



# COMMONWEALTH of VIRGINIA

## Department of Taxation

January 8, 2008

The Honorable Charles J. Colgan  
Chairman, Senate Finance Committee  
Senate of Virginia  
Post Office Box 396  
Richmond, Virginia 23218

The Honorable Harry R. Purkey  
Chairman, House Finance Committee  
General Assembly Building  
Post Office Box 406  
Richmond, Virginia 23218

Re: Voluntary Contributions – Amounts Collected for Three Previous Years

Dear Chairmen:

Pursuant to Va. Code § 58.1-344.3, the Department is required to report to the Chairmen of the Senate and House Finance Committees the amounts collected for each voluntary contribution for the three most recent taxable years for which there is complete data. This report is also required to list which entities, if any, will be removed from the Virginia individual income tax return because they have failed to meet the \$10,000 per year requirement. Finally, the report must list which entities, if any, will be added to the income tax return in order to bring the total number of voluntary contributions to 25.

The following table summarizes the contributions added and deleted:

Changes to the individual income tax return for 2007:	
<u>Deleted</u>	<u>Added</u>
<ul style="list-style-type: none"><li>Commission for the Arts</li></ul>	Martin Luther King, Jr. Living History and Public Policy Center Fund <sup>1</sup>

<sup>1</sup> The statute that created the Martin Luther King, Jr. Living History and Public Policy Center expired on July 1, 2007. See the discussion of this issue below.



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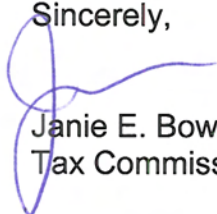
Changes to be made to the individual income tax return for <b>2008</b> :	
<u>Delete</u>	<u>Add</u>
<ul style="list-style-type: none"><li>• Office of Commonwealth Preparedness</li><li>• Jamestown-Yorktown Foundation</li></ul>	<ul style="list-style-type: none"><li>• Virginia Caregivers Grant Fund</li><li>• Virginia Military Family Relief Fund</li></ul>

Contributions enacted, but awaiting space on the return:

- Public library foundations
- Celebrating Special Children, Inc. Fund
- Medicare Part D Counseling Fund

The enclosed document presents the report for 2007. Please let me know if you have any questions.

Sincerely,



Janie E. Bowen  
Tax Commissioner

JEB/ams

Enclosure

# Voluntary Contributions: Amounts Collected for 2004-2006

## Introduction

In 2004, the General Assembly enacted House Bill 1486, which limited the number of organizations qualifying for voluntary contributions to 25, and required that organizations receive at least \$10,000 in voluntary contributions annually for at least 3 consecutive years in order to continue to be included on the individual income tax return.

In 2005, the General Assembly clarified this requirement by passing House Bill 2303. This bill created a new process for limiting the voluntary contributions listed on the Virginia individual income tax return. As required by the 2004 legislation, the number of contributions is limited to 25, and all entities eligible to receive voluntary contributions must receive at least \$10,000 in each of the three previous taxable years for which there is complete data and for which the entity is listed on the individual income tax return. In addition, each new entity is required to be listed on the individual income tax return for three consecutive taxable years before the \$10,000 requirement is applied to it.

At the time that these changes were made, a survey of the other states that impose a broad-based income tax on individuals showed that Virginia, with 27 voluntary contributions, had by far the most voluntary contributions. The average number of voluntary contributions per state at that time was 6.

## Changes to the 2007 Income Tax Return

One voluntary contribution was removed from the 2007 individual income tax return. This was the contribution for the Commission for the Arts. The removal of this voluntary contribution brought the total number of voluntary contributions down to 24. As a result, one new voluntary contribution was allowed to be added to the list for the 2007 income tax return. Under the provisions of House Bill 2303, the voluntary contribution that was added was for the Martin Luther King, Jr. Living History and Public Policy Center Fund.

The statute that initially created the Martin Luther King, Jr. Living History and Public Policy Center (§ 2.2-2725 et seq.) expired on July 1, 2007. This statute is referenced in the statute allowing the voluntary contribution for the Center. In addition, the statute creating the voluntary contribution for the Center currently states that "All moneys shall be deposited into the Martin Luther King, Jr. Living History and Public Policy Center Fund as established in § 30-192.7." *Va. Code* § 58.1-344.3 B 24 b. *Virginia Code* § 30-192.7, however, establishes the Martin Luther King, Jr. Commission Fund.



In order to correct these problems, legislation has been drafted by the Division of Legislative Services to remove the statutory references from Va. Code § 58.1-344 B 24. This legislation is expected to be introduced during the 2008 General Assembly session.

### Amounts Collected for Each Voluntary Contribution

The chart below provides the amounts collected for each voluntary contribution that will be listed on the 2007 Virginia individual income tax voluntary contributions for the three previous taxable years.

