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SENATE BILL NO. 501

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Education and Health
on February 1, 2024)

(Patron Prior to Substitute—Senator Surovell)

A BILL to amend and reenact §§ 23.1-700, 23.1-701, 23.1-704, 23.1-706, 23.1-707, 23.1-711, 23.1-713, 58.1-322.03, as it is currently effective and as it may become effective, 58.1-344.3, and 58.1-402 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 23.1-702.1 and by adding in Chapter 7 of Title 23.1 an article numbered 2, consisting of sections numbered 23.1-714 through 23.1-717, relating to Virginia College Savings Plan; Virginia College Opportunity Endowment and Fund established; report.

Be it enacted by the General Assembly of Virginia:

1. That §§ 23.1-700, 23.1-701, 23.1-704, 23.1-706, 23.1-707, 23.1-711, 23.1-713, 58.1-322.03, as it is currently effective and as it may become effective, 58.1-344.3, and 58.1-402 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 23.1-702.1 and by adding in Chapter 7 of Title 23.1 an article numbered 2, consisting of sections numbered 23.1-714 through 23.1-717, as follows:

CHAPTER 7.

VIRGINIA COLLEGE SAVINGS PLAN AND ABLE SAVINGS TRUST ACCOUNTS; VIRGINIA COLLEGE OPPORTUNITY ENDOWMENT AND FUND.

Article 1.

Virginia College Savings Plan and ABLE Savings Trust Accounts.

§ 23.1-700. Definitions.

As used in this chapter article, unless the context requires a different meaning:

"ABLE savings trust account" means an account established pursuant to this chapter article to assist individuals and families to save private funds to support individuals with disabilities to maintain health, independence, and quality of life, with such account used to apply distributions for qualified disability expenses for an eligible individual, as both such terms are defined in § 529A of the Internal Revenue Code of 1986, as amended, or other applicable federal law.

"Board" means the governing board of the Plan.

"College savings trust account" means an account established pursuant to this chapter article to assist individuals and families to enhance the accessibility and affordability of higher education, with such account used to apply distributions from the account toward qualified higher education expenses, as that term is defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law.

"Contributor" means a person who contributes money to a savings trust account established pursuant to this chapter article on behalf of a qualified beneficiary and who is listed as the owner of the savings trust account.

"Non-Virginia public and accredited nonprofit independent or private institutions of higher education" means public and accredited nonprofit independent or private institutions of higher education that are located outside the Commonwealth.

"Plan" means the Virginia College Savings Plan.

"Prepaid tuition contract" means the contract or account entered into by the board and a purchaser pursuant to this chapter article for the advance payment of tuition at a fixed, guaranteed level for a qualified beneficiary to attend any public institution of higher education to which the qualified beneficiary is admitted.

"Public institution of higher education" has the same meaning as provided in § 23.1-100.

"Purchaser" means a person who makes or is obligated to make advance payments in accordance with a prepaid tuition contract and who is listed as the owner of the prepaid tuition contract.

"Qualified beneficiary" or "beneficiary" means (i) a resident of the Commonwealth, as determined by the board, who is the beneficiary of a prepaid tuition contract and who may apply advance tuition payments to tuition as set forth in this chapter article; (ii) a beneficiary of a prepaid tuition contract purchased by a resident of the Commonwealth, as determined by the board, who may apply advance tuition payments to tuition as set forth in this chapter article; or (iii) a beneficiary of a savings trust account established pursuant to this chapter article.

"Savings trust account" means an ABLE savings trust account or a college savings trust account.

"Savings trust agreement" means the agreement entered into by the board and a contributor that establishes a savings trust account.

"Tuition" means the quarter, semester, or term charges imposed for undergraduate tuition by any public institution of higher education and all mandatory fees required as a condition of enrollment of all students. At the discretion of the board, a beneficiary may apply benefits under a prepaid tuition contract and distributions

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60 from a college savings trust account (i) toward graduate-level tuition and (ii) toward qualified higher
61 education expenses, as that term is defined in 26 U.S.C. § 529 or any other applicable section of the Internal
62 Revenue Code of 1986, as amended.

63 **§ 23.1-701. Plan established; moneys; governing board.**

64 A. To enhance the accessibility and affordability of higher education for all citizens of the
65 Commonwealth, and assist families and individuals to save for qualified disability expenses, the Virginia
66 College Savings Plan is established as a body politic and corporate and an independent agency of the
67 Commonwealth.

68 B. Moneys of the Plan that are contributions to savings trust accounts made pursuant to this ~~chapter~~ *article*
69 , except as otherwise authorized or provided in this ~~chapter~~ *article*, shall be deposited as soon as practicable
70 in a separate account or separate accounts in banks or trust companies organized under the laws of the
71 Commonwealth, national banking associations, federal home loan banks, or, to the extent permitted by law,
72 savings institutions organized under the laws of the Commonwealth or the United States. The savings
73 program moneys in such accounts shall be paid out on checks, drafts payable on demand, electronic wire
74 transfers, or other means authorized by officers or employees of the Plan.

75 C. 1. All other moneys of the Plan, including payments received pursuant to prepaid tuition contracts,
76 bequests, endowments, grants from the United States government or its agencies or instrumentalities, and any
77 other available public or private sources of funds shall be first deposited in the state treasury in a special
78 nonreverting fund (the Fund). Such moneys shall then be deposited as soon as practicable in a separate
79 account or separate accounts in banks or trust companies organized under the laws of the Commonwealth,
80 national banking associations, federal home loan banks, or, to the extent permitted by law, savings
81 institutions organized under the laws of the Commonwealth or the United States. Benefits relating to prepaid
82 tuition contracts and Plan operating expenses shall be paid from the Fund. ~~Any~~ *Except as provided in*
83 *subdivision 2*, moneys remaining in the Fund at the end of a biennium shall not revert to the general fund but
84 shall remain in the Fund. Interest and income earned from the investment of such funds shall remain in the
85 Fund and be credited to it.

86 2. *After the fiscal year beginning January 1, 2024, the board shall deposit \$500 million from the Fund*
87 *into the Virginia College Opportunity Fund established in § 23.1-717. Each fiscal year thereafter, within 45*
88 *days after the actuarial valuation performed in accordance with §§ 23.1-706 and 23.1-710 for each fiscal*
89 *year is finalized, but by no later than November 30 of the subsequent fiscal year, the College Opportunity*
90 *Investment Advisory Committee established pursuant to § 23.1-702.1 shall submit to the Chairmen of the*
91 *House Committee on Appropriations and the Senate Committee on Finance and Appropriations a report on*
92 *the current surplus of all funds and a recommendation on the prudence of directing additional deposits of*
93 *actuarial surpluses into the Fund. In making such recommendation, the College Opportunity Investment*
94 *Advisory Committee shall determine whether (i) the funded status, as defined in § 23.1-707.1, of the Plan*
95 *does not meet or exceed 105 percent; (ii) any recommended transfers would violate the standard of care*
96 *specified in § 23.1-706; (iii) any recommended transfers would result in there being insufficient funds to*
97 *ensure the actuarial soundness of the Plan; or (iv) any recommended transfers would jeopardize the Plan's*
98 *ability to meet any obligation incurred under the provisions of this article.*

99 D. The Plan may maintain an independent disbursement system for the disbursement of prepaid tuition
100 contract benefits and, in connection with such system, open and maintain a separate account or separate
101 accounts in banks or trust companies organized under the laws of the Commonwealth, national banking
102 associations, federal home loan banks, or, to the extent permitted by law, savings institutions organized under
103 the laws of the Commonwealth or the United States. Such independent disbursement system and any related
104 procedures shall be subject to review and approval by the State Comptroller. Nothing in this subsection shall
105 be construed to relieve the Plan of its duty to provide prepaid tuition contract benefit transactions to the
106 Commonwealth's system of general accounting maintained by the State Comptroller pursuant to § 2.2-802.

107 E. The Plan shall be administered by an 11-member board that consists of (i) the director of the Council or
108 his designee, the Chancellor of the Virginia Community College System or his designee, the State Treasurer
109 or his designee, and the State Comptroller or his designee, all of whom shall serve ex officio with voting
110 privileges, and (ii) seven nonlegislative citizen members, four of whom shall be appointed by the Governor,
111 one of whom shall be appointed by the Senate Committee on Rules, two of whom shall be appointed by the
112 Speaker of the House of Delegates, and all of whom shall have significant experience in finance, accounting,
113 law, investment management, higher education, or disability advocacy. In addition, at least one of the
114 nonlegislative citizen members shall have expertise in the management and administration of private defined
115 contribution retirement plans.

116 F. Members appointed to the board shall serve terms of four years. Vacancies occurring other than by
117 expiration of a term shall be filled for the unexpired term. No member appointed to the board shall serve
118 more than two consecutive four-year terms; however, a member appointed to serve an unexpired term is
119 eligible to serve two consecutive four-year terms immediately succeeding such unexpired term.

120 G. Ex officio members of the board shall serve terms coincident with their terms of office.

121 H. Members of the board shall receive no compensation but shall be reimbursed for actual expenses

122 incurred in the performance of their duties.

123 I. The board shall elect from its membership a chairman and a vice-chairman annually.

124 J. A majority of the members of the board shall constitute a quorum.

125 **§ 23.1-702.1. College Opportunity Investment Advisory Committee; membership; terms; qualifications;**
126 **duties.**

127 A. In addition to the advisory committees described in § 23.1-702, the board shall establish the College
128 Opportunity Investment Advisory Committee (the Committee) to assist the General Assembly in determining
129 amounts to deposit into the Virginia College Opportunity Fund established by § 23.1-702 from the Plan.

130 B. The Committee shall consist of five members as follows: the investment director of the Virginia College
131 Savings Plan, the State Treasurer, the staff directors of the House Committee on Appropriations and the
132 Senate Committee on Finance and Appropriations, and one nonlegislative citizen member who has
133 investment or actuarial expertise to be appointed by the Governor.

134 C. The nonlegislative citizen member of the Committee shall serve a term of four years and shall not be
135 eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the unexpired term. A
136 person appointed to fill a vacancy may be appointed to serve two additional terms. The nonlegislative citizen
137 member shall be a citizen of the Commonwealth.

138 D. The Committee shall make determinations in accordance with subdivision C 2 of § 23.1-701 as to
139 whether and in what amount deposits to the Virginia College Opportunity Fund shall be made.

140 E. The Committee shall elect a chairman and vice-chairman from among its membership. A majority of
141 the members shall constitute a quorum.

142 F. Members of the Committee shall receive no compensation but shall be reimbursed for actual expenses
143 incurred in the performance of their duties.

