

# DEPARTMENT OF TAXATION

## 2020 Fiscal Impact Statement

1. **Patron** M. Kirkland Cox

3. **Committee** House Finance

4. **Title** Individual Income Tax; Increased Subtraction  
for Crime Stopper Rewards

2. **Bill Number** HB 307

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would increase the maximum amount of the individual income tax subtraction for rewards for providing information to a law-enforcement official or agency, or to a nonprofit corporation created exclusively to assist such official or agency, that is used in the apprehension and conviction of perpetrators of crimes from \$1,000 to \$5,000 per taxable year.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

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

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

### 8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

#### Revenue Impact

This bill would have an unknown, but likely minimal, negative General Fund revenue impact beginning in Fiscal Year 2021. It is unknown to what extent organizations that provide rewards for information used in the apprehension and conviction of perpetrators of crimes currently provide or would provide rewards in excess the existing \$1,000 threshold for the subtraction.

### 9. **Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** Yes. As currently drafted, this bill would become effective on July 1, 2020. This makes it unclear how this increased subtraction would apply for purposes of Taxable Year 2020 as the effective date would be during the middle of such taxable year for the majority of individual filers. Therefore, the Department recommends an amendment that would specify the effective date as follows:

Page 1, Line 36, after exceed

Insert: \$1,000 for taxable years beginning on or before December 31, 2019, and

Page 1, Line 36, after \$5,000

Insert: for taxable years beginning on or after January 1, 2020

Page 1, Line 36, after \$5,000

Strike: in any taxable year

## **11. Other comments:**

### Virginia's Subtraction for Crime Stopper Rewards

For federal income tax purposes, rewards for providing information to solve crimes are generally taxable.

During the 1988 Session, the General Assembly enacted legislation that provides an individual income tax subtraction of up to \$1,000 for rewards for providing information to a law-enforcement official or agency, or to a nonprofit corporation created exclusively to assist such law-enforcement official or agency, that is used in the apprehension and conviction of perpetrators of crimes. The maximum amount of the subtraction has remained the same since its enactment.

### Proposed Legislation

This bill would increase the maximum amount of the individual income tax subtraction for rewards for providing information to a law-enforcement official or agency, or to a nonprofit corporation created exclusively to assist such official or agency, that is used in the apprehension and conviction of perpetrators of crimes from \$1,000 to \$5,000 per taxable year.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

cc : Secretary of Finance

Date: 1/11/2020 JLOF  
HB307F161