

# DEPARTMENT OF TAXATION

## 2021 Fiscal Impact Statement

1. **Patron** Jennifer A. Kiggans

2. **Bill Number** SB 1166

3. **Committee** Senate Finance and Appropriations

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Individual Income Tax; Nursing Professional Tax Credit

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

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

This bill would provide an individual income tax credit of \$500 for eligible nursing professionals who work for at least 42 weeks during a taxable year in a licensed nursing home or certified nursing facility in Virginia. The credit would not be subject to an annual credit cap.

This bill would be effective for taxable years beginning on and after January 1, 2021, but before January 1, 2026.

### 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>
2021-22	\$189,867	1	GF
2022-23	\$73,131	1	GF
2023-24	\$73,131	1	GF
2024-25	\$73,131	1	GF
2025-26	\$73,131	1	GF
2026-27	\$73,131	1	GF

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

#### Administrative Costs

This bill would result in administrative costs to the Department of Taxation ("the Department") of \$189,867 in Fiscal Year 2022 and \$73,131 in Fiscal Year 2023 and thereafter. These costs include hiring one full-time employee to administer the proposed credit, as well as the costs of updating the Department's forms and systems.

The Virginia Department of Health indicates that this legislation will create no fiscal impact on the agency that cannot be absorbed within current resources.

#### Revenue Impact

This bill would have an unknown, but potentially significant, negative General Fund revenue impact beginning in Fiscal Year 2022. It is uncertain to what extent nursing professionals would

qualify for and claim the credit that this bill would provide. According to data from the U.S. Bureau of Labor Statistics and the Virginia Department of Health, the Department estimates that 44,060 nursing professionals would qualify for the credit that this bill would provide. Based on this information, the Department estimates that the negative revenue impact associated with this credit could be as high as \$17 million annually.

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

Department of Taxation  
Department of Health

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

**11. Other comments:**

Proposed Legislation

This bill would provide an individual income tax credit of \$500 for eligible nursing professionals who work for at least 42 weeks during a taxable year in a licensed nursing home or certified nursing facility in Virginia. The credit would not be subject to an annual credit cap.

The amount of credits that may be claimed by a taxpayer in one taxable year would not be permitted to exceed their individual income tax liability for such taxable year. Taxpayers would be allowed to carry forward any unused credit for five taxable years or until the credit has been fully utilized, whichever is sooner.

“Eligible nursing professionals” would be defined as a taxpayer who is a registered nurse, a licensed practical nurse, or a certified nurse aide who was actively employed in such position for at least 42 weeks during the taxable year in either a licensed nursing home or certified nursing facility lawfully operating in Virginia.

This bill would require the Department to develop guidelines for claiming the credit and to verify eligibility for claiming credits through consultation with the Department of Health’s Office of Licensure and Certification. Such guidelines would be exempt from the Administrative Process Act and would be required to describe the process by which a taxpayer may verify his qualifications for claiming credits.

This bill would be effective for taxable years beginning on and after January 1, 2021, but before January 1, 2026.

cc : Secretary of Finance

Date: 1/28/2021 JLOF  
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