

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Joseph D. Morrissey

2. **Bill Number** SB 931

3. **Committee** Senate Finance and Appropriations

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

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

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. Therefore, the Department recommends an amendment that would specify the effective date as follows:

Page 1, Line 35, after exceed

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

Page 1, Line 35, after \$5,000

Strike: in any taxable year

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

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.

Similar Legislation

House Bill 307 is identical to this bill.

cc : Secretary of Finance

Date: 1/13/2020 JLOF
SB931F161