



COMMONWEALTH of VIRGINIA

Department of Taxation

January 10, 2018

To: The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee

The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee

The Honorable R. Lee Ware, Jr.
Chairman, House Finance Committee

Pursuant to *Va. Code* § 58.1-344. 3, the Department of Taxation ("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 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.

2017 Returns

One organization, the Home Energy Assistance Fund, was removed from the list of voluntary contributions on the 2017 Virginia individual income tax return. Because there were no additional organizations on the waiting list, no organizations were added to the 2017 Virginia individual income tax return.

2018 Returns

At this time, no organizations are scheduled to be removed from the list of voluntary contributions on the 2018 individual income tax return. The data indicates that the current organizations have all met the requirements for inclusion on the Taxable Year 2018 return. Currently, no additional organizations are on the waiting list. Therefore, no organizations will be added to the 2018 individual income tax return.

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2019 Returns

Of the nine organizations that were added to the 2016 individual income tax return, eight of the organizations did not meet the minimum \$10,000 requirement. Pursuant to *Va. Code* § 58.1-344.3(3)(b), such entities shall appear on the return for at least three consecutive years before they will be removed from the return. If the General Assembly takes no action, these organizations will be removed from the 2019 individual income tax return.

The enclosed document presents the report for 2017. Please contact me if you have any questions.

Sincerely,



Craig M. Burns
Tax Commissioner

CMB/jf

Enclosure

CC: The Honorable Richard D. Brown, Secretary of Finance

Voluntary Contributions: Amounts Collected for 2014-2016

Introduction

In 2004, the General Assembly enacted House Bill 1486 (2004 *Acts of Assembly*, Chapter 649), 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 three 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 (2005 *Acts of Assembly*, Chapter 860). 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 six.

Impact of Virginia 529 Contributions

In 2013, the General Assembly enacted House Bill 2145 and Senate Bill 1220, which became effective January 1, 2014. This legislation allowed an individual to designate that his individual income tax refund, or a portion thereof, be deposited into one or more Virginia College Savings Plan ("Virginia 529") accounts. The Department believes that the decrease in contributions to nonprofit organizations and the large number of organizations that were removed from the Taxable Year 2016 return was most likely due to taxpayers allocating their refunds to Virginia College Savings Plan accounts instead of nonprofit organizations.

The following table indicates that the total amount of all contributions has increased in the last three taxable years, while the amount of voluntary contributions to nonprofits has decreased significantly since Taxable Year 2013.

	Voluntary Contributions to Nonprofits		VA 529 Contributions		Total Contributions
	Amount of Contributions	Number of Returns	Amount of Contributions	Number of Returns	
Taxable Year 2010	\$1,046,281	42,250	N/A	N/A	\$1,046,281
Taxable Year 2011	\$959,849	40,836	N/A	N/A	\$959,849
Taxable Year 2012	\$872,682	37,247	N/A	N/A	\$872,682
Taxable Year 2013	\$802,844	33,445	N/A	N/A	\$802,844
Taxable Year 2014	\$398,702	14,589	\$452,077	775	\$850,779
Taxable Year 2015	\$345,398	12,154	\$586,283	975	\$931,681
Taxable Year 2016	\$368,391	12,404	\$712,691	1,110	\$1,081,082

During the first two years during which taxpayers could make contributions to their Virginia 529 Plan accounts, the amount contributed to nonprofit organizations decreased. From Taxable Year 2013 to Taxable Year 2014, the number of returns contributing to nonprofit organizations decreased by 56 percent and the total amount contributed to nonprofit organizations decreased by 50 percent. From Taxable Year 2014 to Taxable Year 2015, the number of returns contributing to nonprofit organizations decreased by an additional 16 percent and the total amount contributed to nonprofit organizations decreased by 13 percent. No nonprofit organization received more contributions in Taxable Year 2014 or Taxable Year 2015 than it received in the prior year.

However, from Taxable Year 2015 to Taxable Year 2016, both the number of returns contributing to nonprofit organizations and the total amount of contributions increased slightly. The amount contributed to each nonprofit organization increased for the majority of nonprofit organizations in Taxable Year 2016. Meanwhile, the amount of contributions to Virginia 529 Plan accounts continued to increase in Taxable Years 2015 and 2016. It appears that initially the inclusion of contributions to Virginia 529 Plan accounts as a refund option reduced the number and amount of contributions to nonprofit organizations, but that downward trend may have stabilized for Taxable Year 2016.

Amounts Collected for Each Voluntary Contribution

The chart below provides each voluntary contribution that was listed on the 2016 Virginia individual income tax return and the amount contributed during Taxable Years 2014, 2015, and 2016.