144 **§ 23.1-704. Powers and duties of the board.**

145 The board shall:

146 1. Administer the Plan established by this ~~chapter~~ article;

147 2. Develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23.1-
148 700, at a fixed, guaranteed level for application at a public institution of higher education; (ii) contributions to
149 college savings trust accounts established pursuant to this ~~chapter~~ article on behalf of a qualified beneficiary
150 in order to apply distributions from the account toward qualified higher education expenses, as that term is
151 defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law; and (iii)
152 contributions to ABLE savings trust accounts established pursuant to this ~~chapter~~ article on behalf of a
153 qualified beneficiary in order to apply distributions from the account toward qualified disability expenses for
154 an eligible individual, as both such terms are defined in § 529A of the Internal Revenue Code of 1986, as
155 amended, or other applicable federal law;

156 3. Invest moneys in the Plan *and in the Virginia College Opportunity Fund* in any instruments,
157 obligations, securities, or property deemed appropriate by the board;

158 4. Develop requirements, procedures, and guidelines regarding prepaid tuition contracts and savings trust
159 accounts, including residency and other eligibility requirements; the number of participants in the Plan; the
160 termination, withdrawal, or transfer of payments under a prepaid tuition contract or savings trust account;
161 time limitations for the use of tuition benefits or savings trust account distributions; and payment schedules;

162 5. Enter into contractual agreements, including contracts for legal, actuarial, financial, and consulting
163 services and contracts with other states to provide savings trust accounts for residents of contracting states;

164 6. Procure insurance as determined appropriate by the board (i) against any loss in connection with the
165 Plan's property, assets, or activities and (ii) indemnifying board members from personal loss or accountability
166 from liability arising from any action or inaction as a board member;

167 7. Make arrangements with public institutions of higher education to fulfill obligations under prepaid
168 tuition contracts and apply college savings trust account distributions, including (i) payment from the Plan of
169 the appropriate amount of tuition on behalf of a qualified beneficiary of a prepaid tuition contract to the
170 institution to which the beneficiary is admitted and at which the beneficiary is enrolled and (ii) application of
171 such benefits toward graduate-level tuition and toward qualified higher education expenses, as that term is
172 defined in 26 U.S.C. § 529 or any other applicable section of the Internal Revenue Code of 1986, as
173 amended, as determined by the board in its sole discretion;

174 8. Develop and implement scholarship or matching grant programs, or both, as the board may deem
175 appropriate, to further its goal of making higher education more affordable and accessible to all citizens of
176 the Commonwealth;

177 9. Apply for, accept, and expend gifts, grants, or donations from public or private sources to enable it to
178 carry out its objectives;

179 10. Adopt regulations and procedures and perform any act or function consistent with the purposes of this
180 ~~chapter~~ article; ~~and~~

181 11. Reimburse, at its option, all or part of the cost of employing legal counsel and such other costs as are
182 demonstrated to have been reasonably necessary for the defense of any board member, officer, or employee

183 of the Plan upon the acquittal, dismissal of charges, nolle prosequi, or any other final disposition concluding
184 the innocence of such member, officer, or employee who is brought before any regulatory body, summoned
185 before any grand jury, investigated by any law-enforcement agency, arrested, indicted, or otherwise
186 prosecuted on any criminal charge arising out of any act committed in the discharge of his official duties that
187 alleges a violation of state or federal securities laws. The board shall provide for the payment of such legal
188 fees and expenses out of funds appropriated or otherwise available to the board; and

189 *12. Assist the Virginia College Opportunity Endowment in the administration of the program, as defined*
190 *in § 23.1-714, and manage the assets of the Virginia College Opportunity Fund, as specified in the provisions*
191 *of Article 2 (§ 23.1-714 et seq.).*

192 **§ 23.1-706. Standard of care; investment and administration of the Plan.**

193 A. In acquiring, investing, reinvesting, exchanging, retaining, selling, and managing property for the
194 benefit of the Plan, the board, and any person, investment manager, or committee to whom the board
195 delegates any of its investment authority, shall act as trustee and shall exercise the judgment of care under the
196 circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the
197 management of their own affairs, not in regard to speculation but to the permanent disposition of funds,
198 considering the probable income and the probable safety of their capital.

199 If the annual accounting and audit required by § 23.1-710 reveal that there are insufficient funds to ensure
200 the actuarial soundness of the Plan, the board may adjust the terms of subsequent prepaid tuition contracts,
201 arrange refunds for current purchasers to ensure actuarial soundness, or take such other action the board
202 deems appropriate.

203 B. ~~The~~ *Except as provided in subdivision C 2 of § 23.1-701*, assets of the Plan shall be preserved,
204 invested, and expended solely pursuant to and for the purposes of this ~~chapter~~ *article* and shall not be loaned
205 or otherwise transferred or used by the Commonwealth for any other purpose. Within the standard of care set
206 forth in subsection A, the board and any person, investment manager, or committee to whom the board
207 delegates any of its investment authority, may acquire and retain any kind of property and any kind of
208 investment, including (i) debentures and other corporate obligations of foreign or domestic corporations; (ii)
209 common or preferred stocks traded on foreign or domestic stock exchanges; (iii) not less than all of the stock
210 or 100 percent ownership of a corporation or other entity organized by the board under the laws of the
211 Commonwealth for the purposes of acquiring and retaining real property that the board may acquire and
212 retain under this ~~chapter~~ *article*; and (iv) securities of any open-end or closed-end management type
213 investment company or investment trust registered under the federal Investment Company Act of 1940, as
214 amended, including investment companies or investment trusts that, in turn, invest in the securities of such
215 investment companies or investment trusts that persons of prudence, discretion, and intelligence acquire or
216 retain for their own account. The board may retain property properly acquired without time limitation and
217 without regard to its suitability for original purchase.

218 All provisions of this subsection shall also apply to the portion of the Plan assets attributable to savings
219 trust account contributions and the earnings on such contributions.

220 C. The selection of services relating to the operation and administration of the Plan, including contracts or
221 agreements for the management, purchase, or sale of authorized investments or actuarial, recordkeeping, or
222 consulting services, are governed by the standard of care set forth in subsection A and are not subject to the
223 provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq.).

224 D. No board member or person, investment manager, or committee to whom the board delegates any of its
225 investment authority who acts in accordance with the standard of care set forth in subsection A shall be held
226 personally liable for losses suffered by the Plan on investments made pursuant to this ~~chapter~~ *article*.

227 E. To the extent necessary to lawfully administer the Plan and in order to comply with federal, state, and
228 local tax reporting requirements, the Plan may obtain all necessary social security account or tax
229 identification numbers and such other data as the Plan deems necessary for such purposes, whether from a
230 contributor, a purchaser, or another state agency.

231 F. This section shall not be construed to prohibit the Plan's investment, by purchase or otherwise, in
232 bonds, notes, or other obligations of the Commonwealth or its agencies and instrumentalities.

233 **§ 23.1-707. Prepaid tuition contracts and college and ABLE savings trust agreements.**

234 A. Each prepaid tuition contract made pursuant to this ~~chapter~~ *article* shall include the following terms
235 and provisions:

236 1. The amount of payment or payments and the number of payments required from a purchaser on behalf
237 of a qualified beneficiary;

238 2. The terms and conditions under which purchasers shall remit payments, including the dates of such
239 payments;

240 3. Provisions for late payment charges, defaults, withdrawals, refunds, and any penalties;

241 4. The name and date of birth of the qualified beneficiary on whose behalf the contract is made;

242 5. Terms and conditions for a substitution for the qualified beneficiary originally named;

243 6. Terms and conditions for termination of the contract, including any refunds, withdrawals, or transfers

244 of tuition prepayments, and the name of the person entitled to terminate the contract;

245 7. The time period during which the qualified beneficiary is required to claim benefits from the Plan;

246 8. The number of credit hours or quarters, semesters, terms, or units contracted for by the purchaser, as

247 applicable;

248 9. All other rights and obligations of the purchaser and the trust; and

249 10. Any other terms and conditions that the board deems necessary or appropriate, including those

250 necessary to conform the contract with the requirements of § 529 of the Internal Revenue Code of 1986, as

251 amended, which specifies the requirements for qualified state tuition programs.

252 B. Each college savings trust agreement made pursuant to this ~~chapter~~ *article* shall include the following

253 terms and provisions:

254 1. The maximum and minimum contribution allowed on behalf of each qualified beneficiary for the

255 payment of qualified higher education expenses, as that term is defined in § 529 of the Internal Revenue Code

256 of 1986, as amended, or other applicable federal law;

257 2. Provisions for withdrawals, refunds, transfers, and any penalties;

258 3. The name, address, and date of birth of the qualified beneficiary on whose behalf the savings trust

259 account is opened;

260 4. Terms and conditions for a substitution for the qualified beneficiary originally named;

261 5. Terms and conditions for termination of the account, including any refunds, withdrawals, or transfers,

262 and applicable penalties, and the name of the person entitled to terminate the account;

263 6. The time period during which the qualified beneficiary is required to use benefits from the savings trust

264 account;

265 7. All other rights and obligations of the contributor and the Plan; and

266 8. Any other terms and conditions that the board deems necessary or appropriate, including those

267 necessary to conform the savings trust account with the requirements of § 529 of the Internal Revenue Code

268 of 1986, as amended, or other applicable federal law.

269 C. Each ABLÉ savings trust agreement made pursuant to this ~~chapter~~ *article* shall include the following

270 terms and provisions:

271 1. The maximum and minimum annual contribution and maximum account balance allowed on behalf of

272 each qualified beneficiary for the payment of qualified disability expenses, as defined in § 529A of the

273 Internal Revenue Code of 1986, as amended, or other applicable federal law;

274 2. Provisions for withdrawals, refunds, transfers, return of excess contributions, and any penalties;

275 3. The name, address, and date of birth of the qualified beneficiary on whose behalf the savings trust

276 account is opened;

277 4. Terms and conditions for a substitution for the qualified beneficiary originally named;

278 5. Terms and conditions for termination of the account, including any transfers to the state upon the death

279 of the qualified beneficiary, refunds, withdrawals, transfers, applicable penalties, and the name of the person

280 entitled to terminate the account;

281 6. The time period during which the qualified beneficiary is required to use benefits from the savings trust

282 account;

283 7. All other rights and obligations of the contributor and the Plan; and

284 8. Any other terms and conditions that the board deems necessary or appropriate, including those

285 necessary to conform the savings trust account with the requirements of § 529A of the Internal Revenue Code

286 of 1986, as amended, or other applicable federal law.

287 D. In addition to the provisions required by subsection A, each prepaid tuition contract entered into prior

288 to July 1, 2019, shall include provisions for the application of tuition prepayments (i) at accredited nonprofit

289 independent or private institutions of higher education, including actual interest and income earned on such

290 prepayments, and (ii) at non-Virginia public and accredited nonprofit independent or private institutions of

291 higher education, including principal and reasonable return on such principal as determined by the board.

292 Payments authorized for accredited nonprofit independent or private institutions of higher education shall not

293 exceed the projected highest payment made for tuition at a public institution of higher education in the same

294 academic year, less a fee to be determined by the board. Payments authorized for non-Virginia public and

295 accredited nonprofit independent or private institutions of higher education shall not exceed the projected

296 average payment made for tuition at a public institution of higher education in the same academic year, less a

297 fee to be determined by the board. In no event, however, shall the benefit paid on any prepaid tuition contract

298 entered into prior to July 1, 2019, be less than the sum of tuition prepayments made and a reasonable return

299 on such prepayments to be determined by the board, less any fees determined by the board.

