

DEPARTMENT OF TAXATION

2005 Fiscal Impact Statement

1. **Patron** Jeannemarie Devolites Davis

2. **Bill Number** SB 1244

3. **Committee** Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual Income Tax; tax credit for contributions to candidates running for office.

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would increase from \$25 to \$50 for single filers and from \$50 to \$100 for joint filers the maximum annual amount that may be claimed as an individual income tax credit for contributions to candidates running for state and local office in Virginia.

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

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2004-05	\$0	GF
2005-06	\$89,000	GF
2006-07	\$0	GF
2007-08	\$0	GF
2008-09	\$0	GF
2009-10	\$0	GF
2010-11	\$0	GF

7. **Budget amendment necessary:** Yes.

ITEM(S) 284 and 296, Department of Taxation

8. **Fiscal implications:**

The Department would incur administrative costs of \$89,000 in FY 2006 for systems modifications.

This bill would have an unknown impact on General Fund revenues. For calendar year 2004, there were 11,129 taxpayers claiming a total of \$409,823 in credits. Since the bill doubles the credit for both single and joint filers, it could result in an additional loss of up to \$409,823 annually, assuming increased contributions by the same number of contributors.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: None.

11. Other comments:

Current Law

Taxpayers are allowed a credit on their individual income tax return for contributions made to candidates for state or local political office in Virginia. The credit is 50% of the amount contributed, up to a \$25 credit for an individual or a \$50 credit on a joint return.

Taxpayers may also contribute a portion of their individual income tax refund as a voluntary contribution to the Democratic or Republican Party of Virginia. The maximum contribution political party contribution is \$25 on a single return, or \$50 on a joint return.

Proposal

This bill would double the maximum allowable credit on the individual income tax return for contributions made to candidates for state or local political offices. The credit would continue to be 50% of the amount contributed, but the maximum credit would increase to \$50 for an individual, or \$100 on a joint return.

Other Legislation

HB 2873 is identical to this bill.

cc : Secretary of Finance

Date: 1/23/2005 TST
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