

DEPARTMENT OF TAXATION

2016 Fiscal Impact Statement

1. **Patron** Rosalyn R. Dance
3. **Committee** Passed Senate and House
4. **Title** Family and Children's Trust Fund; Exempt from Taxation

2. **Bill Number** SB 346
House of Origin:
 Introduced
 Substitute
 Engrossed

Second House:
 In Committee
 Substitute
 X **Enrolled**

5. Summary/Purpose:

This bill would clarify that the Family and Children's Trust Fund ("the Fund") performs an essential governmental function and thus gifts, contributions, grants, devises, or bequests, whether personal or real property, and the income therefrom, accepted by the Trust Fund are exempt from all state and local taxes and regarded as the property of the Commonwealth for the purposes of all tax laws.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. No Fiscal Impact. (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 no impact on state or local tax revenue.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Social Services

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Under the Internal Revenue Code, income received by a state (including its political subdivisions and other instrumentalities) is exempt from federal income tax if it is derived from the exercise of an essential government function. Also, a deduction may be claimed for charitable contributions to a state provided that the contribution is made for exclusively public purposes.

The General Assembly created the Family and Children's Trust Fund ("the Fund") in 1986. It is held as a separate fund by the Treasurer of Virginia and administered by a Board of Trustees. The Fund's objectives are to utilize public and private collaboration for the support and development of services for the prevention and treatment of child abuse and neglect and violence within families.

Proposed Legislation

This bill would clarify the language creating the Fund to specifically state that the Fund is exercising an essential government function, that its purpose in all respects is to benefit all citizens of the Commonwealth, and that gifts to the Fund are gifts to, and the property of, the Commonwealth. The bill would also explicitly exempt the Fund from all state and local taxes.

The effective date of this bill is not specified.

Similar Legislation

House Bill 1207 is identical to this bill.

cc : Secretary of Finance

Date: 2/23/2016 JPJ
SB346FER161