300 E. In addition to the provisions required by subsection A, each prepaid tuition contract entered into on or

301 after July 1, 2019, shall include provisions for the application of tuition prepayments, at a rate equal to the

302 percentage of enrollment-weighted average tuition at public institutions of higher education to be determined

303 by the board, at (i) public institutions of higher education, (ii) accredited nonprofit independent or private

304 institutions of higher education, and (iii) non-Virginia public and accredited nonprofit independent or private

305 institutions of higher education. In no event, however, shall the benefit paid on any prepaid tuition contract
 306 entered into on or after July 1, 2019, be less than tuition prepayments made, less any fees as determined by
 307 the board.

308 F. All prepaid tuition contracts and savings trust agreements shall specifically provide that if after a
 309 specified period of time the contract or savings trust agreement has not been terminated and the qualified
 310 beneficiary's rights have not been exercised, the board, after making a reasonable effort to contact the
 311 purchaser or contributor and the qualified beneficiary or their agents, shall report such unclaimed moneys to
 312 the State Treasurer pursuant to § 55.1-2524.

313 G. 1. Notwithstanding any provision of law to the contrary, money in the Plan is exempt from creditor
 314 process, is not liable to attachment, garnishment, or other process, and shall not be seized, taken,
 315 appropriated, or applied by any legal or equitable process or operation of law to pay any debt or liability of
 316 any purchaser, contributor, or beneficiary. Unless required by federal law, the Commonwealth, its agencies,
 317 and its instrumentalities shall not seek payment pursuant to 26 U.S.C. § 529A from any ABLE savings trust
 318 account or its proceeds for benefits provided to the beneficiary of the account and shall not undertake estate
 319 recovery from any ABLE savings trust account pursuant to 26 U.S.C. § 529A.

320 2. Unless prohibited by federal law, the beneficiary of an ABLE savings trust account may appoint a
 321 survivor. In the event of the beneficiary's death, if the survivor is (i) an eligible individual, as defined in 26
 322 U.S.C. § 529A(e), then such survivor shall become the beneficiary of the ABLE savings trust account or (ii)
 323 not an eligible individual, as defined in 26 U.S.C. § 529A(e), then any proceeds remaining after final
 324 distributions have been made on behalf of the deceased beneficiary shall be distributed to the survivor and the
 325 account shall be closed.

326 H. Notwithstanding any other provision of state law that requires consideration of one or more financial
 327 circumstances of an individual for the purpose of determining (i) the individual's eligibility to receive any
 328 assistance or benefit pursuant to such provision of state law or (ii) the amount of any such assistance or
 329 benefit that such individual is eligible to receive pursuant to such provision of state law, any (a) moneys in an
 330 ABLE savings trust account for which such individual is the beneficiary, including any interest on such
 331 moneys, (b) contributions to an ABLE savings trust account for which such individual is the beneficiary, and
 332 (c) distribution for qualified disability expenses for such individual from an ABLE savings trust account for
 333 which such individual is the beneficiary shall be disregarded for such purpose with respect to any period
 334 during which such individual remains the beneficiary of, makes contributions to, or receives distributions for
 335 qualified disability expenses from such ABLE savings trust account.

336 I. No prepaid tuition contract or savings trust account shall be assigned for the benefit of creditors, used as
 337 security or collateral for any loan, or otherwise subject to alienation, sale, transfer, assignment, pledge,
 338 encumbrance, or charge.

339 J. The board's decision on any dispute, claim, or action arising out of or relating to a prepaid tuition
 340 contract or savings trust agreement made or entered into pursuant to this ~~chapter~~ article or benefits under
 341 such prepaid tuition contract or savings trust agreement shall be considered a case decision as defined in §
 342 2.2-4001 and all proceedings related to such dispute, claim, or action shall be conducted pursuant to Article 3
 343 (§ 2.2-4018 et seq.) of the Administrative Process Act. Judicial review shall be provided exclusively pursuant
 344 to Article 5 (§ 2.2-4025 et seq.) of the Administrative Process Act.

345 **§ 23.1-711. Admission to institutions not guaranteed; coverage limitations.**

346 Nothing in this ~~chapter~~ article or in any prepaid tuition contract or savings trust agreement entered into
 347 pursuant to this ~~chapter~~ article shall be construed as a promise or guarantee:

348 1. By the board or the Commonwealth of any admission to, continued enrollment at, or graduation from
 349 any public institution of higher education;

350 2. That the beneficiary's cost of tuition at an institution of higher education will be covered in full by the
 351 proceeds of the beneficiary's prepaid tuition contract, provided, however, that a prepaid tuition contract will
 352 cover that portion of tuition that is required under the terms of any such contract based on the tuition
 353 prepayments made; or

354 3. That any qualified higher education expense will be covered in full by contributions to or earnings on
 355 any savings trust account.

356 **§ 23.1-713. Liberal construction of article.**

357 Insofar as the provisions of this ~~chapter~~ article are inconsistent with the provisions of any other general,
 358 special, or local law, the provisions of this ~~chapter~~ article shall control. This ~~chapter~~ article constitutes full
 359 and complete authority, without regard to the provisions of any other law, for performing the acts authorized
 360 in this ~~chapter~~ article and shall be liberally construed to effect the purposes of this ~~chapter~~ article.

361 *Article 2.*

362 *Virginia College Opportunity Endowment and Fund.*

363 **§ 23.1-714. Definitions.**

364 *As used in this article, unless the context requires a different meaning:*

365 *"Board" means the governing board of the Endowment.*

366 *"College Opportunity Fund Scholar" means a student enrolled in an eligible university who is a recipient*

367 of a scholarship through the Virginia College Opportunity Endowment scholarship program pursuant to §
368 23.1-716.

369 "College Opportunity Fund Graduate" means an individual who received a scholarship through the
370 Virginia College Opportunity Endowment scholarship program pursuant to § 23.1-716 and subsequently
371 graduated from the institution subsidized by the scholarship.

372 "Eligible university" means Christopher Newport University, George Mason University, James Madison
373 University, Longwood University, the University of Mary Washington, Norfolk State University, Old
374 Dominion University, Radford University, the University of Virginia's College at Wise as a division of the
375 University of Virginia, Virginia Commonwealth University, Virginia Military Institute, and Virginia State
376 University.

377 "Endowment" means the Virginia College Opportunity Endowment.

378 "Fund" means the Virginia College Opportunity Fund.

379 "Income" means income from investment of deposits to the Fund pursuant to subdivision C 2 of § 23.1-
380 701.

381 "Plan" means the Virginia College Savings Plan.

382 "Program" means the Endowment Scholarship Program established by the Endowment under the
383 provisions of this article.

384 **§ 23.1-715. Virginia College Opportunity Endowment established; governing board.**

385 A. The Virginia College Opportunity Endowment is established as an agency of the Commonwealth.

386 B. The Endowment shall be administered by a 12-member board, and each eligible university shall have
387 one representative on the board. Members shall be appointed by the Governor, subject to confirmation by the
388 General Assembly, for terms of four years. If a vacancy occurs other than by expiration of a term, the
389 Governor shall appoint a member who shall serve on a temporary basis until the next legislative session and
390 who shall then be subject to confirmation by the General Assembly.

391 C. No member appointed to the board shall serve more than two consecutive four-year terms; however, a
392 member appointed to serve an unexpired term is eligible to serve two consecutive four-year terms
393 immediately succeeding such unexpired term.

394 D. The board shall elect from its membership a chairman and a vice-chairman annually.

395 E. A majority of the members of the board shall constitute a quorum.

396 F. Members of the board shall receive no compensation but shall be reimbursed for actual expenses
397 incurred in the performance of their duties.

398 **§ 23.1-716. Powers and duties; Endowment Scholarship Program; report.**

399 A. The Endowment shall establish the Endowment Scholarship Program to provide scholarships to
400 students at eligible universities. The Endowment shall, in consultation with the governing board of the Plan,
401 develop policies and guidelines necessary to implement and administer the Program, including policies and
402 guidelines regarding student eligibility, application procedures, criteria for selecting student applicants for
403 scholarships, scholarship amounts, requirements for College Opportunity Fund Scholars to maintain their
404 scholarships, the terms of income-based repayment plans for students required to reimburse the Endowment,
405 and any other requirements deemed necessary for the administration of the Program. Scholarships awarded
406 by the Endowment may be for full or partial tuition and may also cover, in whole or in part, the costs of fees
407 and room and board, on terms and conditions determined by the Endowment.

408 B. The Program shall provide scholarships only to a student who:

409 1. Enrolls, or plans to enroll, at an eligible university. A College Opportunity Fund Scholar who receives
410 a scholarship pursuant to this section shall lose eligibility for such scholarship if he enrolls at an institution
411 of higher education that is not an eligible university.

412 2. Meets the eligibility requirements for a Federal Pell Grant, as determined by the U.S. Secretary of
413 Education pursuant to the provisions of 20 U.S.C. § 1070a and draws down such Federal Pell Grant prior to
414 applying for the scholarship.

415 3. a. Commits, as a condition of receiving a scholarship, to remaining employed or enrolled in
416 postgraduate education in Virginia for at least eight years after graduating from the institution subsidized by
417 the scholarship. For purposes of this subdivision, a College Opportunity Fund Graduate shall be considered
418 employed in Virginia only if such person is employed in a full-time position and his compensation from such
419 position is subject to taxation pursuant to Chapter 3 (§ 58.1-300 et seq.) of Title 58.1.

420 b. Upon petition by the College Opportunity Fund Graduate, the Endowment may temporarily waive the
421 requirements of subdivision a if the College Opportunity Fund Graduate demonstrates that (i) he is seeking
422 employment in an industry or profession consistent with his field of study but has been unable to secure such
423 employment, (ii) he is seeking enrollment in graduate school but his application is pending or he has been
424 unable to gain admission to graduate school, (iii) he is not employed or not employed in a full-time position
425 because he is disabled and unable to work, or (iv) he is not employed or not employed in a full-time position
426 in order to care for his children or a disabled family member.

427 4. Meets any other requirements established by the Endowment pursuant to subsection A.

