



COMMONWEALTH of VIRGINIA

Department of Taxation

January 11, 2010

The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
10677 Aviation Lane
Manassas, Virginia 20110

The Honorable Harry R. Purkey
Chairman, House Finance Committee
2352 Leeward Shore Drive
Virginia Beach, Virginia 23451

Re: Voluntary Contributions – Amounts Collected for Three Previous Years

Dear Chairmen:

Pursuant to *Va. Code* § 58.1-344.3, the Department of Taxation (TAX) 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 minimum contribution 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 organizations added or deleted for taxable year 2009:

Changes made to the individual income tax return for 2009:	
<u>Deleted</u>	<u>Added</u>
<ul style="list-style-type: none"> Brown v. Board of Education Scholarship Program Fund Virginia Caregivers Grant Program Fund 	<ul style="list-style-type: none"> Public Library Foundations Celebrating Special Children, Inc.

The voluntary contribution for the Virginia Caregivers Grant Program Fund was added to the 2008 individual income tax return. For that year, it received approximately \$4,317 in contributions, which means that the organization would have been eliminated from the individual income tax return after it had appeared for three years. In February 2009, however, TAX was notified by the Virginia Department of Social Services (DSS) that the



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Virginia Caregivers Grant Program was not funded in the final budget for FY 2009 and, therefore, was not active. As a result, the contributions made on the 2008 return that were distributed to DSS were returned to TAX and refunded to taxpayers. DSS did not expect that the Virginia Caregivers Grant Program would be funded for FY 2010 or 2011. Because the Program was not able to use contributions for at least three years, DSS suggested that TAX immediately remove the Virginia Caregivers Grant Program from the individual income tax return and replace it with another organization.

For these reasons, the Virginia Caregivers Grant Program Fund was removed from the list voluntary contributions and replaced with Celebrating Special Children, Inc. on the 2009 individual income tax return.

At this time, there are no organizations that are scheduled to be removed from the list of voluntary contributions on the 2010 individual income tax return. The data indicates that the current organizations have all met the \$10,000 per year minimum contribution threshold.

The following organizations are awaiting space on the return:

- Medicare Part D Counseling Fund
- Community foundations
- Virginia Foundation for Community College Education
- Middle Peninsula Chesapeake Bay Public Access Authority
- Breast and Cervical Cancer Prevention and Treatment Fund
- Virginia Aquarium and Marine Science Center

The enclosed document presents the report for 2009. Please let me know if you have any questions.

Sincerely,



Janie E. Bowen
Tax Commissioner

JEB/tlg

Enclosure

Voluntary Contributions: Amounts Collected for 2006-2008

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 2009 Income Tax Return

The voluntary contribution for the Brown v. Board of Education Scholarship Fund was removed from the list on the 2009 individual income tax return. The Brown v. Board of Education Scholarship Fund failed to receive \$10,000 per year in its first three years on the return, which were 2006 through 2008. 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. As of 2008, the Brown v. Board of Education Scholarship Fund had appeared on the return for three taxable years, as required by *Va. Code* § 58.1-344.3 A.3.b without receiving the required level of contributions. Therefore, the Brown v. Board of Education Scholarship Fund was removed from the list on the 2009 return.

In addition, the voluntary contribution for the Virginia Caregivers Grant Program Fund was removed from the list on the 2009 individual income tax return. The voluntary contribution for the Virginia Caregivers Grant Program Fund was added to the 2008 income tax return, and was scheduled to have remained on the list at least for taxable years 2009 and 2010. However, in February 2009, TAX was notified by the Virginia Department of Social Services (DSS) that the Virginia Caregivers Grant Program was not funded in the final budget for FY 2009, and that it did not expect the Virginia Caregivers Grant Program to be funded for FY 2010 or 2011. Because the Program was not be able to use contributions for three years, DSS suggested that TAX remove the contribution from the tax return forms and replace it with another organization.

The removal of the voluntary contributions for the Brown v. Board of Education Scholarship Program Fund and the Virginia Caregivers Grant Program Fund from the 2009 return allowed the voluntary contributions for public libraries foundations and Celebrating Special Children, Inc. to be added. With the addition of these two voluntary contributions, the Medicare Part D Counseling Fund, community foundations, the Virginia Foundation for Community College Education, the Middle Peninsula Chesapeake Bay Public Access Authority, the Breast and Cervical Cancer Prevention and Treatment Fund, and the Virginia Aquarium and Marine Science Center will remain on the waiting list.

Amounts Collected for Each Voluntary Contribution

The chart below provides the amounts collected for each voluntary contribution that will be listed on the 2009 Virginia individual income tax return and the amount contributed to each in the three previous taxable years.

