

**DEPARTMENT OF TAXATION
2025 Fiscal Impact Statement**

1. **Patron** Chris S. Runion

2. **Bill Number** HB 2707

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual Income Tax: Toll Charges for Disabled Veterans Tax Credit

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would establish a nonrefundable individual income tax credit for 100 percent service connected, permanent, and totally disabled veterans of up to \$100 each taxable year for documented toll charges.

This bill would be 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. Fiscal 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	\$116,770	0	GF
2026-27	\$18,400	0	GF

8. Fiscal implications:

Administrative Costs

The Department of Taxation (“the Department”) estimates that the provisions of this bill would result in administrative costs as shown on line 7a. These costs include processing and technology costs associated with establishing this new credit. Any costs thereafter would be considered routine.

Revenue Impact

This bill would have an unknown negative General Fund revenue impact beginning in Fiscal Year 2026 and each year thereafter. The revenue loss would be unknown, because the toll expenses of service connected, permanent, and totally disabled veterans is unknown.

According to the 2022 American Community Survey, there were 101,000 veterans in Virginia with a service-connected disability rating between 70 and 100 percent. Assuming the maximum tax credit allowable of \$100, the estimated revenue impact would be \$10 million per year. This estimate represents the maximum General Fund revenue impact, but the actual impact would be much smaller as not all 101,000 veterans included in the estimate would qualify for the credit and only a fraction of the qualified veterans would have toll expenses.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Proposal

This bill would establish a nonrefundable individual income tax credit for disabled veterans of up to \$100 each taxable year for documented toll charges.

“Disabled veteran” would mean a veteran of the Armed Forces of the United States who has been rated by the U.S. Department of Veteran Affairs to have a 100 percent service-connected, permanent, and total disability.

“Documented toll charges” would mean charges incurred for the use of toll bridges, toll ferries, toll tunnels, and toll roads in Virginia for which documentation can be produced.

The amount of the credit claimed in a taxable year would be limited to the taxpayer’s income tax liability for that taxable year, and any unused credits may be carried forward up to five years.

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

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

cc : Secretary of Finance

Date: 01/26/2025 ALS
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