

**DEPARTMENT OF TAXATION  
2012 Fiscal Impact Statement**

1. **Patron** L. Louise Lucas

2. **Bill Number** SB 567

3. **Committee** Senate Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Low-income and student toll tax credit

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would create a refundable individual income tax credit for certain toll expenses incurred during the taxable year by Virginia residents who are qualified students or have an adjusted gross income that does not exceed 200 percent of the poverty guideline amount. Such expenses include deposits paid for an E-ZPass transponder and the amount paid as a toll for the use of a public highway located in the Commonwealth.

This credit would be permitted so long as the individual is not reimbursed for the toll and the individual does not claim a deduction for the payment of such toll for purposes of his federal income tax return. Such credit would not be permitted to exceed \$1,000.

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

6. **Budget amendment necessary:** Yes.

7. **Fiscal Impact Estimates are:** Not available. (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 revenue impact. The number of students and low-income taxpayers that would qualify for and claim this credit is unknown, but likely small. Many students and low-income individuals do not file federal or state income tax returns. Students who do not file federal income tax returns would not qualify for the credit. Although taxpayers who meet the poverty levels would qualify even if they do not file federal income tax returns, it is likely that many low-income taxpayers who do not otherwise file state income tax returns would not file simply a return to receive the credit.

Even if a high volume of taxpayers did claim the credit, the amount claimed on each return would not likely reach the per taxpayer cap, as low-income individuals and students would not likely incur \$1,000 in annual toll costs. Additionally, this credit would not apply to tolls paid for use of private highways. Assuming that a “public highway” means a highway that is publicly owned and operated, the George P. Coleman Bridge and the Powhite Extension are the only Virginia toll highways that would currently qualify for the credit.

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

Department of Taxation

**10. Technical amendment necessary: Yes.**

Line 28, after return.

Insert: The Department of Taxation shall have the authority to prescribe the documents that must be submitted by taxpayers claiming this credit.

**11. Other comments:**

Federal Law

There is no federal deduction specifically for the amount of tolls paid. However, several other federal income tax deductions allow for certain toll payments to be deducted. Certain business-connected tolls may be deducted as a business expense or as an unreimbursed employee expense. The amount of tolls incurred when traveling to or from medical appointments may be deducted as a medical expense. However, medical expenses may only be deducted to the extent that they exceed 7.5 percent of adjusted gross income (or 10 percent of adjusted gross income after 2012). Tolls paid when traveling to or from volunteer work may be deducted as a charitable contribution.

The unreimbursed employee expense deduction, medical expense deduction, and charitable contribution deduction may only be claimed if the taxpayer itemizes his federal deductions. The business expense deduction may only be claimed by business entities, including sole proprietorships.

Proposal

This bill would create a refundable individual income tax credit for certain toll expenses incurred during the taxable year by qualified taxpayers. Such expenses include deposits paid for an E-ZPass transponder and the amount paid as a toll for the use of a public highway located in the Commonwealth.

This credit would be permitted so long as the individual is not reimbursed for the toll and the individual does not claim a deduction for the payment of such toll for purposes of his federal income tax return. Such credit would not be permitted to exceed \$1,000.

For purposes of this credit, “qualified taxpayers” would be defined as any Virginia resident who (i) is a full-time or part-time student enrolled in a Virginia institute of higher education, the Virginia Community College System, or a vocational program who file annual federal personal income tax returns, or (ii) has an adjusted gross income that does not exceed 200 percent of the poverty guideline amount corresponding to a household of an equal number of persons as listed in the poverty guidelines published during the taxable year. “Poverty guidelines” would be defined as the poverty guidelines for the 48 contiguous states and the District of Columbia as updated annually by the U.S. Department of Health and Human Services.

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

#### Similar Legislation

**House Bill 862** would create an individual income tax deduction equal to the amount paid during the taxable year as a toll for the use of a publicly owned and operated highway located in the Commonwealth.

cc : Secretary of Finance

Date: 2/3/2012 KLC  
SB567F161