

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** A. Benton Chafin, Jr.

3. **Committee** House Finance

4. **Title** Voluntary Contributions of Income Tax
Refunds; Children of America Finding Hope

2. **Bill Number** SB 376

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require the nonprofit organization, Children of America Finding Hope, to be listed on the individual income tax return as an organization eligible to receive voluntary contributions of tax refunds, regardless of whether it has received at least \$10,000 in contributions in each of the three previous taxable years. In 2016, Children of America Finding Hope was removed from the list of voluntary contributions listed on the individual income tax return for failing to meet the \$10,000 minimum contribution requirement.

This bill would be effective for taxable years beginning on or after January 1, 2018.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact:** (See Line 8).

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("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.

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

10. Technical amendment necessary: No.

11. Other comments:

Current Law

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, including Children of America Finding Hope, 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, the Home Energy Assistance Fund 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.

The voluntary contribution for Children of America Finding Hope was added to the individual income tax return in 2001. The table below shows the amount claimed on returns filed for Taxable Years 2006 through 2014.

Year	Amount Contributed	Number of Returns
2014	\$8,033	337
2013	\$17,420	737
2012	\$18,962	808
2011	\$16,656	807
2010	\$21,747	890
2009	\$20,586	923
2008	\$23,417	1,163
2007	\$24,334	1,052
2006	\$23,456	974

Purposed Legislation

This bill would require the nonprofit organization, Children of America Finding Hope, to be listed on the individual income tax return as an organization eligible to receive voluntary contributions of tax refunds, regardless of whether it has received at least \$10,000 in contributions in each of the three previous taxable years. In 2016, Children of America Finding Hope was removed from the list of voluntary contributions on the individual income tax return for failing to meet the \$10,000 minimum contribution requirement.

This bill would be effective for taxable years beginning on or after January 1, 2018.

Similar Legislation

House Bill 818 would create a new voluntary contribution for the Monument Removal Fund.

cc: Secretary of Finance

Date: 1/29/2018 JLOF
SB376FE161