Amount Collected for Voluntary Contributions: 2014-2016							
		2014 Return		2015 Return		2016 Return	
Program/Fund	First Return	Number	Amount	Number	Amount	Number	Amount
1. Virginia Nongame Wildlife Program	1981	1,413	\$40,206	1,098	\$37,791	1,097	\$39,819
2. Virginia Open Space Recreation and Conservation Fund	1988	782	\$21,636	613	\$16,124	688	\$17,674
3. Combined Political Party Contributions	1982	699	\$14,484	563	\$12,534	771	\$17,989
4. Virginia Housing Program	1997	513	\$14,738	448	\$12,310	446	\$14,867
5. Virginia Family and Children's Trust Fund	1998	392	\$10,614	347	\$10,690	368	\$15,366
6. Virginia Elderly and Disabled Transportation Fund	1997	732	\$20,205	669	\$18,463	700	\$18,800
7. Virginia Arts Foundation	1997	549	\$12,726	428	\$12,645	609	\$17,325
8. Chesapeake Bay Restoration	1997	1,464	\$41,805	1,206	\$37,858	1,261	\$39,014
9. State Forests Systems Fund	1999	724	\$15,925	605	\$13,895	637	\$15,130
10. Public School Foundations	2002	552	\$20,833	497	\$19,274	541	\$31,980
11. Home Energy Assistance	2003	445	\$10,245	358	\$7,628	323	\$7,442
12. Virginia Federation of Humane Societies	2004	560	\$14,399	474	\$12,311	471	\$13,318
13. Spay and Neuter Fund	2004	796	\$22,380	640	\$17,470	678	\$18,474
14. Cancer Centers	2006	591	\$20,052	455	\$12,814	465	\$11,606
15. Virginia Military Family Relief Fund	2008	783	\$26,596	650	\$19,916	601	\$17,964
16. Public libraries foundations	2009	808	\$24,616	785	\$24,837	789	\$22,895
17. Medicare Part D Counseling Fund	2016					72	\$1,387
18. Community foundations	2016					69	\$2,147
19. Virginia Foundation for Community College Education	2016					197	\$4,975
20. Middle Peninsula Chesapeake Bay Public Access Authority	2016					80	\$1,247
21. Breast and Cervical Cancer Prevention and Treatment Fund	2016					320	\$8,591
22. Virginia Aquarium and Marine Science Center	2016					239	\$4,318
23. Virginia Capital Preservation Foundation	2016					77	\$1,045
34. Office of the Secretary of Veterans Affairs and Homeland Security	2016					196	\$3,715
25. Federation of Virginia Food Banks	2016					657	\$19,802
Total		14,589	\$398,702	12,154	\$345,397	12,404	\$368,391

Changes to the 2017 Income Tax Return

The following organizations were removed from the 2017 return:

- Home Energy Assistance Fund

No organizations were added to the 2017 return.

Changes to the 2018 Income Tax Return

At this time, no organizations are scheduled to be removed from the list of voluntary contributions on the 2018 individual income tax return. The data indicate that the current organizations have all met the requirements for inclusion on the Taxable Year 2018 return. If any organizations fail to meet that threshold on the 2017 return and all other requirements are met, however, such organizations would be removed from the 2018 income tax return. As this report is submitted, the filing season for the 2017 returns is about to begin, but data from these returns will not be available when 2018 returns are printed.

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

Summary of Voluntary Contributions

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

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 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

Summary of Voluntary Contributions

2010-2015: No Changes Made to Income Tax Returns for 2010 – 2015

2016: Changes Reflected on Income Tax Returns for 2016

Program / Fund	Enacted	Action	Comments
United States Olympic Committee	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 4 Failed to receive \$10,000 in 2014 and 2015
Community Policing Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 7 Failed to receive \$10,000 in 2014 and 2015
Historic Resources Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 9 Failed to receive \$10,000 in 2014 and 2015
Uninsured Medical Catastrophe Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 C 5 Failed to receive \$10,000 in 2014 and 2015
Children of America Finding Hope	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 13 Failed to receive \$10,000 in 2014 and 2015
War Memorial & National D-Day Memorial	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 16 Failed to receive \$10,000 in 2014 and 2015
Tuition Assistance Grant Fund	2005 ch. 860, 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 18 Failed to receive \$10,000 in 2014 and 2015
Martin Luther King, Jr. Living History and Public Policy Center Fund	2005 ch. 889	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2005 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 24 Failed to receive \$10,000 in 2014 and 2015
Celebrating Special Children, Inc.	2006 ch. 70	<ul style="list-style-type: none"> Removed from 2016 return First appeared on 2007 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 27 Failed to receive \$10,000 in 2014 and 2015
Medicare Part D Counseling Fund	2007 ch. 601	<ul style="list-style-type: none"> Added to 2016 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 28 a
Community Foundations	2008 ch. 313, 461	<ul style="list-style-type: none"> Added to 2016 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 29
Virginia Foundation for Community College Education	2008 ch. 313	<ul style="list-style-type: none"> Added to 2016 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 30
Middle Peninsula Chesapeake Bay Public Access Authority	2009 ch. 4	<ul style="list-style-type: none"> Added to 2016 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 31
Breast and Cervical Cancer Prevention and Treatment Fund	2009 ch. 26, 521	<ul style="list-style-type: none"> Added to 2016 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 32
Virginia Aquarium and Marine Science Center	2009 ch. 41	<ul style="list-style-type: none"> Added to 2016 return 	<ul style="list-style-type: none"> § 58.1-344.3 B 33

Summary of Voluntary Contributions			
Virginia Capitol Preservation Foundation	2010 ch. 690	<ul style="list-style-type: none"> • Added to 2016 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 34
Office of the Secretary of Veterans Affairs and Homeland Security	2011 ch. 780, 858	<ul style="list-style-type: none"> • Added to 2016 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 35
Federation of Virginia Food Banks	2015 ch. 70	<ul style="list-style-type: none"> • Added to 2016 return 	<ul style="list-style-type: none"> • § 58.1-344.3 C 9
2017: Changes Reflected on Income Tax Returns for 2017			
Program / Fund	Enacted	Action	Comments
Home Energy Assistance Fund	2002 ch. 395	<ul style="list-style-type: none"> • Removed from 2017 return • First appeared on 2003 return 	<ul style="list-style-type: none"> • § 58.1-344.3 B 7 • Failed to receive \$10,000 in 2015
2018: No Changes Are Scheduled To Be Made to Income Tax Returns for 2018			