

HOUSE BILL NO. 472

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance
on February 2, 2022)

(Patron Prior to Substitute--Delegate McNamara)

A BILL to amend and reenact § 58.1-322.03 of the Code of Virginia, relating to income tax; standard deduction.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-322.03 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-322.03. Virginia taxable income; deductions.

In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from Virginia adjusted gross income as defined in § 58.1-321:

1. a. The amount allowable for itemized deductions for federal income tax purposes where the taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on such federal return and increased by an amount that, when added to the amount deducted under § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes at a rate of 18 cents per mile; or

b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2026, \$3,000 for single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return) ~~and~~; (ii) for taxable years beginning on and after January 1, 2019, but before January 1, ~~2026~~ 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); and (iii) for taxable years beginning on and after January 1, 2022, but before January 1, 2026, \$9,000 for single individuals and \$18,000 for married persons (one-half of such amounts in the case of a married individual filing a separate

27 return). For purposes of this section, any person who may be claimed as a dependent on another taxpayer's
28 return for the taxable year may compute the deduction only with respect to earned income.

29 2. a. A deduction in the amount of \$930 for each personal exemption allowable to the taxpayer for
30 federal income tax purposes.

31 b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be
32 entitled to an additional personal exemption in the amount of \$800.

33 The additional deduction for blind or aged taxpayers allowed under this subdivision shall be
34 allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income
35 tax purposes.

36 3. A deduction equal to the amount of employment-related expenses upon which the federal credit
37 is based under § 21 of the Internal Revenue Code for expenses for household and dependent care services
38 necessary for gainful employment.

39 4. An additional \$1,000 deduction for each child residing for the entire taxable year in a home
40 under permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim
41 the child as a personal exemption under § 151 of the Internal Revenue Code.

42 5. a. A deduction in the amount of \$12,000 for individuals born on or before January 1, 1939.

43 b. A deduction in the amount of \$12,000 for individuals born after January 1, 1939, who have
44 attained the age of 65. This deduction shall be reduced by \$1 for every \$1 that the taxpayer's adjusted
45 federal adjusted gross income exceeds \$50,000 for single taxpayers or \$75,000 for married taxpayers. For
46 married taxpayers filing separately, the deduction shall be reduced by \$1 for every \$1 that the total
47 combined adjusted federal adjusted gross income of both spouses exceeds \$75,000.

48 For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal
49 adjusted gross income minus any benefits received under Title II of the Social Security Act and other
50 benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as
51 amended.

52 6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow
53 donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction
54 for the payment of such fee on his federal income tax return.

55 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
56 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
57 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided
58 in subdivision b, the amount deducted on any individual income tax return in any taxable year shall be
59 limited to \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be
60 allowed pursuant to this subdivision 7 if such payments or contributions are deducted on the purchaser's
61 or contributor's federal income tax return. If the purchase price or annual contribution to a college savings
62 trust account exceeds \$4,000, the remainder may be carried forward and subtracted in future taxable years
63 until the purchase price or college savings trust contribution has been fully deducted; however, except as
64 provided in subdivision b, in no event shall the amount deducted in any taxable year exceed \$4,000 per
65 contract or college savings trust account. Notwithstanding the statute of limitations on assessments
66 contained in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year
67 or years in which distributions or refunds are made for any reason other than (i) to pay qualified higher
68 education expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death,
69 disability, or receipt of a scholarship. For the purposes of this subdivision, "purchaser" or "contributor"
70 means the person shown as such on the records of the Virginia College Savings Plan as of December 31
71 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or college savings
72 trust account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition
73 contract or college savings trust account, including, but not limited to, carryover and recapture of
74 deductions.

75 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who
76 has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000
77 per prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be

78 allowed a deduction for the full amount paid for the contract or contributed to a college savings trust
79 account, less any amounts previously deducted.

80 8. The total amount an individual actually contributed in funds to the Virginia Public School
81 Construction Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1,
82 provided that the individual has not claimed a deduction for such amount on his federal income tax return.

83 9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a
84 primary or secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1
85 to attend continuing teacher education courses that are required as a condition of employment; however,
86 the deduction provided by this subdivision shall be available only if (i) the individual is not reimbursed
87 for such tuition costs and (ii) the individual has not claimed a deduction for the payment of such tuition
88 costs on his federal income tax return.

89 10. The amount an individual pays annually in premiums for long-term health care insurance,
90 provided that the individual has not claimed a deduction for federal income tax purposes, or, for taxable
91 years beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and
92 after January 1, 2014, no such deduction for long-term health care insurance premiums paid by the
93 individual during the taxable year shall be allowed if the individual has claimed a federal income tax
94 deduction for such taxable year for long-term health care insurance premiums paid by him.

95 11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses,
96 as provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such
97 payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

98 a. If the payment is received in installment payments, then the recognized gain may be subtracted
99 in the taxable year immediately following the year in which the installment payment is received.

100 b. If the payment is received in a single payment, then 10 percent of the recognized gain may be
101 subtracted in the taxable year immediately following the year in which the single payment is received.
102 The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

103 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-
104 600 et seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of

105 tangible personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size
106 refrigerators that meet or exceed the applicable energy star efficiency requirements developed by the U.S.
107 Environmental Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates
108 electricity using an electrochemical process, (b) has an electricity-only generation efficiency greater than
109 35 percent, and (c) has a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a
110 coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat
111 pump hot water heater that yields an energy factor of at least 1.7; (v) any electric heat pump that has a
112 heating system performance factor of at least 8.0 and a cooling seasonal energy efficiency ratio of at least
113 13.0; (vi) any central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5;
114 (vii) any advanced gas or oil water heater that has an energy factor of at least 0.65; (viii) any advanced
115 oil-fired boiler with a minimum annual fuel-utilization rating of 85; (ix) any advanced oil-fired furnace
116 with a minimum annual fuel-utilization rating of 85; and (x) programmable thermostats.

117 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living
118 tissue for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12
119 months of such donation, provided that the donor has not taken a medical deduction in accordance with
120 the provisions of § 213 of the Internal Revenue Code for such expenses. The deduction may be taken in
121 the taxable year in which the donation is made or the taxable year in which the 12-month period expires.

122 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or
123 older with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess
124 of \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
125 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
126 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
127 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not
128 be allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b)
129 claimed a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another
130 provision of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to
131 this chapter.

