

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** Emmett W. Hanger, Jr.

2. **Bill Number** SB 579

3. **Committee** House Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Individual Income Tax; Refund for Certain
Taxpayers

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide a tax refund to taxpayers in an amount equal to that which is specifically set forth in the Appropriation Act. The refund would only be issued to the extent provided for in the Appropriation Act. The introduced budget would provide a refund in an amount equal to \$250 for individuals and \$500 for married persons filing jointly.

A taxpayer would be required to file a final individual income tax return on or before November 1, 2022 to qualify for the refund that this bill would provide. A refund would only be allowed up to the amount of such individual's or married person's tax liability after the application of any deductions, subtractions, or credits to which the individual or married persons are otherwise entitled.

This bill would be effective for taxable years beginning on and after January 1, 2021, but before January 1, 2022.

This is Executive Legislation.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation would incur costs of \$638,475 in FY 2022, \$785,303 in FY 2023, and \$93,375 in FY 2024. These costs include the costs of determining which taxpayers would be entitled to the additional refund, processing of refunds, and hiring additional wage employees to handle the increased processing and correspondence. In addition, the Department of Treasury estimates that it would incur \$2.5 million in postage, banking services, and printer costs during Fiscal Year 2023. No budget amendment would

be necessary with respect to such administrative costs because they are assumed in the introduced budget.

Revenue Impact

This bill would have an unknown negative General Fund revenue impact. It is unknown to what extent the refunds that would be set forth in this bill will be provided for in the Appropriation Act. The introduced budget assumes as a negative General Fund revenue impact of \$1.0486 billion that would result from providing a \$250 rebate for individuals and \$500 rebate for married persons filing jointly. Therefore, this bill would require a budget amendment to the extent that the Appropriation Act provides a refund that differs from the amount assumed in the introduced budget.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Refunds for Taxable Year 2018 Filers

During the 2019 Session, the General Assembly enacted legislation that provided a refund of up to \$110 to an individual or up to \$220 to married persons filing a joint return. In order to receive a refund, the individual or married persons were required to file a final return for Taxable Year 2018 before July 1, 2019. A refund was only allowed up to the amount of such individual's or married person's tax liability after the application of any deductions, subtractions, or credits to which the individual or married persons are otherwise entitled. Any refund continued to be subject to collection under Virginia's Setoff Debt Collection Act.

Proposed Legislation

This bill would provide a tax refund to taxpayers in an amount equal to that which is specifically set forth in the Appropriation Act. The refund would only be issued to the extent provided for in the Appropriation Act. The introduced budget would provide a refund in an amount equal to \$250 for individuals and \$500 for married persons filing jointly.

A taxpayer would be required to file a final individual income tax return on or before November 1, 2022 to qualify for the refund that this bill would provide. A refund would only be allowed up to the amount of such individual's or married person's tax liability after the application of any deductions, subtractions, or credits to which the individual or married persons are otherwise entitled.

Any refunds issued under this bill would be subject to collection under the provisions of Virginia's Setoff Debt Collection Act.

This bill would be effective for taxable years beginning on and after January 1, 2021, but before January 1, 2022.

Similar Legislation

House Bill 935 would provide a tax refund in an amount equal to \$300 for individuals and \$600 for married taxpayers filing jointly.

cc : Secretary of Finance

Date: 2/20/2022 JLOF
SB579FS1161