

## DEPARTMENT OF TAXATION 2020 Fiscal Impact Statement

1. **Patron** Dave A. LaRock

3. **Committee** House Finance

4. **Title** Individual Income Tax; Deduction for the  
Payment of Certain Virginia Tolls

2. **Bill Number** HB 631

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide an individual income tax deduction equal to any amount paid during the taxable year as a toll for travel on toll bridges, toll ferries, toll tunnels, and toll roads in Virginia.

This bill would be effective for taxable years beginning on and after January 1, 2020.

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

Item(s): 282 and 284, Department of Taxation

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

#### 7a. **Expenditure Impact:**

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Positions</b></i>	<i><b>Fund</b></i>
2020-21	\$135,942	0	GF
2021-22	\$44,190	0	GF
2022-23	\$44,190	0	GF
2023-24	\$43,145	0	GF
2024-25	\$43,145	0	GF
2025-26	\$43,145	0	GF

### 8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation ("the Department") estimates that it would incur administrative costs of \$135,942 in Fiscal Year 2021, \$44,190 in Fiscal Year 2022 and Fiscal Year 2023, and \$43,145 in Fiscal Year 2024 and all subsequent fiscal years. These costs would be incurred for purposes of developing new forms and instructions, updating the agency's processing system to track toll payments, ongoing operating expenses related to overseeing this program, and providing customer services related to the deduction.

## Revenue Impact

This bill would have an unknown negative General Fund revenue impact beginning in Fiscal Year 2021. It is unknown to what extent Virginia taxpayers pay tolls that would be eligible for this deduction.

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

Department of Taxation

### **10. Technical amendment necessary: No.**

### **11. Other comments:**

#### Federal Tax Treatment of Tolls

Virginia currently does not provide any tax incentives directly related to the payment of transportation tolls.

For federal income tax purposes, taxpayers may deduct certain business-related parking fees and tolls. Parking fees a person pays to park at their place of work are considered nondeductible commuting expenses.

Taxpayers that elect to itemize their deductions for federal purposes are permitted to claim such deductions on their Virginia income tax return as well. Because this is a federal itemized deduction, it may be claimed on Virginia returns by taxpayers that elect to itemize and claim the deduction for federal income tax purposes.

#### Proposed Legislation

This bill would provide an individual income tax deduction equal to the amount paid during the taxable year as a toll for travel on toll bridges, toll ferries, toll tunnels, and toll roads in Virginia. In order to be eligible to claim the deduction, a taxpayer would be required to provide documentation to the Department regarding toll payments that they incur. Documentation would be required to be provided to the Department in a form prescribed by the agency.

This deduction would be effective for taxable years beginning on and after January 1, 2020.

cc : Secretary of Finance

Date: 1/17/2020 JLOF  
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