

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB819

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Marshall, R.G.

3. Committee: Finance

4. Title: Virginia College Savings Plan; acceptance of commemorative coins minted by the State Treasurer.

5. Summary: This bill, as introduced, would require the Virginia College Savings Plan ("VCSP") to accept as payment from a purchaser or contributor under a prepaid tuition contract or savings trust account gold, platinum, or silver coins minted by the State Treasurer. Such coins would be required to be sold within 30 days of receipt by the VCSP, or as soon thereafter as practicable. The proceeds from the sale, less reasonable costs for transaction fees, would be credits to the account of the qualified beneficiary. The VCSP would be required to provide written notice to the purchaser or contributor reporting the net proceeds from the sale of such coins.

This bill would allow the gain from the sale of such coins to be subtracted from the federal adjusted gross income of the purchaser or contributor for Virginia income tax purposes.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate. See #8.

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. This bill, as introduced, could result in revenue loss, but any such loss is likely limited.

Department of the Treasury: During the 2011 session, the General Assembly passed legislation that allows the Governor to direct the State Treasurer to mint gold, platinum, and silver commemorative coins that bear the seals of the Commonwealth. To date, no such commemorative coins have been minted by the Treasurer. As such, any costs to the Department of the Treasury are indeterminate.

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

Deduction for Contributions to Virginia College Savings Plan: Under current law, taxpayers are permitted to deduct the amount paid or contributed during the taxable year for a prepaid

tuition contract or savings trust account entered into with VSCP. The deduction in any taxable year is limited to \$4,000 per contract or account. The total deduction may exceed \$4,000 when a taxpayer has paid or contributed to more than one contract or account. If the amount paid or contributed is over \$4,000 for any single contract or account, however, the remainder may be carried over and subtracted in future taxable years, provided that the deduction never exceeds \$4,000 in any taxable year. In addition, a purchaser or contributor who has attained age 70 is not subject to the \$4,000 limitation.

This bill will require VCSP to develop policies and procedures to ensure the proper receipt, the safekeeping pending sale, the sale, and the delivery of the coins. According to the Plan, any cost associated with this aspect of the bill is expected to be minimal.

9. Specific Agency or Political Subdivisions Affected: Virginia College Savings Plan; Virginia Department of the Treasury; Virginia Department of Taxation.

10. Technical Amendment Necessary: No.

11. Other Comments: Internal Revenue Code Section 529.b.2 requires that purchases and contributions to college savings plans be made only in cash in order to be treated as a qualified tuition program. It is unclear how this bill, as introduced, could impact the federal status of VCSP.

Date: 2/1/12

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