

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Gretchen M. Bulova
3. **Committee** House Finance
4. **Title** Individual income tax; subtractions; Segal AmeriCorps Education Award.

2. **Bill Number** HB 1454

House of Origin:

Introduced
 Substitute
 Engrossed

Second House:

In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would establish a new individual income tax subtraction for amounts received as income from the Segal AmeriCorps Education Award, excluding the Silver Scholar education award or the Summer of Service education award.

This bill would be effective for taxable years beginning on and after January 1, 2026.

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 this bill as routine and does not require additional funding.

Because of the implementation and release schedule for the Integrated Revenue Management System (“IRMS”) replacement project, this legislation will not be impacted by such project if enacted during the 2026 Regular Session of the General Assembly. For more information on the new system implementation releases, see the [2025 Status Report on the Replacement of the Integrated Revenue Management System \(IRMS\)](#).

Revenue Impact

This bill would have small unknown negative General Fund revenue impact beginning in fiscal year 2027 and each year thereafter. While data on Segal AmeriCorps Education Awards by recipient residence are unavailable, the aggregate amount of such awards paid to Virginia educational institutions suggests that the revenue impact would be less than \$500,000 in any given taxable year.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Overview of AmeriCorps and the Segal AmeriCorps Education Award

AmeriCorps, established in 1993 through the National and Community Service Trust Act, is a federal program designed to engage Americans in national and community service. Administered by the Corporation for National and Community Service, AmeriCorps encompasses several service initiatives, including AmeriCorps VISTA (focuses on poverty alleviation and capacity building in low-income communities), AmeriCorps NCCC (deploys young adults in team-based, residential service for disaster response and infrastructure projects) and AmeriCorps State and National (supports community needs). Since its inception, the program has enabled more than 1.5 million members and volunteers to serve in fields such as education, public safety, health, disaster response, and environmental conservation, strengthening communities and promoting civic engagement throughout the United States.

AmeriCorps members serve full-time or part-time terms, generally lasting 10 to 12 months, and are placed with nonprofit organizations, public agencies, and community-based entities. In addition to receiving a living allowance, health insurance, and other benefits, members who successfully complete their service are eligible for the Segal AmeriCorps Education Award. Named in honor of Eli Segal, this award provides financial assistance for qualified student loans or educational expenses at accredited institutions. As of 2025, the award for a full-time term is up to \$7,395, earned upon completion of approximately 1,700 service hours or prorated equivalents, and must be used within 7 years of the member's service completion. Amounts received under the award are generally treated as taxable income for federal tax purposes.

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	= <i>Federal Adjusted Gross Income</i> (“ <i>FAGI</i> ”)
+Federal Adjustments	+Virginia Additions (only if not included in <i>FAGI</i>)
-Federal Adjustments	-Virginia Subtractions (only if not excluded from <i>FAGI</i>)
= <i>Federal Adjusted Gross Income</i> (“ <i>FAGI</i> ”)	= <i>Virginia Adjusted Gross Income</i> (“ <i>VAGI</i> ”)
-Federal Standard Deduction or Itemized Deductions	-Virginia Standard Deduction or Federal Itemized Deductions (depends on federal election)
- <i>QBI</i> Deduction	-Deduction for Virginia Exemptions -Virginia Deductions (regardless of federal treatment)
= <i>Federal Taxable Income</i>	= <i>Virginia Taxable Income</i>

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

Proposed Legislation

This bill would establish a new individual income tax subtraction for amounts received from the Segal AmeriCorps Education Award, excluding the Silver Scholar education award or the Summer of Service education award.

This bill would become effective for taxable years beginning on and after January 1, 2026.

cc : Secretary of Finance

Date: 02/01/2026 SJH
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