428 C. The Virginia Employment Commission and the Virginia Department of Transportation shall provide

429 *the College Opportunity Endowment Fund access to the information of each College Opportunity Fund*
 430 *Graduate to verify that the College Opportunity Fund Graduate is in compliance with the provisions of*
 431 *subdivision B 3, including verification that such College Opportunity Fund Graduate pays Virginia income*
 432 *taxes. If a College Opportunity Fund Graduate breaches his commitment made under subdivision B 3, the*
 433 *Endowment shall require him to reimburse the Fund for all scholarship funds received pursuant to this*
 434 *section. Any such reimbursement shall be paid by the College Opportunity Fund Graduate in the form of an*
 435 *income-based repayment plan over a maximum of eight years, on such terms as may be prescribed by the*
 436 *Endowment pursuant to subsection A. If a College Opportunity Fund Graduate is found in noncompliance*
 437 *with this income-based repayment plan, any outstanding balance shall be recorded as a tax lien and shall be*
 438 *referred to the Attorney General for enforcement or collection. It shall not be incumbent upon any eligible*
 439 *university to identify students in breach of commitments made under subdivision B 3 or to administer income-*
 440 *based repayment plans or any other form of debt collection on behalf of the Endowment.*

441 *D. The Program shall be funded only by income from investment of deposits to the Fund pursuant to*
 442 *subdivision C 2 of § 23.1-701. The Plan shall manage the assets of the Fund with the objective of creating*
 443 *income for the Program and in accordance with the provisions of Article 1 (§ 23.1-700 et seq.), mutatis*
 444 *mutandis; however, the board shall have sole authority over the administration of the Program and the*
 445 *disbursement of income in the form of scholarships. Ninety percent of all annual income shall be allocated to*
 446 *the award of College Opportunity Endowment Fund scholarships. Priority for the award of scholarships for*
 447 *full tuition and the whole costs of fees and room and board shall be given to College Opportunity Fund*
 448 *Scholars attending eligible universities. Ten percent of all annual income shall be allocated to the board to*
 449 *support other programs established for the purpose of enhancing educational access and affordability for*
 450 *students with recognized financial need, including to fund supplementary scholarships and grants awarded*
 451 *through the Two-Year College Transfer Grant Program established pursuant to Article 4 (§ 23.1-622 et seq.)*
 452 *of Chapter 6, the New Economy Workforce Credential Grant Program established pursuant to Article 4.1 (§*
 453 *23.1-627.1 et seq.) of Chapter 6, the Tuition Assistance Grant Act established pursuant to Article 5 (§ 23.1-*
 454 *628 et seq.) of Chapter 6, and the Virginia Guaranteed Assistance Program and Fund established pursuant*
 455 *to Article 6 (§ 23.1-636 et seq.) of Chapter 6. All unused income each year shall revert to Endowment Fund*
 456 *principal. The income of the Fund shall be paid out, not less than annually, but no amount of the corpus shall*
 457 *be spent. For the purposes of this subsection, "corpus" of the Fund means at the time of determination the*
 458 *sum of any gifts, grants, and contributions that have been credited to the Fund and any income not*
 459 *appropriated and withdrawn from the Fund prior to June 30 of each year, less withdrawals from the corpus.*

460 *E. The Endowment shall consult with each eligible university to determine its needs arising from its*
 461 *smaller endowment compared with other institutions of higher education that are not eligible universities.*
 462 *The Endowment shall coordinate the Program to meet such needs.*

463 *F. The Plan shall provide staff support to the Endowment in its administration of this article.*

464 *G. The Endowment shall report annually to the General Assembly on its administration of this article.*

465 **§ 23.1-717. Virginia College Opportunity Fund established.**

466 *There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia*
 467 *College Opportunity Fund. The Fund shall be established on the books of the Comptroller. Any deposits to*
 468 *the Fund pursuant to subdivision C 2 of § 23.1-701, all funds appropriated to the Fund, and any gifts,*
 469 *donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and*
 470 *credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.*
 471 *Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert*
 472 *to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of*
 473 *providing scholarships pursuant to the provisions of this article. Expenditures and disbursements from the*
 474 *Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request*
 475 *signed by the chairman of the board.*

476 **§ 58.1-322.03. (For contingent expiration date, see Acts 2023, Sp. Sess. I, ch. 1, cl. 22) Virginia**
 477 **taxable income; deductions.**

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

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

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

490 January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in
 491 the case of a married individual filing a separate return); and (iii) for taxable years beginning on and after
 492 January 1, 2022, but before January 1, 2026, \$8,000 for single individuals and \$16,000 for married persons
 493 (one-half of such amounts in the case of a married individual filing a separate return). For purposes of this
 494 section, any person who may be claimed as a dependent on another taxpayer's return for the taxable year may
 495 compute the deduction only with respect to earned income.

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

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

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

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

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

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

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

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

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

520 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
 521 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
 522 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in
 523 subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to
 524 \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant
 525 to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal
 526 income tax return. If the purchase price or annual contribution to a college savings trust account exceeds
 527 \$4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price
 528 or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in
 529 no event shall the amount deducted in any taxable year exceed \$4,000 per contract or college savings trust
 530 account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction
 531 taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are
 532 made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the
 533 Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes
 534 of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the
 535 Virginia College Savings Plan as of December 31 of the taxable year. In the case of a transfer of ownership of
 536 a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax
 537 attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited
 538 to, carryover and recapture of deductions.

539 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has
 540 attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000 per
 541 prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a
 542 deduction for the full amount paid for the contract or contributed to a college savings trust account, less any
 543 amounts previously deducted.

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

547 9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a primary or
 548 secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend
 549 continuing teacher education courses that are required as a condition of employment; however, the deduction
 550 provided by this subdivision shall be available only if (i) the individual is not reimbursed for such tuition

551 costs and (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal
552 income tax return.

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

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

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

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

567 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et
568 seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of tangible
569 personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators
570 that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental
571 Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an
572 electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has
573 a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance
574 of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that
575 yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor
576 of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner
577 that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater
578 that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-
579 utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of
580 85; and (x) programmable thermostats.

581 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living tissue
582 for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such
583 donation, provided that the donor has not taken a medical deduction in accordance with the provisions of §
584 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in
585 which the donation is made or the taxable year in which the 12-month period expires.

586 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older
587 with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess of
588 \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
589 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
590 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
591 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be
592 allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed
593 a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision
594 of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

595 15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

596 a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent of
597 such disallowed business interest;

598 b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of
599 such disallowed business interest;

600 c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business
601 interest.

602 For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j)
603 of the Internal Revenue Code.

604 16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal
605 property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely
606 on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal
607 Revenue Code.

608 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
609 deductible when computing federal adjusted gross income solely on account of the portion of subdivision B
610 10 of § 58.1-301 related to Paycheck Protection Program loans.

611 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser of

612 \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this
 613 subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in
 614 which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-
 615 289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide
 616 serving accredited public or private primary and secondary school students in Virginia, and "qualifying
 617 expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year
 618 for participation in professional development courses and the purchase of books, supplies, computer
 619 equipment (including related software and services), other educational and teaching equipment, and
 620 supplementary materials used directly in that individual's service to students as an eligible educator, provided
 621 that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal
 622 income tax return for such taxable year.

623 *19. For taxable years beginning on and after January 1, 2024, any amount donated to the Virginia*
 624 *College Opportunity Fund established under § 23.1-717.*

625 **§ 58.1-322.03. (For contingent effective date, see Acts 2023, Sp. Sess. I, ch. 1, cl. 22) Virginia taxable**
 626 **income; deductions.**

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

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

635 b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax
 636 return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2026, \$3,000 for
 637 single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married
 638 individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before
 639 January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in
 640 the case of a married individual filing a separate return); (iii) for taxable years beginning on and after January
 641 1, 2022, but before January 1, 2024, \$8,000 for single individuals and \$16,000 for married persons (one-half
 642 of such amounts in the case of a married individual filing a separate return); and (iv) for taxable years
 643 beginning on and after January 1, 2024, but before January 1, 2026, \$8,500 for single individuals and \$17,000
 644 for married persons (one-half of such amounts in the case of a married individual filing a separate return). For
 645 purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for the
 646 taxable year may compute the deduction only with respect to earned income.

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

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

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

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

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

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

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

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

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

671 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
 672 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the

673 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in
674 subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to
675 \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant
676 to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal
677 income tax return. If the purchase price or annual contribution to a college savings trust account exceeds
678 \$4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price
679 or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in
680 no event shall the amount deducted in any taxable year exceed \$4,000 per contract or college savings trust
681 account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction
682 taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are
683 made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the
684 Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes
685 of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the
686 Virginia College Savings Plan as of December 31 of the taxable year. In the case of a transfer of ownership of
687 a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax
688 attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited
689 to, carryover and recapture of deductions.

690 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has
691 attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000 per
692 prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a
693 deduction for the full amount paid for the contract or contributed to a college savings trust account, less any
694 amounts previously deducted.

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

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

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

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

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

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

718 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et
719 seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of tangible
720 personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators
721 that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental
722 Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an
723 electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has
724 a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance
725 of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that
726 yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor
727 of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner
728 that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater
729 that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-
730 utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of
731 85; and (x) programmable thermostats.

732 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living tissue
733 for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such

734 donation, provided that the donor has not taken a medical deduction in accordance with the provisions of §
735 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in
736 which the donation is made or the taxable year in which the 12-month period expires.

737 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older
738 with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess of
739 \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
740 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
741 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
742 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be
743 allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed
744 a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision
745 of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

746 15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

747 a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent of
748 such disallowed business interest;

749 b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of
750 such disallowed business interest;

751 c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business
752 interest.

753 For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j)
754 of the Internal Revenue Code.

755 16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal
756 property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely
757 on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal
758 Revenue Code.

759 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
760 deductible when computing federal adjusted gross income solely on account of the portion of subdivision B
761 10 of § 58.1-301 related to Paycheck Protection Program loans.

762 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser of
763 \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this
764 subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in
765 which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-
766 289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide
767 serving accredited public or private primary and secondary school students in Virginia, and "qualifying
768 expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year
769 for participation in professional development courses and the purchase of books, supplies, computer
770 equipment (including related software and services), other educational and teaching equipment, and
771 supplementary materials used directly in that individual's service to students as an eligible educator, provided
772 that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal
773 income tax return for such taxable year.

774 19. *For taxable years beginning on and after January 1, 2024, any amount donated to the Virginia*
775 *College Opportunity Fund established under § 23.1-717.*

776 **§ 58.1-344.3. Voluntary contributions of refunds requirements.**

777 A. 1. For taxable years beginning on and after January 1, 2005, all entities entitled to voluntary
778 contributions of tax refunds listed in subsections B and C must have received at least \$10,000 in contributions
779 in each of the three previous taxable years for which there is complete data and in which such entity was
780 listed on the individual income tax return.

781 2. In the event that an entity listed in subsections B and C does not satisfy the requirement in subdivision
782 1, such entity shall no longer be listed on the individual income tax return.

783 3. a. The entities listed in subdivisions B 21 and B 22 as well as any other entities in subsections B and C
784 added subsequent to the 2004 Session of the General Assembly shall not appear on the individual income tax
785 return until their addition to the individual income tax return results in a maximum of 25 contributions listed
786 on the return. Such contributions shall be added in the order that they are listed in subsections B and C.

787 b. Each entity added to the income tax return shall appear on the return for at least three consecutive
788 taxable years before the requirement in subdivision 1 is applied to such entity.

789 4. The Department of Taxation shall report annually by the first day of each General Assembly Regular
790 Session to the Chairmen of the House Committee on Finance and Senate Committee on Finance and
791 Appropriations the amounts collected for each entity listed under subsections B and C for the three most
792 recent taxable years for which there is complete data. Such report shall also identify the entities, if any, that
793 will be removed from the individual income tax return because they have failed the requirements in
794 subdivision 1, the entities that will remain on the individual income tax return, and the entities, if any, that

795 will be added to the individual income tax return.

796 B. Subject to the provisions of subsection A, the following entities entitled to voluntary contributions shall
797 appear on the individual income tax return and are eligible to receive tax refund contributions of not less than
798 \$1:

799 1. Nongame wildlife voluntary contribution.

