

DEPARTMENT OF TAXATION

2008 Fiscal Impact Statement

1. **Patron** R. Creigh Deeds

2. **Bill Number** SB 6014

3. **Committee** Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual Income Tax; Deduction for
Alternative Transportation Expenses

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create two individual income tax deductions. The first would be equal to 50% of the annual amounts paid for public transportation used by an individual to travel to and from his place of employment.

The second deduction would be equal to \$500 for an individual who utilizes carpools or other modes of ride sharing, bicycling, or walking as his primary mode of traveling to and from work. In order to qualify for this deduction, the individual would be required to use such modes of transportation a minimum of 100 days annually and provide documentation in a form to be specified by TAX.

This bill would be effective for taxable years beginning on or after January 1, 2009.

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

6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2007-08	\$0	GF
2008-09	\$0	GF
2009-10	(\$19.4 million)	GF
2010-11	(\$19.4 million)	GF
2011-12	(\$19.4 million)	GF
2012-13	(\$19.4 million)	GF
2013-14	(\$19.4 million)	GF

7. **Budget amendment necessary:** Yes.

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8. Fiscal implications:

Administrative Impact

TAX 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, TAX considers implementation of this bill as “routine,” and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not “routine.” Additionally, TAX 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, TAX will identify the costs at that time.

Revenue Impact

This bill would have a negative revenue impact of \$19.4 million per year beginning in FY 2010. This amount is based on Census data regarding the commuting patterns of employed Virginians in 2006. The data demonstrates that approximately 155,000 people utilize public transportation, 88,000 people ride bicycles, 49,000 people walk or use other means, and 430,000 people carpool. To the extent that this bill will incentivize taxpayers to use alternative modes of transportation, the revenue impact of this bill will increase.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

This bill would create two individual income tax deductions. The first would be equal to 50% of the annual amounts paid for public transportation used by an individual to travel to and from his place of employment.

The second deduction would be equal to \$500 for an individual who utilizes carpools or other modes of ride sharing, bicycling, or walking as his primary mode of traveling to and from work. In order to qualify for this deduction, the individual would be required to use such modes of transportation a minimum of 100 days annually and provide documentation in a form to be specified by TAX.

This bill would require TAX to develop guidelines relating to these income tax deductions by January 1, 2009. The guidelines would be required to include the allowable costs that could be deducted, as well as procedures for certifying the minimum usage requirements for the \$500 deduction.

This bill would be effective for taxable years beginning on or after January 1, 2009.

cc : Secretary of Finance

Date: 6/23/2008 AMS
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