<b>Amount Collected for Voluntary Contributions - 2004-2006</b>							
Program/Fund	First Return	2004 Return		2005 Return		2006 Return	
		Number	Amount	Number	Amount	Number	Amount
1. Virginia Nongame Wildlife Program	1981	5,795	\$142,694	5,757	\$142,237	5,685	\$143,799
2. Virginia Open Space Recreation and Conservation Fund	1988	2,530	\$57,120	2,726	\$63,488	2,661	\$64,209
3. Combined Political Party Contributions	1982	2,655	\$53,357	2,691	\$55,298	2,626	\$53,201
4. United States Olympic Committee	1988	1,209	\$22,369	1,310	\$25,069	1,138	\$22,164
5. Virginia Housing Program	1997	1,814	\$45,002	1,901	\$45,729	1,889	\$45,264
6. Virginia Family and Children's Trust Fund	1998	1,383	\$34,665	1,434	\$36,251	1,299	\$36,034
7. Virginia Elderly and Disabled Transportation Fund	1997	2,833	\$64,379	3,067	\$71,018	3,107	\$74,548
8. Community Policing Fund	1994	786	\$13,587	820	\$16,270	810	\$14,872
9. Virginia Arts Foundation	1997	1,146	\$21,267	1,176	\$20,578	1,190	\$24,258
10. Chesapeake Bay Restoration	1997	5,890	\$141,344	6,034	\$150,589	6,255	\$164,221
11. Historic Resources Fund	1998	744	\$13,360	933	\$16,302	945	\$16,447
12. Jamestown-Yorktown Foundation	2000	898	\$18,494	1,022	\$21,977	1,082	\$25,903
13. State Forests Systems Fund	1999	1,831	\$34,252	2,036	\$37,533	2,100	\$40,959
14. Uninsured Medical Catastrophe Fund	1999	1,118	\$24,879	1,108	\$26,618	1,138	\$30,456
15. Children of America Finding Hope	2001	1,031	\$22,684	964	\$23,804	974	\$23,456
16. Public School Foundations	2002	1,319	\$35,276	1,443	\$41,736	1,451	\$45,310
17. Home Energy Assistance	2003	926	\$18,509	1,297	\$30,108	1,303	\$30,477
18. War Memorial & National D-Day Memorial	2003	745	\$14,078	759	\$14,828	715	\$14,930
19. Virginia Federation of Humane Societies	2004	850	\$16,027	1,077	\$23,720	1,199	\$26,647
20. Tuition Assistance Grant Fund	2004	598	\$11,350	685	\$13,090	715	\$18,936
21. Spay and Neuter Fund	2004	1,648	\$36,247	1,752	\$37,191	1,736	\$38,329
22. Office of Commonwealth Preparedness	2005			228	\$3,100	236	\$2,828
23. Cancer Centers	2006					1,101	\$29,671
24. Brown v. Board of Education Scholarship Program Fund	2006					274	\$6,914
25. Martin Luther King, Jr. Living History and Public Policy Center Fund							Was added to the 2007 income tax return
<b>Total</b>		<b>37,749</b>	<b>\$840,940</b>	<b>40,220</b>	<b>\$916,534</b>	<b>41,629</b>	<b>\$993,833</b>

## Changes to the 2008 Income Tax Return

If the General Assembly takes no action, the voluntary contribution for the Office of Commonwealth Preparedness will be removed from the list on the 2008 individual income tax return. The Office of Commonwealth Preparedness failed to receive \$10,000 in its two years on the return, which were 2005 and 2006. Under the requirements of *Va. Code* § 58.1-344.3 A.1, an entity must receive at least \$10,000 in each of the three preceding years. In 2007, the Office of Commonwealth Preparedness will have appeared on the return for three taxable years, as required by *Va. Code* § 58.1-344.3 A.3.b, but it will be impossible for it to satisfy the requirement in subdivision A.1. Therefore, the Office of Commonwealth Preparedness will be removed from the list after the 2007 return.

The voluntary contribution for the Jamestown-Yorktown Foundation will also be removed from the individual income tax return for 2008. While this organization has not failed to receive \$10,000 per year in contributions, it is only authorized for taxable years beginning before January 1, 2008 under *Va. Code* § 58.1-344.3 C.3. Thus, it may only remain on the return through 2007.

The removal of the voluntary contributions for the Office of Commonwealth Preparedness and the Jamestown-Yorktown Foundation from the 2008 return will allow the voluntary contributions for the Virginia Caregivers Grant Fund and the Virginia Military Family Relief Fund to be added. If these voluntary contributions are added, the voluntary contributions for the public library foundations, the Celebrating Special Children, Inc. Fund, and the Medicare Part D Counseling Fund will remain on the waiting list.

