

DEPARTMENT OF TAXATION

2025 Fiscal Impact Statement

1. **Patron** Kim A. Taylor

3. **Committee** House Finance

4. **Title** Income Tax: In Vitro Fertilization Deduction

2. **Bill Number** HB 2519

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide an individual income tax deduction for up to \$10,000 of expenses incurred for in vitro fertilization ("IVF").

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

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

This bill would have an unknown negative General Fund revenue impact beginning in FY 2026. The U.S. Department of Health and Human Services estimates the average cost of an IVF cycle procedure to be between \$15,000 and \$20,000. In 2022, there were 11 clinics in Virginia that facilitated a total of 7,645 cycles for IVF. If it is assumed that 7,645 taxpayers would claim the full \$10,000 subtraction, then the revenue impact of this bill could be approximately \$4.1 million.

However, the actual revenue impact is unknown. This is because it is unknown how many individuals filing Virginia individual income tax returns undergo IVF treatments each year. It also is unknown how many of these cycles represent individuals filing Virginia individual income tax returns. It is also unknown how many individuals filing individual income tax returns underwent IVF treatment outside of Virginia. These unknown factors could make

the actual revenue impact of this bill significantly greater or less than the \$4.1 million speculative estimate provided above.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Virginia's Individual Income Tax Modifications

Federal Adjusted Gross Income

Virginia's Individual Income Tax substantially conforms to federal income tax law by using federal adjusted gross income ("FAGI") as the starting point for computing Virginia income taxes. Virginia law then provides various modifications to FAGI that must be taken into account that figure in determining Virginia taxable income.

Virginia Adjusted Gross Income

When completing a Virginia individual income tax return, a taxpayer starts with the amount of FAGI reported on his federal return. A taxpayer then calculates Virginia adjusted gross income by making two types of adjustments: (1) "additions" which increase the amount of income taxable by Virginia and (2) "subtractions" which reduce such amount. These adjustments are made only to the extent that they have not already been included or excluded from FAGI.

Virginia Taxable Income

The taxpayer calculates his Virginia taxable income by making another type of modification referred to as "deductions," which further reduce the amount of income taxable by Virginia. These modifications are made regardless of federal treatment unless specifically stated otherwise in the provision.

Please find below an illustration of how taxable income is computed for federal and Virginia income tax purposes and how they interrelate:

Federal Income Tax	Virginia Income Tax
+Wages and Other Income	=Federal Adjusted Gross Income ("FAGI")
+Federal Adjustments	+Virginia Additions (only if not included in FAGI)
-Federal Adjustments	-Virginia Subtractions (only if not excluded from FAGI)
=Federal Adjusted Gross Income ("FAGI")	=Virginia Adjusted Gross Income ("VAGI")
-Federal Standard Deduction or Itemized Deductions	-Virginia Standard Deduction or Federal Itemized Deductions (depends on federal election)
-QBI Deduction	-Deduction for Virginia Exemptions
	-Virginia Deductions (regardless of federal treatment)
=Federal Taxable Income	=Virginia Taxable Income

Because this bill would establish a new Virginia individual income tax deduction, the amount allowed under this bill could be taken whether the taxpayer chooses to take the Virginia standard deduction or itemized their deductions.

Proposed Legislation

This bill would provide an individual income tax deduction of up to \$10,000 for expenses incurred for in vitro fertilization.

"In vitro fertilization" would be defined as the fertilization of ova by sperm in an artificial environment.

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

Similar Bills

HB 2305 would provide an individual income tax credit for an eligible conception.

cc : Secretary of Finance

Date: 1/24/2025 JLOF
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