

**DEPARTMENT OF TAXATION
2008 Fiscal Impact Statement**

1. **Patron** Christopher B. Saxman

3. **Committee** House Finance

4. **Title** Individual Income Tax: Credit for Qualifying
Educational Expenses

2. **Bill Number** HB 1161

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide an individual or corporate income tax subtraction for expenses incurred when developing or operating an education outreach program for any elementary or secondary school in the Commonwealth in a science-, math-, or technology-related field. The total maximum amount of the subtraction for all taxpayers could not exceed \$500,000.

The manner of allocation of the \$500,000 is not specified in this bill.

This bill would be effective for taxable years beginning on or after January 1, 2009.

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

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

8. Fiscal implications:

Administrative Costs

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

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX 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, TAX will identify the costs at that time.

TAX would allocate the total \$500,000 subtractions in a manner to be determined.

Revenue Impact

The negative revenue impact associated with this bill is unknown, but likely not significant. This bill allows only an aggregate amount of \$500,000 to be subtracted when computing Virginia taxable income of individuals or corporations. TAX estimates that if the total amount of the allowed subtraction was taken by corporations with tax liability at the 6% corporate income tax rate, the maximum revenue loss would be \$30,000.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

This bill would provide an individual or corporate income tax subtraction for expenses incurred when developing or operating an education outreach program for any elementary or secondary school in the Commonwealth in a science-, math-, or technology-related field. The total maximum amount of the subtraction for all taxpayers could not exceed \$500,000.

This bill would require as part of the qualifying criteria that the resident, or employee of the resident, make a live presentation at the school about the program.

The manner of allocation of the \$500,000 is not specified in this bill.

This bill would be effective for taxable years beginning on or after January 1, 2009.

Similar Legislation

House Bill 420 would provide a nonrefundable individual income tax credit for qualifying educational expenses incurred on behalf of a child of the taxpayer.

House Bill 985 would provide an individual income tax credit for teachers who purchase materials used in teaching.

House Bill 1194 would provide a corporate income tax credit for corporations that invest in research and development programs in Virginia's institutions of higher education.

cc : Secretary of Finance

Date: 1/26/2008 TG
HB1161F161