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HOUSE BILL NO. 188

Offered January 14, 2026

Prefiled January 7, 2026

A BILL to amend and reenact § 58.1-320 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 58.1-320.1, relating to imposition of income tax.

Patron—Convirs-Fowler

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-320 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 58.1-320.1 as follows:

§ 58.1-320. Imposition of tax.

A tax is hereby annually imposed on the Virginia taxable income for each taxable year of every individual as follows:

~~Two~~ 1. For taxable years beginning before January 1, 2026, two percent on income not exceeding \$3,000; ~~Three~~ three percent on income in excess of \$3,000, but not in excess of \$5,000;

Five percent on income in excess of \$5,000, but not in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five percent on income in excess of \$5,000 but not in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989;

Five five percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning January 1, 1990;

Five and three-quarters percent on income in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989; and

Five five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990.

2. For taxable years beginning on and after January 1, 2026, two percent on income not exceeding \$3,000; three percent on income in excess of \$3,000 but not in excess of \$5,000; five percent on income in excess of \$5,000 but not in excess of \$17,000; five and three-quarters percent on income in excess of \$17,000 but not in excess of \$1 million; and 10 percent on income in excess of \$1 million.

§ 58.1-320.1. Distribution of revenue.

A. From the revenue collected on income in excess of \$1 million taxed at the rate of 10 percent pursuant to subdivision 2 of § 58.1-320, four and one-quarter percent of such revenue shall be apportioned as follows:

1. Fifty percent of such revenue shall be used to provide additional basic aid funding for public schools, which shall be apportioned to local school boards pursuant to Article 1 (§ 22.1-88 et seq.) of Chapter 8 of Title 22.1.

2. Thirty percent of such revenue shall be dedicated to the Child Care Subsidy Program administered by the Department of Social Services and overseen by the Virginia Department of Education pursuant to the partnership entered into on July 1, 2021, in accordance with the powers prescribed under § 22.1-289.03.

3. Twenty percent of such revenue shall be dedicated to the Virginia Housing Trust Fund established pursuant to § 36-142.

B. Any funds distributed pursuant to this section shall not be used to supplant any funds otherwise provided by the Commonwealth but shall be used to increase the total amount of funds available to such programs.

INTRODUCED

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