

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Jennifer L. McClellan

2. **Bill Number** HB 2127

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual Income tax; Deduction for
Volunteer Mental Health Services.

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would create an individual income tax deduction equal to \$1,500 for professional services provided by mental health professionals and educators who volunteer with inmate programs in the Department of Corrections, the Department of Correctional Education or the Department of Social Services.

The bill would be effective for taxable years beginning on or after January 1, 2012.

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

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

8. Fiscal implications:

Administrative Costs

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

Revenue Impact

There are currently 13,053 licensed mental health professionals and 88,000 teachers that could take advantage of this deduction. However, the number of mental health professionals and teachers that would volunteer and qualify for the deduction is unknown. Therefore, the negative impact on General Fund revenue is not known.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Social Services
Department of Corrections
Department of Correctional Education

10. Technical amendment necessary: No.

11. Other comments:

Under this bill, mental health professionals and educators would receive a \$1,500 deduction in determining their Virginia taxable income for providing volunteer professional services to inmate programs administered by the Department of Corrections, the Department of Correctional Education or the Department of Social Services. At the highest 5.75% individual income tax rate, individuals who qualify for the deduction would receive a maximum tax reduction of \$86.25.

In addition, the Department of Taxation would work with the Department of Corrections, the Department of Correctional Education and the Department of Social Services to develop procedures for providing documentation for the deduction to those individuals engaging in qualified volunteer services.

This bill would be effective for taxable years beginning on or after January 1, 2012.

cc : Secretary of Finance

Date: 1/25/2011dtm
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