## Changes to the 2009 Income Tax Return

In addition to the voluntary contributions that will be removed from the 2008 income tax return, the data indicates that the voluntary contribution for the Brown v. Board of Education Scholarship Program Fund failed to receive \$10,000 in its first year on the return. Because this voluntary contribution must remain on the return for three consecutive years, it will not be removed until the 2009 return. It will be removed even if it exceeds \$10,000 in one of the two subsequent years because the statute requires that contributions exceed \$10,000 in each of the three consecutive years that it appears on the return.

## Summary of Voluntary Contributions

Set out in the table below is a summary of all of the voluntary contributions that have been removed from or added to the individual income tax return or have appeared on the waiting list since the adoption of House Bill 2003 in 2005 (codified at *Va. Code* § 58.1-344.3).



## Summary of Voluntary Contributions

### 2005: Changes Reflected On Income Tax Returns For 2005

Program / Fund	Enacted	Action	Comments
University of Virginia Center for Government Studies	1999 ch. 948	<ul style="list-style-type: none"> <li>Removed from 2005 return</li> <li>First appeared on 1999 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 11</li> <li>Failed to receive \$10,000 in 2001, 2002 &amp; 2003</li> <li>Expired with 2004 return</li> </ul>
George Mason Law and Economics Center	1999 ch. 948	<ul style="list-style-type: none"> <li>Removed from 2005 return</li> <li>First appeared on 1999 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 12</li> <li>Failed to receive \$10,000 in 2001, 2002 &amp; 2003</li> <li>Expired with 2004 return</li> </ul>
Virginia Foundation for the Humanities and Public Policy Fund	1999 ch. 948	<ul style="list-style-type: none"> <li>Removed from 2005 return</li> <li>First appeared on 1999 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 10</li> <li>Failed to receive \$10,000 in 2001, 2002 &amp; 2003</li> <li>Expired with 2004 return</li> </ul>
Office of Commonwealth Preparedness	2004 ch. 649	<ul style="list-style-type: none"> <li>Added to 2005 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 21</li> </ul>

### 2006: Changes Reflected On Income Tax Returns For 2006

Program / Fund	Enacted	Action	Comments
4-H Educational Centers (4H Camp)	2001 ch. 535	<ul style="list-style-type: none"> <li>Removed from 2006 return</li> <li>First appeared on 2002 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 14</li> <li>Failed to receive \$10,000 in 2002, 2003 &amp; 2004</li> </ul>
Virginia Transplant Council	2001 ch. 560	<ul style="list-style-type: none"> <li>Removed from 2006 return</li> <li>First appeared on 2002 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 15</li> <li>Failed to receive \$10,000 in 2002, 2003 &amp; 2004</li> </ul>
Cancer Centers	2004 ch. 649	<ul style="list-style-type: none"> <li>Added to 2006 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 22</li> </ul>
Brown v. Board of Education Scholarship Program Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> <li>Added to 2006 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 23</li> </ul>

### 2007: Changes Reflected On Income Tax Returns For 2007

Program / Fund	Enacted	Action	Comments
Commission for the Arts	2003 ch. 878	<ul style="list-style-type: none"> <li>Removed from 2007 return</li> <li>First appeared on 2004 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 20</li> <li>Failed to receive \$10,000 in 2004</li> <li>Commission also receives contributions via checkoff for Virginia Arts Foundation</li> </ul>
Martin Luther King, Jr. Living History and Public Policy Center Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> <li>Added to 2007 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 24</li> </ul>

### Summary of Voluntary Contributions

#### 2008: Changes To Be Reflected On Income Tax Returns For 2008

Program / Fund	Enacted	Action	Comments
Office of Commonwealth Preparedness	2004 ch. 649	<ul style="list-style-type: none"> <li>To be removed from 2008 return</li> <li>First appeared on 2005 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 21</li> <li>Failed to receive \$10,000 in 2005 and 2006</li> </ul>
Jamestown-Yorktown Foundation	1999 ch. 210	<ul style="list-style-type: none"> <li>To be removed from 2008 return</li> <li>First appeared on 2000 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 C 3</li> <li>Authorized for taxable years beginning before January 1, 2008</li> </ul>
Virginia Caregivers Grant Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> <li>To be added to 2008 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 25</li> <li>Assumes one entity removed from return in 2008</li> </ul>
Virginia Military Family Relief Fund	2006 ch. 103, 479	<ul style="list-style-type: none"> <li>To be added to 2008 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 C 8</li> <li>Assumes two entities removed from return in 2008</li> </ul>

#### 2009: Preliminary Estimate Of Changes To Be Reflected On Income Tax Returns For 2009

Program / Fund	Enacted	Action	Comments
Brown v. Board of Education Scholarship Program Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> <li>To be removed from 2009 return</li> <li>First appeared on 2006 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 23</li> <li>Failed to receive \$10,000 in 2006</li> </ul>
Public library foundations	2007 ch. 70	<ul style="list-style-type: none"> <li>To be added to 2009 return</li> </ul>	<ul style="list-style-type: none"> <li>§ 58.1-344.3 B 26</li> <li>Assumes one entity removed from return in 2009</li> </ul>