

**DEPARTMENT OF TAXATION  
2025 Fiscal Impact Statement**

1. **Patron** Mark L. Earley

2. **Bill Number** HB 2305

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Individual Income Tax: Eligible Conception  
Tax Credit

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would provide a refundable individual income tax credit in the amount of \$250 per eligible conception. The credit would be subject to an annual cap of \$25 million per taxable year.

This bill would become effective for taxable years beginning on and after January 1, 2025, but before January 1, 2030.

**6. Budget amendment necessary:** Yes.

Item(s): 258 and 260, Department of Taxation

**7. Impact Estimates are:** Preliminary. (See Line 8.)

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2025-26	\$355,890	1	GF
2026-27	\$118,300	1	GF
2027-28	\$88,800	1	GF
2028-29	\$88,800	1	GF
2029-30	\$88,800	1	GF

**8. Fiscal implications:**

Administrative Costs

The Department of Taxation (“the Department”) estimates that this bill would result in administrative costs as shown above in Line 7a. These costs include hiring one new full-time employee and the expenses associated with implementing a new tax credit program, including updating technology, forms, and systems.

## Revenue Impact

This bill would have an unknown negative General Fund revenue impact of up to \$25 million annually beginning in FY 2026. Because the credit would be capped at \$25 million annually, the annual revenue impact would not exceed that amount.

### **9. Specific agency or political subdivisions affected:**

Department of Taxation

### **10. Technical amendment necessary: Yes.**

As written, this refundable credit is not limited to conceptions occurring in Virginia. As a result, an unknown number of eligible couples and individuals outside of Virginia, who have no Virginia income tax liability, could file a Virginia individual income tax return claiming this refundable credit. To resolve this, the Department suggests the following technical amendment:

Line 39, end of line

Insert: *F. The credit allowed to an individual or married individuals for the portion of the year during which § 58.1-303 applies may not exceed the product of:*

- 1. the amount of the tax credit otherwise allowed by subsection B and*
- 2. a fraction, the numerator of which is the income attributable to the period of the taxable year during which such individual was a resident of the Commonwealth and the denominator of which is the income attributable to the entire taxable year, as if such individual were taxable as a full-year resident.*

*G. The credit allowed to an individual or married individuals during any taxable year to which § 58.1-325 applies may not exceed the product of:*

- 1. the amount of the tax credit otherwise allowed by subsection B and*
- 2. a fraction, the numerator of which is the net amount of such individual's income, gain, loss and deductions from Virginia sources and the denominator of which is the net amount of such individual's income, gain, loss and deductions from all sources.*

### **11. Other comments:**

#### Proposal

This bill would provide a refundable individual income tax credit in the amount of \$250 per eligible conception.

“Eligible conception” would be defined as the conception of a child during the taxable year that either (i) is currently in gestation, (ii) has resulted in the child's birth, or (iii) has suffered a spontaneous miscarriage or death, for whom documentation verifying the loss of such conception or child can be produced, provided that the spontaneous miscarriage or death was not the result of an induced termination of the pregnancy.

The credit would only be available to an individual or married individuals whose family Virginia adjusted gross income does not exceed 400 percent of the poverty guideline

amount corresponding to a household of an equal number of persons as listed in the poverty guidelines published during such taxable year.

"Poverty guidelines" would be defined as the poverty guidelines for the 48 contiguous states and the District of Columbia updated annually in the Federal Register by the U.S. Department of Health and Human Services.

Only one credit would be allowed per eligible conception. Any credit claimed for an eligible conception by an individual not filing a joint return would only be allowed to the individual carrying such eligible conception. The credit would be subject to an annual credit cap of \$25 million per taxable year. If applications the credit exceed \$25 million for any taxable year, such credits would be allocated on a pro rata basis.

The Department would be required to develop guidelines for implementing the credit.

This bill would become effective for taxable years beginning on and after January 1, 2025, but before January 1, 2030.

### Similar Bills

**HB 2180** would provide an individual income tax credit for taxpayers whose households include dependents younger than 12.

**HB 2519** would provide an individual income tax deduction for in vitro fertilization.

**SB 789** would provide a newborn or stillborn individual income tax credit.

cc : Secretary of Finance

Date: 01/23/2025 JLOF  
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