800 a. All moneys contributed shall be used for the conservation and management of endangered species and
801 other nongame wildlife. "Nongame wildlife" includes protected wildlife, endangered and threatened wildlife,
802 aquatic wildlife, specialized habitat wildlife both terrestrial and aquatic, and mollusks, crustaceans, and other
803 invertebrates under the jurisdiction of the Board of Wildlife Resources.

804 b. All moneys shall be deposited into a special fund known as the Game Protection Fund and which shall
805 be accounted for as a separate part thereof to be designated as the Nongame Cash Fund. All moneys so
806 deposited in the Nongame Cash Fund shall be used by the Board of Wildlife Resources for the purposes set
807 forth herein.

808 2. Open space recreation and conservation voluntary contribution.

809 a. All moneys contributed shall be used by the Department of Conservation and Recreation to acquire land
810 for recreational purposes and preserve natural areas; to develop, maintain, and improve state park sites and
811 facilities; and to provide funds to local public bodies pursuant to the Virginia Outdoor Fund Grants Program.

812 b. All moneys shall be deposited into a special fund known as the Open Space Recreation and
813 Conservation Fund. The moneys in the fund shall be allocated one-half to the Department of Conservation
814 and Recreation for the purposes stated in subdivision 2 a and one-half to local public bodies pursuant to the
815 Virginia Outdoor Fund Grants Program.

816 3. Voluntary contribution to political party.

817 All moneys contributed shall be paid to the State Central Committee of any party that meets the definition
818 of a political party under § 24.2-101 as of July 1 of the previous taxable year. The maximum contribution
819 allowable under this subdivision shall be \$25. In the case of a joint return of married individuals, each spouse
820 may designate that the maximum contribution allowable be paid.

821 4. United States Olympic Committee voluntary contribution.

822 All moneys contributed shall be paid to the United States Olympic Committee.

823 5. Housing program voluntary contribution.

824 a. All moneys contributed shall be used by the Department of Housing and Community Development to
825 provide assistance for emergency, transitional, and permanent housing for the homeless; and to provide
826 assistance to housing for the low-income elderly for the physically or mentally disabled.

827 b. All moneys shall be deposited into a special fund known as the Virginia Tax Check-off for Housing
828 Fund. All moneys deposited in the fund shall be used by the Department of Housing and Community
829 Development for the purposes set forth in this subdivision. Funds made available to the Virginia Tax Check-
830 off for Housing Fund may supplement but shall not supplant activities of the Virginia Housing Trust Fund
831 established pursuant to Chapter 9 (§ 36-141 et seq.) of Title 36 or those of the Virginia Housing Development
832 Authority.

833 6. Voluntary contributions to the Department for Aging and Rehabilitative Services.

834 a. All moneys contributed shall be used by the Department for Aging and Rehabilitative Services for the
835 enhancement of transportation services for the elderly and disabled.

836 b. All moneys shall be deposited into a special fund known as the Transportation Services for the Elderly
837 and Disabled Fund. All moneys so deposited in the fund shall be used by the Department for Aging and
838 Rehabilitative Services for the enhancement of transportation services for the elderly and disabled. The
839 Department for Aging and Rehabilitative Services shall conduct an annual audit of the moneys received
840 pursuant to this subdivision and shall provide an evaluation of all programs funded pursuant to this
841 subdivision annually to the Secretary of Health and Human Resources.

842 7. Voluntary contribution to the Community Policing Fund.

843 a. All moneys contributed shall be used to provide grants to local law-enforcement agencies for the
844 purchase of equipment or the support of services, as approved by the Criminal Justice Services Board,
845 relating to community policing.

846 b. All moneys shall be deposited into a special fund known as the Community Policing Fund. All moneys
847 deposited in such fund shall be used by the Department of Criminal Justice Services for the purposes set
848 forth herein.

849 8. Voluntary contribution to promote the arts.

850 All moneys contributed shall be used by the Virginia Commission for the Arts in its statutory
851 responsibility of promoting the arts in the Commonwealth. All moneys shall be deposited into a special fund
852 known as the Virginia Commission for the Arts Fund.

853 9. Voluntary contribution to the Historic Resources Fund.

854 All moneys contributed shall be deposited in the Historic Resources Fund established pursuant to § 10.1-
855 2202.1.

856 10. Voluntary contribution to the Virginia Foundation for the Humanities and Public Policy.

857 All moneys contributed shall be paid to the Virginia Foundation for the Humanities and Public Policy. All
 858 moneys shall be deposited into a special fund known as the Virginia Humanities Fund.

859 11. Voluntary contribution to the Center for Governmental Studies.

860 All moneys contributed shall be paid to the Center for Governmental Studies, a public service and
 861 research center of the University of Virginia. All moneys shall be deposited into a special fund known as the
 862 Governmental Studies Fund.

863 12. Voluntary contribution to the Law and Economics Center.

864 All moneys contributed shall be paid to the Law and Economics Center, a public service and research
 865 center of George Mason University. All moneys shall be deposited into a special fund known as the Law and
 866 Economics Fund.

867 13. Voluntary contribution to Children of America Finding Hope.

868 All moneys contributed shall be used by Children of America Finding Hope (CAFH) in its programs
 869 which are designed to reach children with emotional and physical needs.

870 14. Voluntary contribution to 4-H Educational Centers.

871 All moneys contributed shall be used by the 4-H Educational Centers throughout the Commonwealth for
 872 their (i) educational, leadership, and camping programs and (ii) operational and capital costs. The State
 873 Treasurer shall pay the moneys to the Virginia 4-H Foundation in Blacksburg, Virginia.

874 15. Voluntary contribution to promote organ and tissue donation.

875 a. All moneys contributed shall be used by the Virginia Transplant Council to assist in its statutory
 876 responsibility of promoting and coordinating educational and informational activities as related to the organ,
 877 tissue, and eye donation process and transplantation in the Commonwealth of Virginia.

878 b. All moneys shall be deposited into a special fund known as the Virginia Donor Registry and Public
 879 Awareness Fund. All moneys deposited in such fund shall be used by the Virginia Transplant Council for the
 880 purposes set forth herein.

881 16. Voluntary contributions to the Virginia War Memorial division of the Department of Veterans
 882 Services and the National D-Day Memorial Foundation.

883 All moneys contributed shall be used by the Virginia War Memorial division of the Department of
 884 Veterans Services and the National D-Day Memorial Foundation in their work through each of their
 885 respective memorials. The State Treasurer shall divide the moneys into two equal portions and pay one
 886 portion to the Virginia War Memorial division of the Department of Veterans Services and the other portion
 887 to the National D-Day Memorial Foundation.

888 17. Voluntary contribution to the Virginia Federation of Humane Societies.

889 All moneys contributed shall be paid to the Virginia Federation of Humane Societies to assist in its
 890 mission of saving, caring for, and finding homes for homeless animals.

891 18. Voluntary contribution to the Tuition Assistance Grant Fund.

892 a. All moneys contributed shall be paid to the Tuition Assistance Grant Fund for use in providing
 893 monetary assistance to residents of the Commonwealth who are enrolled in undergraduate or graduate
 894 programs in private Virginia colleges.

895 b. All moneys shall be deposited into a special fund known as the Tuition Assistance Grant Fund. All
 896 moneys so deposited in the Fund shall be administered by the State Council of Higher Education for Virginia
 897 in accordance with and for the purposes provided under the Tuition Assistance Grant Act (§ 23.1-628 et seq.).

898 19. Voluntary contribution to the Spay and Neuter Fund.

899 All moneys contributed shall be paid to the Spay and Neuter Fund for use by localities in the
 900 Commonwealth for providing low-cost spay and neuter surgeries through direct provision or contract or each
 901 locality may make the funds available to any private, nonprofit sterilization program for dogs and cats in such
 902 locality. The Tax Commissioner shall determine annually the total amounts designated on all returns from
 903 each locality in the Commonwealth, based upon the locality that each filer who makes a voluntary
 904 contribution to the Fund lists as his permanent address. The State Treasurer shall pay the appropriate amount
 905 to each respective locality.

906 20. Voluntary contribution to the Virginia Commission for the Arts.

907 All moneys contributed shall be paid to the Virginia Commission for the Arts.

908 21. Voluntary contribution for the Department of Emergency Management.

909 All moneys contributed shall be paid to the Department of Emergency Management.

910 22. Voluntary contribution for the cancer centers in the Commonwealth.

911 All moneys contributed shall be paid equally to all entities in the Commonwealth that officially have been
 912 designated as cancer centers by the National Cancer Institute.

913 23. Voluntary contribution to the Brown v. Board of Education Scholarship Program Fund.

914 a. All moneys contributed shall be paid to the Brown v. Board of Education Scholarship Program Fund to
 915 support the work of and generate nonstate funds to maintain the Brown v. Board of Education Scholarship
 916 Program.

917 b. All moneys shall be deposited into the Brown v. Board of Education Scholarship Program Fund as

918 established in § 30-231.4.

919 c. All moneys so deposited in the Fund shall be administered by the State Council of Higher Education in
920 accordance with and for the purposes provided in Chapter 34.1 (§ 30-231.01 et seq.) of Title 30.

921 24. Voluntary contribution to the Martin Luther King, Jr. Living History and Public Policy Center.

922 All moneys contributed shall be paid to the Board of Trustees of the Martin Luther King, Jr. Living
923 History and Public Policy Center.

924 25. Voluntary contribution to the Virginia Caregivers Grant Fund.

925 All moneys contributed shall be paid to the Virginia Caregivers Grant Fund established pursuant to §
926 63.2-2202.

927 26. Voluntary contribution to public library foundations.

928 All moneys contributed pursuant to this subdivision shall be deposited into the state treasury. The Tax
929 Commissioner shall determine annually the total amounts designated on all returns for each public library
930 foundation and shall report the same to the State Treasurer. The State Treasurer shall pay the appropriate
931 amount to the respective public library foundation.

932 27. Voluntary contribution to Celebrating Special Children, Inc.

933 All moneys contributed shall be paid to Celebrating Special Children, Inc. and shall be deposited into a
934 special fund known as the Celebrating Special Children, Inc. Fund.

935 28. Voluntary contributions to the Department for Aging and Rehabilitative Services.

936 a. All moneys contributed shall be used by the Department for Aging and Rehabilitative Services for
937 providing Medicare Part D counseling to the elderly and disabled.

938 b. All moneys shall be deposited into a special fund known as the Medicare Part D Counseling Fund. All
939 moneys so deposited shall be used by the Department for Aging and Rehabilitative Services to provide
940 counseling for the elderly and disabled concerning Medicare Part D. The Department for Aging and
941 Rehabilitative Services shall conduct an annual audit of the moneys received pursuant to this subdivision and
942 shall provide an evaluation of all programs funded pursuant to the subdivision to the Secretary of Health and
943 Human Resources.

944 29. Voluntary contribution to community foundations.

945 All moneys contributed pursuant to this subdivision shall be deposited into the state treasury. The Tax
946 Commissioner shall determine annually the total amounts designated on all returns for each community
947 foundation and shall report the same to the State Treasurer. The State Treasurer shall pay the appropriate
948 amount to the respective community foundation. A "community foundation" shall be defined as any
949 institution that meets the membership requirements for a community foundation established by the Council
950 on Foundations.