Amount Collected for Voluntary Contributions - 2006-2008							
Program/Fund	First Return	2006 Return		2007 Return		2008 Return	
		Number	Amount	Number	Amount	Number	Amount
1. Virginia Nongame Wildlife Program	1981	5,685	\$143,799	6,010	\$148,221	6,189	\$153,436
2. Virginia Open Space Recreation and Conservation Fund	1988	2,661	\$64,209	3,018	\$67,979	2,991	\$67,463
3. Combined Political Party Contributions	1982	2,626	\$53,201	2,919	\$58,834	3,839	\$81,063
4. United States Olympic Committee	1988	1,138	\$22,164	1,345	\$27,765	1,452	\$29,214
5. Virginia Housing Program	1997	1,889	\$45,264	2,202	\$51,396	2,384	\$55,430
6. Virginia Family and Children's Trust Fund	1998	1,299	\$36,034	1,383	\$33,787	1,535	\$36,312
7. Virginia Elderly and Disabled Transportation Fund	1997	3,107	\$74,548	3,508	\$80,536	4,027	\$94,522
8. Community Policing Fund	1994	810	\$14,872	1,028	\$19,718	1,161	\$22,029
9. Virginia Arts Foundation	1997	1,190	\$24,258	1,687	\$32,372	1,899	\$38,295
10. Chesapeake Bay Restoration	1997	6,255	\$164,221	4,800	\$123,169	5,262	\$131,822
11. Historic Resources Fund	1998	945	\$16,447	1,212	\$22,485	1,254	\$23,149
12. State Forests Systems Fund	1999	2,100	\$40,959	1,902	\$37,315	1,963	\$37,624
13. Uninsured Medical Catastrophe Fund	1999	1,138	\$30,456	1,141	\$23,818	1,244	\$25,828
14. Children of America Finding Hope	2001	974	\$23,456	1,052	\$24,334	1,163	\$23,417
15. Public School Foundations	2002	1,451	\$45,310	1,232	\$40,538	1,775	\$56,392
16. Home Energy Assistance	2003	1,303	\$30,477	1,677	\$35,885	1,977	\$41,655
17. War Memorial & National D-Day Memorial	2003	715	\$14,930	802	\$15,080	912	\$18,056
18. Virginia Federation of Humane Societies	2004	1,199	\$26,647	1,537	\$36,752	1,781	\$40,421
19. Tuition Assistance Grant Fund	2004	715	\$18,936	902	\$16,328	1,078	\$19,088
20. Spay and Neuter Fund	2004	1,736	\$38,329	2,283	\$46,532	2,954	\$63,567
21. Cancer Centers	2006	1,101	\$29,671	1,682	\$38,718	2,101	\$49,961
22. Martin Luther King, Jr. Living History and Public Policy Center Fund	2007			632	\$11,738	1,010	\$18,619
23. Virginia Military Family Relief Fund	2008					2,229	\$55,330
24. Public libraries foundations		Was added to the 2009 income tax return					
25. Celebrating Special Children, Inc.		Was added to the 2009 income tax return					
Total		40,037	\$958,188	43,954	\$993,300	52,180	\$1,182,693

Changes to the 2010 Income Tax Return

At this time, there are no organizations that are scheduled to be removed from the list of voluntary contributions on the 2010 individual income tax return. The data indicates that the current organizations have all met the \$10,000 threshold. If any organizations fail to meet that threshold on the 2009 return and all other requirements are met, however, such organizations would be removed from the 2010 income tax 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 since the adoption of House Bill 2303 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"> • Removed from 2005 return • First appeared on 1999 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 11 • Failed to receive \$10,000 in 2001, 2002 & 2003 • Expired with 2004 return
George Mason Law and Economics Center	1999 ch. 948	<ul style="list-style-type: none"> • Removed from 2005 return • First appeared on 1999 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 12 • Failed to receive \$10,000 in 2001, 2002 & 2003 • Expired with 2004 return
Virginia Foundation for the Humanities and Public Policy Fund	1999 ch. 948	<ul style="list-style-type: none"> • Removed from 2005 return • First appeared on 1999 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 10 • Failed to receive \$10,000 in 2001, 2002 & 2003 • Expired with 2004 return
Office of Commonwealth Preparedness	2004 ch. 649	<ul style="list-style-type: none"> • Added to 2005 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 21
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"> • Removed from 2006 return • First appeared on 2002 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 14 • Failed to receive \$10,000 in 2002, 2003 & 2004
Virginia Transplant Council	2001 ch. 560	<ul style="list-style-type: none"> • Removed from 2006 return • First appeared on 2002 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 15 • Failed to receive \$10,000 in 2002, 2003 & 2004
Cancer Centers	2004 ch. 649	<ul style="list-style-type: none"> • Added to 2006 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 22
Brown v. Board of Education Scholarship Program Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> • Added to 2006 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 23

Summary of Voluntary Contributions

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

2008: Changes 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"> Removed from 2008 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 21 Failed to receive \$10,000 in 2005 and 2006
Jamestown-Yorktown Foundation	1999 ch. 210	<ul style="list-style-type: none"> Removed from 2008 return First appeared on 2000 return 	<ul style="list-style-type: none"> § 58.1-344.3 C 3 Authorized for taxable years beginning before January 1, 2008
Virginia Caregivers Grant Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> Added to 2008 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 25
Virginia Military Family Relief Fund	2006 ch. 103, 479	<ul style="list-style-type: none"> Added to 2008 return 	<ul style="list-style-type: none"> § 58.1-344.3 C 8

2009: 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"> Removed from 2009 return First appeared on 2006 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 23 Failed to receive \$10,000 in 2006, 2007 and 2008
Virginia Caregivers Grant Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2009 return First appeared on 2008 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 25 Program not funded in FY 2009 Removed at suggestion by DSS
Public library foundations	2007 ch. 70	<ul style="list-style-type: none"> Added to 2009 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 26
Celebrating Special Children, Inc.	2007 ch. 70	<ul style="list-style-type: none"> Added to 2009 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 27