,607	17,290
State Forests Systems Fund							3,050	34,880
Uninsured Medical Catastrophe Fund							2,136	26,976
Humanities & Public Policy							540	4,666
Center for Government Studies							331	3,759
Law & Economics Center							342	4,839
Total	59,055	\$644,745	42,586	\$556,148	43,041	\$583,447	46,644	\$662,807

Other Legislation

House Bill 645 would create an individual income tax check-off for voluntary contributions to be used by the Virginia War Memorial Foundation and the National D-Day Memorial Foundation.

Senate Bill 524 would make the existing individual income tax check-off for voluntary contributions to the Virginia Housing Program permanent.

cc : Secretary of Finance

Date: 03/12/02/TST

Document: S:\2002\WorkInProgress\OTPwork\HB0748FER161.doc