951 30. Voluntary contribution to the Virginia Foundation for Community College Education.

952 a. All moneys contributed shall be paid to the Virginia Foundation for Community College Education for
953 use in providing monetary assistance to Virginia residents who are enrolled in comprehensive community
954 colleges in Virginia.

955 b. All moneys shall be deposited into a special fund known as the Virginia Foundation for Community
956 College Education Fund. All moneys so deposited in the Fund shall be administered by the Virginia
957 Foundation for Community College Education in accordance with and for the purposes provided under the
958 Community College Incentive Scholarship Program (former § 23-220.2 et seq.).

959 31. Voluntary contribution to the Middle Peninsula Chesapeake Bay Public Access Authority.

960 All moneys contributed shall be paid to the Middle Peninsula Chesapeake Bay Public Access Authority to
961 be used for the purposes described in § 15.2-6601.

962 32. Voluntary contribution to the Breast and Cervical Cancer Prevention and Treatment Fund.

963 All moneys contributed shall be paid to the Breast and Cervical Cancer Prevention and Treatment Fund
964 established pursuant to § 32.1-368.

965 33. Voluntary contribution to the Virginia Aquarium and Marine Science Center.

966 All moneys contributed shall be paid to the Virginia Aquarium and Marine Science Center for use in its
967 mission to increase the public's knowledge and appreciation of Virginia's marine environment and inspire
968 commitment to preserve its existence.

969 34. Voluntary contribution to the Virginia Capitol Preservation Foundation.

970 All moneys contributed shall be paid to the Virginia Capitol Preservation Foundation for use in its mission
971 in supporting the ongoing restoration, preservation, and interpretation of the Virginia Capitol and Capitol
972 Square.

973 35. Voluntary contribution for the Secretary of Veterans and Defense Affairs.

974 All moneys contributed shall be paid to the Office of the Secretary of Veterans and Defense Affairs for
975 related programs and services.

976 C. Subject to the provisions of subsection A, the following voluntary contributions shall appear on the
977 individual income tax return and are eligible to receive tax refund contributions or by making payment to the
978 Department if the individual is not eligible to receive a tax refund pursuant to § 58.1-309 or if the amount of

- 979 such tax refund is less than the amount of the voluntary contribution:
- 980 1. Voluntary contribution to the Family and Children's Trust Fund of Virginia.
- 981 All moneys contributed shall be paid to the Family and Children's Trust Fund of Virginia.
- 982 2. Voluntary Chesapeake Bay restoration contribution.
- 983 a. All moneys contributed shall be used to help fund Chesapeake Bay and its tributaries restoration
- 984 activities in accordance with tributary plans developed pursuant to Article 7 (§ 2.2-215 et seq.) of Chapter 2
- 985 of Title 2.2 or the Chesapeake Bay Watershed Implementation Plan submitted by the Commonwealth of
- 986 Virginia to the U.S. Environmental Protection Agency on November 29, 2010, and any subsequent revisions
- 987 thereof.
- 988 b. The Tax Commissioner shall annually determine the total amount of voluntary contributions and shall
- 989 report the same to the State Treasurer, who shall credit that amount to a special nonreverting fund to be
- 990 administered by the Office of the Secretary of Natural and Historic Resources. All moneys so deposited shall
- 991 be used for the purposes of providing grants for the implementation of tributary plans developed pursuant to
- 992 Article 7 (§ 2.2-215 et seq.) of Chapter 2 of Title 2.2 or the Chesapeake Bay Watershed Implementation Plan
- 993 submitted by the Commonwealth of Virginia to the U.S. Environmental Protection Agency on November 29,
- 994 2010, and any subsequent revisions thereof.
- 995 c. No later than November 1 of each year, the Secretary of Natural and Historic Resources shall submit a
- 996 report to the House Committee on Agriculture, Chesapeake and Natural Resources; the Senate Committee on
- 997 Agriculture, Conservation and Natural Resources; the House Committee on Appropriations; the Senate
- 998 Committee on Finance and Appropriations; and the Virginia delegation to the Chesapeake Bay Commission,
- 999 describing the grants awarded from moneys deposited in the fund. The report shall include a list of grant
- 1000 recipients, a description of the purpose of each grant, the amount received by each grant recipient, and an
- 1001 assessment of activities or initiatives supported by each grant. The report shall be posted on a website
- 1002 maintained by the Secretary of Natural and Historic Resources, along with a cumulative listing of previous
- 1003 grant awards beginning with awards granted on or after July 1, 2014.
- 1004 3. Voluntary Jamestown-Yorktown Foundation Contribution.
- 1005 All moneys contributed shall be used by the Jamestown-Yorktown Foundation for the Jamestown 2007
- 1006 quadricentennial celebration. All moneys shall be deposited into a special fund known as the Jamestown
- 1007 Quadricentennial Fund. This subdivision shall be effective for taxable years beginning before January 1,
- 1008 2008.
- 1009 4. State forests voluntary contribution.
- 1010 a. All moneys contributed shall be used for the development and implementation of conservation and
- 1011 education initiatives in the state forests system.
- 1012 b. All moneys shall be deposited into a special fund known as the State Forests System Fund, established
- 1013 pursuant to § 10.1-1119.1. All moneys so deposited in such fund shall be used by the State Forester for the
- 1014 purposes set forth herein.
- 1015 5. Voluntary contributions to Uninsured Medical Catastrophe Fund.
- 1016 All moneys contributed shall be paid to the Uninsured Medical Catastrophe Fund established pursuant to
- 1017 § 32.1-324.2, such funds to be used for the treatment of Virginians sustaining uninsured medical catastrophes.
- 1018 6. Voluntary contribution to local school divisions.
- 1019 a. All moneys contributed shall be used by a specified local public school foundation as created by and for
- 1020 the purposes stated in § 22.1-212.2:2.
- 1021 b. All moneys collected pursuant to subdivision 6 a or through voluntary payments by taxpayers
- 1022 designated for a local public school foundation over refundable amounts shall be deposited into the state
- 1023 treasury. The Tax Commissioner shall determine annually the total amounts designated on all returns for each
- 1024 public school foundation and shall report the same to the State Treasurer. The State Treasurer shall pay the
- 1025 appropriate amount to the respective public school foundation.
- 1026 c. In order for a public school foundation to be eligible to receive contributions under this section, school
- 1027 boards must notify the Department during the taxable year in which they want to participate prior to the
- 1028 deadlines and according to procedures established by the Tax Commissioner.
- 1029 7. Voluntary contribution to Home Energy Assistance Fund.
- 1030 All moneys contributed shall be paid to the Home Energy Assistance Fund established pursuant to § 63.2-
- 1031 805, such funds to be used to assist low-income Virginians in meeting seasonal residential energy needs.
- 1032 8. Voluntary contribution to the Virginia Military Family Relief Fund.
- 1033 a. All moneys contributed shall be paid to the Virginia Military Family Relief Fund for use in providing
- 1034 assistance to military service personnel on active duty and their families for living expenses including, but not
- 1035 limited to, food, housing, utilities, and medical services.
- 1036 b. All moneys shall be deposited into a special fund known as the Virginia Military Family Relief Fund,
- 1037 established and administered pursuant to § 44-102.2.
- 1038 9. Voluntary contribution to the Federation of Virginia Food Banks.
- 1039 All moneys contributed shall be paid to the Federation of Virginia Food Banks, a Partner State

1040 Association of Feeding America. The Federation of Virginia Food Banks shall as soon as practicable make an
1041 equitable distribution of all such moneys to the Blue Ridge Area Food Bank, Capital Area Food Bank,
1042 Feeding America Southwest Virginia, FeedMore, Inc., Foodbank of Southeastern Virginia and the Eastern
1043 Shore, Fredericksburg Area Food Bank, or Virginia Peninsula Foodbank.

1044 The Secretary of Finance may request records or receipts of all distributions by the Federation of Virginia
1045 Food Banks of such moneys contributed for purposes of ensuring compliance with the requirements of this
1046 subdivision.

1047 *10. Voluntary contribution to the Virginia College Opportunity Fund established in § 23.1-717, which*
1048 *shall be deposited in such fund.*

1049 D. Unless otherwise specified and subject to the requirements in § 58.1-344.2, all moneys collected for
1050 each entity in subsections B and C shall be deposited into the state treasury. The Tax Commissioner shall
1051 determine annually the total amount designated for each entity in subsections B and C on all individual
1052 income tax returns and shall report the same to the State Treasurer, who shall credit that amount to each
1053 entity's respective special fund.

1054 **§ 58.1-402. Virginia taxable income.**

1055 A. For purposes of this article, Virginia taxable income for a taxable year means the federal taxable
1056 income and any other income taxable to the corporation under federal law for such year of a corporation
1057 adjusted as provided in subsections B, C, D, E, G, and H.

1058 For a regulated investment company and a real estate investment trust, such term means the "investment
1059 company taxable income" and "real estate investment trust taxable income," respectively, to which shall be
1060 added in each case any amount of capital gains and any other income taxable to the corporation under federal
1061 law which shall be further adjusted as provided in subsections B, C, D, E, G, and H.

1062 B. There shall be added to the extent excluded from federal taxable income:

1063 1. Interest, less related expenses to the extent not deducted in determining federal taxable income, on
1064 obligations of any state other than Virginia, or of a political subdivision of any such other state unless created
1065 by compact or agreement to which the Commonwealth is a party;

1066 2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable
1067 income, on obligations or securities of any authority, commission or instrumentality of the United States,
1068 which the laws of the United States exempt from federal income tax but not from state income taxes;

1069 3. [Repealed.]

1070 4. The amount of any net income taxes and other taxes, including franchise and excise taxes, which are
1071 based on, measured by, or computed with reference to net income, imposed by the Commonwealth or any
1072 other taxing jurisdiction, to the extent deducted in determining federal taxable income;

1073 5. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

1074 6. [Repealed.]

1075 7. The amount required to be included in income for the purpose of computing the partial tax on an
1076 accumulation distribution pursuant to § 667 of the Internal Revenue Code;

1077 8. a. For taxable years beginning on and after January 1, 2004, the amount of any intangible expenses and
1078 costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or
1079 more direct or indirect transactions with one or more related members to the extent such expenses and costs
1080 were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall
1081 not be required for any portion of the intangible expenses and costs if one of the following applies:

1082 (1) The corresponding item of income received by the related member is subject to a tax based on or
1083 measured by net income or capital imposed by Virginia, another state, or a foreign government that has
1084 entered into a comprehensive tax treaty with the United States government;

1085 (2) The related member derives at least one-third of its gross revenues from the licensing of intangible
1086 property to parties who are not related members, and the transaction giving rise to the expenses and costs
1087 between the corporation and the related member was made at rates and terms comparable to the rates and
1088 terms of agreements that the related member has entered into with parties who are not related members for
1089 the licensing of intangible property; or

1090 (3) The corporation can establish to the satisfaction of the Tax Commissioner that the intangible expenses
1091 and costs meet both of the following: (i) the related member during the same taxable year directly or
1092 indirectly paid, accrued or incurred such portion to a person who is not a related member, and (ii) the
1093 transaction giving rise to the intangible expenses and costs between the corporation and the related member
1094 did not have as a principal purpose the avoidance of any portion of the tax due under this chapter.

