

**DEPARTMENT OF TAXATION
2019 Fiscal Impact Statement**

1. **Patron** James E. Edmunds, II

2. **Bill Number** HB 2340

3. **Committee** House Finance

House of Origin:
 Introduced
 X **Substitute**
 Engrossed

4. **Title** Individual Income Tax; Deduction for Virginia
Hunting Licenses

Second House:
 In Committee
 Substitute
 Enrolled

5. **Summary/Purpose:**

This bill would provide an individual income tax deduction for the amount an individual pays for hunting licenses purchased from the Department of Game and Inland Fisheries for use by the individual, the individual's spouse, or the individual's dependents, not to exceed a total of \$200.

This bill would be effective for taxable years beginning on and after January 1, 2019.

6. **Budget amendment necessary:** Yes.

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

8. **Fiscal implications:**

Administrative Costs

Due to uncertainty about the systems and processing changes that may be required for the 2018 and 2019 income tax filing seasons, the Department is unable to assign administrative costs to this bill at this time. During 2017, Congress enacted the Tax Cuts and Jobs Act, which made substantial changes to federal tax law. At this time, it is uncertain what Virginia tax policy changes will be adopted in reaction to the federal law.

If substantial changes are enacted or required in response to state/federal law, it is possible that the Department may not have the ability to implement the changes set forth in this bill by the proposed effective date. Accordingly, the Department will reevaluate its costs once action is taken and may request additional funding or an amendment to delay the effective date of this legislation.

Revenue Impact

This bill would have an unknown estimated annual negative General Fund revenue impact, beginning in Fiscal Year 2020. During Fiscal Years 2010 through 2018, an average of 540,658 hunting licenses were issued to Virginia residents each year and the revenue from such licenses was equal to \$12.1 million per year. This equates to an

average license of \$22. To the extent these residents claim the proposed deduction and are not affected by the \$200 limitation, this would have an estimated negative impact on General Fund revenues of \$650,000 annually. An additional 40,000 licenses were issued to non-residents, although it is unknown how many of these nonresidents file Virginia returns. To the extent these nonresidents file Virginia returns, this could increase the revenue impact.

The Virginia Department of Game and Inland Fisheries (“DGIF”) provides a substantial variety of different types of hunting licenses at various prices. Because it is uncertain which hunting licenses would be purchased in the future and deducted on Virginia returns, the revenue impact of this bill would vary each year by an unknown amount.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Virginia Hunting Licenses

DGIF provides Virginia residents with several hunting license options. The general “Resident Hunting License” is priced as follows:

- 1-year license for \$23.00;
- 2-year license for \$44.00;
- 3-year license for \$65.00; and
- 4-year license for \$86.00.

In addition, Virginia residents may purchase different types of hunting licenses depending on their circumstances including, but not limited to:

- A resident sportsman license that includes a variety of game animals and types of fishing for \$133.00 per year;
- A resident lifetime hunting license that ranges from \$20.00 to \$260.00 depending on the person’s age;
- Specialized licenses for bears, deer, turkey, archery, and muzzleloading at various prices per year; and
- A senior hunting license for \$9.00 per year.

In addition, nonresidents may purchase hunting licenses in Virginia. However, these license are generally much more expensive. For example, the 1-year nonresident hunting license is \$111.00.

Proposed Legislation

This bill would provide an individual income tax deduction for the amount an individual pays for hunting licenses purchased from the Department of Game and Inland Fisheries for use by the individual, the individual's spouse, or the individual's dependents, not to exceed a total of \$200.

This bill would be effective for taxable years beginning on and after January 1, 2019.

cc : Secretary of Finance
Date: 1/22/2019 JLOF
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