

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** Charniele L. Herring
3. **Committee** House Counties, Cities, and Towns
4. **Title** Memorials for War Veterans; Monument Removal Fund

2. **Bill Number** HB 818
- House of Origin:**
 X **Introduced**
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. **Summary/Purpose:**

This bill would create the Monument Removal Fund. This bill would provide that a locality may request funding from the Monument Removal Fund to assist with the costs associated with the lawful removal or relocation of certain monuments and memorials.

This bill would require that the Monument Removal Fund be listed on the individual income tax return as an organization eligible to receive voluntary contributions of tax refunds for taxable years beginning on or after January 1, 2018, regardless of whether it has received at least \$10,000 in contributions in each of the three previous taxable years. In addition, this bill would require that the Monument Removal Fund be eligible to receive contributions or payments made to the Department of Taxation ("the Department") by an individual if such individual is not eligible to receive a refund or the amount of their refund is less than the amount of the voluntary contribution.

The effective date of the bill is not specified.

6. **Budget amendment necessary:** No.
7. **No Fiscal Impact:** (See Line 8).
8. **Fiscal implications:**

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.

The Department of Treasury and the Department of Accounts consider implementation of this bill as routine, and do not require any funding.

Revenue Impact

This bill would have no General Fund revenue impact as all voluntary contributions come from individual income tax refunds or additional payments made by individual taxpayers and not from General Fund revenues.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Treasury
Department of Accounts

10. Technical amendment necessary: No.

11. Other comments:

Protection of War Monuments and Memorials

Under current law, once a war monument or memorial for any war or conflict is erected, it is unlawful for the local authorities, or any other person or persons, to disturb or interfere with such monument or memorial. This includes the prevention of its citizens from taking proper measures and exercising proper means for the protection, preservation, and care of the same.

Virginia Voluntary Contributions of Income Tax Refunds

Virginia allows individuals to contribute their Virginia income tax refunds as donations to one or more qualifying organizations that are listed on the Virginia individual income tax return. For six of the organizations, taxpayers may contribute amounts in excess of the tax refund by making payments on the individual income tax return. In 2004, the General Assembly limited the number of qualifying organizations to 25, and required that organizations receive at least \$10,000 in voluntary contributions annually for at least three consecutive years in order to continue to be listed on the individual income tax return. The Department is required to report to the Chairman of the Senate and House Finance Committees the amounts collected for each voluntary contribution for the three most recent taxable years for which there is complete data. The Department is also required to list which entities, if any, will be removed from the Virginia individual income tax return because they have failed to meet the \$10,000 minimum contribution requirement.

For Taxable Years 2010 through 2015, no organizations were removed from the individual income tax return for failing to meet the \$10,000 minimum contribution requirement. In 2016, nine organizations were removed from the individual income tax return because they failed to meet the \$10,000 requirement for Taxable Year 2014, and nine new organizations

were added to the return. Taxable Year 2014 was also the first year that individuals were permitted to designate that their refunds be deposited into Virginia College Savings Plan ("Virginia529") accounts. The decrease in contributions to nonprofit organizations could have been a result of individuals allocating their refunds to Virginia529 accounts instead of nonprofit organizations. In 2017, one organization failed to meet the minimum contribution requirement and was removed from the return. Therefore, there are currently 24 qualifying organizations listed on the individual income tax return. No qualifying organizations are currently on the waiting list.

Proposed Legislation

This bill would create a special nonreverting fund on the books of the Comptroller, to be known as the Monument Removal Fund ("the Fund"). All moneys in the Fund would be used solely for the purposes of assisting with the costs associate with the lawful removal or relocation of monuments and memorials. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf would be required to be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund would remain in the Fund and be credited to it. Any moneys, including interest, remaining in the Fund at the end of each fiscal year would remain in the Fund and not revert to the general fund. Expenditures and disbursements from the Fund would be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the local government official authorized to make such a request.

This bill would require that the Monument Removal Fund be listed on the individual income tax return as an organization eligible to receive voluntary contributions of tax refunds for taxable years beginning on or after January 1, 2018, regardless of whether it has received at least \$10,000 in contributions in each of the three previous taxable years. In addition, this bill would require that the Monument Removal Fund be eligible to receive contributions or payments made to the Department by an individual if such individual is not eligible to receive a refund or the amount of their refund is less than the amount of the voluntary contribution. All moneys contributed would be required to be used for purposes of assisting with the costs associated with the lawful removal or relocation of monuments and memorials and would be required to be deposited into the Fund.

The effective date of this bill is not specified.

Similar Bills

Senate Bill 376 would require the nonprofit organization, Children of America Finding Hope, to be listed on the individual income tax return regardless of whether it meets the minimum contribution requirements.

cc: Secretary of Finance

Date: 1/27/2018 JLOF
HB818F161