1095 b. A corporation required to add to its federal taxable income intangible expenses and costs pursuant to
1096 subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable
1097 year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such
1098 taxable year including tax upon any amount of intangible expenses and costs required to be added to federal
1099 taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions
1100 between the corporation and a related member or members that resulted in the corporation's taxable income

1101 being increased, as required under subdivision a, for such intangible expenses and costs.

1102 If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing
 1103 evidence, that the transaction or transactions between the corporation and a related member or members
 1104 resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than
 1105 the avoidance or reduction of the tax due under this chapter, the Tax Commissioner shall permit the
 1106 corporation to file an amended return. For purposes of such amended return, the requirements of subdivision
 1107 a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has identified) that the
 1108 transaction had a valid business purpose other than the avoidance or reduction of the tax due under this
 1109 chapter. Such amended return shall be filed by the corporation within one year of the written permission
 1110 granted by the Tax Commissioner and any refund of the tax imposed under this article shall include interest at
 1111 a rate equal to the rate of interest established under § 58.1-15 and such interest shall accrue as provided under
 1112 § 58.1-1833. However, upon the filing of such amended return, any related member of the corporation that
 1113 subtracted from taxable income amounts received pursuant to subdivision C 21 shall be subject to the tax
 1114 imposed under this article on that portion of such amounts for which the corporation has filed an amended
 1115 return pursuant to this subdivision. In addition, for such transactions identified by the Tax Commissioner
 1116 herein by which he has been satisfied by clear and convincing evidence, the Tax Commissioner may permit
 1117 the corporation in filing income tax returns for subsequent taxable years to deduct the related intangible
 1118 expenses and costs without making the adjustment under subdivision a.

1119 The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any
 1120 petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the
 1121 petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon
 1122 payment of such fee.

1123 No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be
 1124 maintained in any court of this Commonwealth.

1125 c. Nothing in subdivision B 8 shall be construed to limit or negate the Department's authority under §
 1126 58.1-446;

1127 9. a. For taxable years beginning on and after January 1, 2004, the amount of any interest expenses and
 1128 costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or
 1129 more direct or indirect transactions with one or more related members to the extent such expenses and costs
 1130 were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall
 1131 not be required for any portion of the interest expenses and costs, if:

1132 (1) The related member has substantial business operations relating to interest-generating activities, in
 1133 which the related member pays expenses for at least five full-time employees who maintain, manage, defend
 1134 or are otherwise responsible for operations or administration relating to the interest-generating activities; and

1135 (2) The interest expenses and costs are not directly or indirectly for, related to or in connection with the
 1136 direct or indirect acquisition, maintenance, management, sale, exchange, or disposition of intangible property;
 1137 and

1138 (3) The transaction giving rise to the expenses and costs between the corporation and the related member
 1139 has a valid business purpose other than the avoidance or reduction of taxation and payments between the
 1140 parties are made at arm's length rates and terms; and

1141 (4) One of the following applies:

1142 (i) The corresponding item of income received by the related member is subject to a tax based on or
 1143 measured by net income or capital imposed by Virginia, another state, or a foreign government that has
 1144 entered into a comprehensive tax treaty with the United States government;

1145 (ii) Payments arise pursuant to a pre-existing contract entered into when the parties were not related
 1146 members provided the payments continue to be made at arm's length rates and terms;

1147 (iii) The related member engages in transactions with parties other than related members that generate
 1148 revenue in excess of \$2 million annually; or

1149 (iv) The transaction giving rise to the interest payments between the corporation and a related member
 1150 was done at arm's length rates and terms and meets any of the following: (a) the related member uses funds
 1151 that are borrowed from a party other than a related member or that are paid, incurred or passed-through to a
 1152 person who is not a related member; (b) the debt is part of a regular and systematic funds management or
 1153 portfolio investment activity conducted by the related member, whereby the funds of two or more related
 1154 members are aggregated for the purpose of achieving economies of scale, the internal financing of the active
 1155 business operations of members, or the benefit of centralized management of funds; (c) financing the
 1156 expansion of the business operations; or (d) restructuring the debt of related members, or the pass-through of
 1157 acquisition-related indebtedness to related members.

1158 b. A corporation required to add to its federal taxable income interest expenses and costs pursuant to
 1159 subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable
 1160 year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such
 1161 taxable year including tax upon any amount of interest expenses and costs required to be added to federal

1162 taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions
1163 between the corporation and a related member or members that resulted in the corporation's taxable income
1164 being increased, as required under subdivision a, for such interest expenses and costs.

1165 If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing
1166 evidence, that the transaction or transactions between the corporation and a related member or members
1167 resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than
1168 the avoidance or reduction of the tax due under this chapter and that the related payments between the parties
1169 were made at arm's length rates and terms, the Tax Commissioner shall permit the corporation to file an
1170 amended return. For purposes of such amended return, the requirements of subdivision a shall not apply to
1171 any transaction for which the Tax Commissioner is satisfied (and has identified) that the transaction had a
1172 valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the
1173 related payments between the parties were made at arm's length rates and terms. Such amended return shall
1174 be filed by the corporation within one year of the written permission granted by the Tax Commissioner and
1175 any refund of the tax imposed under this article shall include interest at a rate equal to the rate of interest
1176 established under § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the
1177 filing of such amended return, any related member of the corporation that subtracted from taxable income
1178 amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that
1179 portion of such amounts for which the corporation has filed an amended return pursuant to this subdivision.
1180 In addition, for such transactions identified by the Tax Commissioner herein by which he has been satisfied
1181 by clear and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax
1182 returns for subsequent taxable years to deduct the related interest expenses and costs without making the
1183 adjustment under subdivision a.

1184 The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any
1185 petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the
1186 petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon
1187 payment of such fee.

1188 No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be
1189 maintained in any court of this Commonwealth.

1190 c. Nothing in subdivision B 9 shall be construed to limit or negate the Department's authority under §
1191 58.1-446.

1192 d. For purposes of subdivision B 9:

1193 "Arm's-length rates and terms" means that (i) two or more related members enter into a written agreement
1194 for the transaction, (ii) such agreement is of a duration and contains payment terms substantially similar to
1195 those that the related member would be able to obtain from an unrelated entity, (iii) the interest is at or below
1196 the applicable federal rate compounded annually for debt instruments under § 1274(d) of the Internal
1197 Revenue Code that was in effect at the time of the agreement, and (iv) the borrower or payor adheres to the
1198 payment terms of the agreement governing the transaction or any amendments thereto.

1199 "Valid business purpose" means one or more business purposes that alone or in combination constitute the
1200 motivation for some business activity or transaction, which activity or transaction improves, apart from tax
1201 effects, the economic position of the taxpayer, as further defined by regulation.

1202 10. a. For taxable years beginning on and after January 1, 2009, the amount of dividends deductible under
1203 §§ 561 and 857 of the Internal Revenue Code by a Captive Real Estate Investment Trust (REIT). For
1204 purposes of this subdivision, a REIT is a Captive REIT if:

1205 (1) It is not regularly traded on an established securities market;

1206 (2) More than 50 percent of the voting power or value of beneficial interests or shares of which, at any
1207 time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single entity
1208 that is (i) a corporation or an association taxable as a corporation under the Internal Revenue Code; and (ii)
1209 not exempt from federal income tax pursuant to § 501(a) of the Internal Revenue Code; and

1210 (3) More than 25 percent of its income consists of rents from real property as defined in § 856(d) of the
1211 Internal Revenue Code.

1212 b. For purposes of applying the ownership test of subdivision 10 a (2), the following entities shall not be
1213 considered a corporation or an association taxable as a corporation:

1214 (1) Any REIT that is not treated as a Captive REIT;

1215 (2) Any REIT subsidiary under § 856 of the Internal Revenue Code other than a qualified REIT subsidiary
1216 of a Captive REIT;

1217 (3) Any Listed Australian Property Trust, or an entity organized as a trust, provided that a Listed
1218 Australian Property Trust owns or controls, directly or indirectly, 75 percent or more of the voting or value of
1219 the beneficial interests or shares of such trust; and

1220 (4) Any Qualified Foreign Entity.

1221 c. For purposes of subdivision B 10, the constructive ownership rules prescribed under § 318(a) of the
1222 Internal Revenue Code, as modified by § 856(d)(5) of the Internal Revenue Code, shall apply in determining

1223 the ownership of stock, assets, or net profits of any person.

1224 d. For purposes of subdivision B 10:

1225 "Listed Australian Property Trust" means an Australian unit trust registered as a Management Investment
1226 Scheme, pursuant to the Australian Corporations Act, in which the principal class of units is listed on a
1227 recognized stock exchange in Australia and is regularly traded on an established securities market.

1228 "Qualified Foreign Entity" means a corporation, trust, association or partnership organized outside the
1229 laws of the United States and that satisfies all of the following criteria:

1230 (1) At least 75 percent of the entity's total asset value at the close of its taxable year is represented by real
1231 estate assets, as defined in § 856(c)(5)(B) of the Internal Revenue Code, thereby including shares or
1232 certificates of beneficial interest in any REIT, cash and cash equivalents, and U.S. Government securities;

1233 (2) The entity is not subject to a tax on amounts distributed to its beneficial owners, or is exempt from
1234 entity level tax;

1235 (3) The entity distributes, on an annual basis, at least 85 percent of its taxable income, as computed in the
1236 jurisdiction in which it is organized, to the holders of its shares or certificates of beneficial interest;

1237 (4) The shares or certificates of beneficial interest of such entity are regularly traded on an established
1238 securities market or, if not so traded, not more than 10 percent of the voting power or value in such entity is
1239 held directly, indirectly, or constructively by a single entity or individual; and

1240 (5) The entity is organized in a country that has a tax treaty with the United States.

1241 e. For taxable years beginning on or after January 1, 2016, for purposes of subdivision B 10, any voting
1242 power or value of the beneficial interests or shares in a REIT that is held in a segregated asset account of a
1243 life insurance corporation as described in § 817 of the Internal Revenue Code shall not be taken into
1244 consideration when determining if such REIT is a Captive REIT.

1245 11. For taxable years beginning on or after January 1, 2016, to the extent that tax credit is allowed for the
1246 same donation pursuant to § 58.1-439.12:12, any amount claimed as a federal income tax deduction for such
1247 donation under § 170 of the Internal Revenue Code, as amended or renumbered.

1248 C. There shall be subtracted to the extent included in and not otherwise subtracted from federal taxable
1249 income:

1250 1. Income derived from obligations, or on the sale or exchange of obligations, of the United States and on
1251 obligations or securities of any authority, commission or instrumentality of the United States to the extent
1252 exempt from state income taxes under the laws of the United States including, but not limited to, stocks,
1253 bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes, interest on
1254 equipment purchase contracts, or interest on other normal business transactions.

1255 2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth or of
1256 any political subdivision or instrumentality of this Commonwealth.

1257 3. Dividends upon stock in any domestic international sales corporation, as defined by § 992 of the
1258 Internal Revenue Code, 50 percent or more of the income of which was assessable for the preceding year, or
1259 the last year in which such corporation has income, under the provisions of the income tax laws of the
1260 Commonwealth.

1261 4. The amount of any refund or credit for overpayment of income taxes imposed by this Commonwealth
1262 or any other taxing jurisdiction.

1263 5. Any amount included therein by the operation of the provisions of § 78 of the Internal Revenue Code
1264 (foreign dividend gross-up).

1265 6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not deducted
1266 for federal purposes on account of the provisions of § 280C(a) of the Internal Revenue Code.

1267 7. Any amount included therein by the operation of § 951 of the Internal Revenue Code (subpart F
1268 income) or, for taxable years beginning on and after January 1, 2018, § 951A of the Internal Revenue Code
1269 (Global Intangible Low-Taxed Income).

1270 8. Any amount included therein which is foreign source income as defined in § 58.1-302.

1271 9. [Repealed.]

1272 10. The amount of any dividends received from corporations in which the taxpaying corporation owns 50
1273 percent or more of the voting stock.

1274 11. [Repealed.]

1275 12, 13. [Expired.]

1276 14. For taxable years beginning on or after January 1, 1995, the amount for "qualified research expenses"
1277 or "basic research expenses" eligible for deduction for federal purposes, but which were not deducted, on
1278 account of the provisions of § 280C(c) of the Internal Revenue Code.

1279 15. For taxable years beginning on or after January 1, 2000, the total amount actually contributed in funds
1280 to the Virginia Public School Construction Grants Program and Fund established in Chapter 11.1 (§ 22.1-
1281 175.1 et seq.) of Title 22.1.

1282 16. For taxable years beginning on or after January 1, 2000, but before January 1, 2015, the gain derived
1283 from the sale or exchange of real property or the sale or exchange of an easement to real property which

1284 results in the real property or the easement thereto being devoted to open-space use, as that term is defined in
1285 § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in accordance
1286 with this subdivision, no tax credit under this chapter for donating land for its preservation shall be allowed
1287 for three years following the year in which the subtraction is taken.

1288 17. For taxable years beginning on and after January 1, 2001, any amount included therein with respect to
1289 § 58.1-440.1.

1290 18. For taxable years beginning on and after January 1, 1999, income received as a result of (i) the
1291 "Master Settlement Agreement," as defined in § 3.2-3100; and (ii) the National Tobacco Grower Settlement
1292 Trust dated July 19, 1999, by (a) tobacco farming businesses; (b) any business holding a tobacco marketing
1293 quota, or tobacco farm acreage allotment, under the Agricultural Adjustment Act of 1938; or (c) any business
1294 having the right to grow tobacco pursuant to such a quota allotment.

1295 19, 20. [Repealed.]

1296 21. For taxable years beginning on and after January 1, 2004, any amount of intangible expenses and costs
1297 or interest expenses and costs added to the federal taxable income of a corporation pursuant to subdivision B
1298 8 or B 9 shall be subtracted from the federal taxable income of the related member that received such amount
1299 if such related member is subject to Virginia income tax on the same amount.

1300 22. For taxable years beginning on and after January 1, 2009, any gain recognized from the sale of launch
1301 services to space flight participants, as defined in 49 U.S.C. § 70102, or launch services intended to provide
1302 individuals the training or experience of a launch, without performing an actual launch. To qualify for a
1303 deduction under this subdivision, launch services must be performed in Virginia or originate from an airport
1304 or spaceport in Virginia.

1305 23. For taxable years beginning on and after January 1, 2009, any gain recognized as a result of resupply
1306 services contracts for delivering payload, as defined in 49 U.S.C. § 70102, entered into with the Commercial
1307 Orbital Transportation Services division of the National Aeronautics and Space Administration or other space
1308 flight entity, as defined in § 8.01-227.8, and launched from an airport or spaceport in Virginia.

1309 24. For taxable years beginning on or after January 1, 2011, any income taxed as a long-term capital gain
1310 for federal income tax purposes, or any income taxed as investment services partnership interest income
1311 (otherwise known as investment partnership carried interest income) for federal income tax purposes. To
1312 qualify for a subtraction under this subdivision, such income must be attributable to an investment in a
1313 "qualified business," as defined in § 58.1-339.4, or in any other technology business approved by the
1314 Secretary of Administration, provided the business has its principal office or facility in the Commonwealth
1315 and less than \$3 million in annual revenues in the fiscal year prior to the investment. To qualify for a
1316 subtraction under this subdivision, the investment must be made between the dates of April 1, 2010, and June
1317 30, 2020. No taxpayer who has claimed a tax credit for an investment in a "qualified business" under § 58.1-
1318 339.4 shall be eligible for the subtraction under this subdivision for an investment in the same business.

1319 25. a. Income, including investment services partnership interest income (otherwise known as investment
1320 partnership carried interest income), attributable to an investment in a Virginia venture capital account. To
1321 qualify for a subtraction under this subdivision, the investment shall be made on or after January 1, 2018, but
1322 before December 31, 2023. No subtraction shall be allowed under this subdivision for an investment in a
1323 company that is owned or operated by an affiliate of the taxpayer. No subtraction shall be allowed under this
1324 subdivision for a taxpayer who has claimed a subtraction under subdivision C 24 for the same investment.

1325 b. As used in this subdivision 25:

1326 "Qualified portfolio company" means a company that (i) has its principal place of business in the
1327 Commonwealth; (ii) has a primary purpose of production, sale, research, or development of a product or
1328 service other than the management or investment of capital; and (iii) provides equity in the company to the
1329 Virginia venture capital account in exchange for a capital investment. "Qualified portfolio company" does not
1330 include a company that is an individual or sole proprietorship.

1331 "Virginia venture capital account" means an investment fund that has been certified by the Department as
1332 a Virginia venture capital account. In order to be certified as a Virginia venture capital account, the operator
1333 of the investment fund shall register the investment fund with the Department prior to December 31, 2023, (i)
1334 indicating that it intends to invest at least 50 percent of the capital committed to its fund in qualified portfolio
1335 companies and (ii) providing documentation that it employs at least one investor who has at least four years
1336 of professional experience in venture capital investment or substantially equivalent experience. "Substantially
1337 equivalent experience" includes, but is not limited to, an undergraduate degree from an accredited college or
1338 university in economics, finance, or a similar field of study. The Department may require an investment fund
1339 to provide documentation of the investor's training, education, or experience as deemed necessary by the
1340 Department to determine substantial equivalency. If the Department determines that the investment fund
1341 employs at least one investor with the experience set forth herein, the Department shall certify the investment
1342 fund as a Virginia venture capital account at such time as the investment fund actually invests at least 50
1343 percent of the capital committed to its fund in qualified portfolio companies.

1344 26. a. Income attributable to an investment in a Virginia real estate investment trust. To qualify for a

1345 subtraction under this subdivision, the investment shall be made on or after January 1, 2019, but before
1346 December 31, 2024. No subtraction shall be allowed for an investment in a trust that is managed by an
1347 affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has
1348 claimed a subtraction under subdivision C 24 or 25 for the same investment.

1349 b. As used in this subdivision 26:
1350 "Distressed" means satisfying the criteria applicable to a locality described in subdivision E 2 of § 2.2-115
1351 .

1352 "Double distressed" means satisfying the criteria applicable to a locality described in subdivision E 3 of §
1353 2.2-115.

1354 "Virginia real estate investment trust" means a real estate investment trust, as defined in 26 U.S.C. § 856,
1355 that has been certified by the Department as a Virginia real estate investment trust. In order to be certified as
1356 a Virginia real estate investment trust, the trustee shall register the trust with the Department prior to
1357 December 31, 2024, indicating that it intends to invest at least 90 percent of trust funds in Virginia and at
1358 least 40 percent of trust funds in real estate in localities that are distressed or double distressed. If the
1359 Department determines that the trust satisfies the preceding criteria, the Department shall certify the trust as a
1360 Virginia real estate investment trust at such time as the trust actually invests at least 90 percent of trust funds
1361 in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double
1362 distressed.

1363 27. For taxable years beginning on and after January 1, 2019, any gain recognized from the taking of real
1364 property by condemnation proceedings.

1365 28. For taxable years beginning before January 1, 2021, up to \$100,000 of all grant funds received by the
1366 taxpayer under the Rebuild Virginia program established by the Governor and administered by the
1367 Department of Small Business and Supplier Diversity.

1368 D. For taxable years beginning on and after January 1, 2006, there shall be subtracted from federal taxable
1369 income contract payments to a producer of quota tobacco or a tobacco quota holder as provided under the
1370 American Jobs Creation Act of 2004 (P.L. 108-357) as follows:

1371 1. If the payment is received in installment payments, then the recognized gain, including any gain
1372 recognized in taxable year 2005, may be subtracted in the taxable year immediately following the year in
1373 which the installment payment is received.

1374 2. If the payment is received in a single payment, then 10 percent of the recognized gain may be
1375 subtracted in the taxable year immediately following the year in which the single payment is received. The
1376 taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

1377 E. Adjustments to federal taxable income shall be made to reflect the transitional modifications provided
1378 in § 58.1-315.

1379 F. Notwithstanding any other provision of law, the income from any disposition of real property which is
1380 held by the taxpayer for sale to customers in the ordinary course of the taxpayer's trade or business, as
1381 defined in § 453(l)(1)(B) of the Internal Revenue Code, of property made on or after January 1, 2009, may, at
1382 the election of the taxpayer, be recognized under the installment method described under § 453 of the Internal
1383 Revenue Code, provided that (i) the election relating to the dealer disposition of the property has been made
1384 on or before the due date prescribed by law (including extensions) for filing the taxpayer's return of the tax
1385 imposed under this chapter for the taxable year in which the disposition occurs, and (ii) the dealer disposition
1386 is in accordance with restrictions or conditions established by the Department, which shall be set forth in
1387 guidelines developed by the Department. Along with such restrictions or conditions, the guidelines shall also
1388 address the recapture of such income under certain circumstances. The development of the guidelines shall be
1389 exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

1390 G. There shall be deducted to the extent included in and not otherwise subtracted from federal taxable
1391 income a percentage of the business interest disallowed as a deduction pursuant to § 163(j) of the Internal
1392 Revenue Code in the amount of:

- 1393 1. 20 percent for taxable years beginning on and after January 1, 2018, but before January 1, 2022;
- 1394 2. 30 percent for taxable years beginning on and after January 1, 2022, but before January 1, 2024; and
- 1395 3. 50 percent for taxable years beginning on and after January 1, 2024.

1396 For purposes of subsection G, "business interest" means the same as that term is defined under § 163(j) of
1397 the Internal Revenue Code.

1398 H. For taxable years beginning before January 1, 2021, there shall be deducted to the extent not otherwise
1399 subtracted from federal taxable income up to \$100,000 of the amount that is not deductible when computing
1400 federal taxable income solely on account of the portion of subdivision B 10 of § 58.1-301 related to Paycheck
1401 Protection Program loans.

1402 I. For taxable years beginning on and after January 1, 2024, there shall be deducted to the extent not
1403 otherwise subtracted from federal taxable income any amount donated to the Virginia College Opportunity
1404 Fund established in § 23.1-717.