

SENATE BILL NO. 501

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Education and Health

on _____)

(Patron Prior to Substitute--Senator Surovell)

A BILL to amend and reenact §§ 23.1-700, 23.1-701, 23.1-704, 23.1-706, 23.1-707, 23.1-711, 23.1-713, 58.1-322.03, as it is currently effective and as it may become effective, 58.1-344.3, and 58.1-402 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 23.1-702.1 and by adding in Chapter 7 of Title 23.1 an article numbered 2, consisting of sections numbered 23.1-714 through 23.1-717, relating to Virginia College Savings Plan; Virginia College Opportunity Endowment and Fund established; report.

Be it enacted by the General Assembly of Virginia:

1. That §§ 23.1-700, 23.1-701, 23.1-704, 23.1-706, 23.1-707, 23.1-711, 23.1-713, 58.1-322.03, as it is currently effective and as it may become effective, 58.1-344.3, and 58.1-402 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 23.1-702.1 and by adding in Chapter 7 of Title 23.1 an article numbered 2, consisting of sections numbered 23.1-714 through 23.1-717, as follows:

CHAPTER 7.

VIRGINIA COLLEGE SAVINGS PLAN AND ABLE SAVINGS TRUST ACCOUNTS; VIRGINIA COLLEGE OPPORTUNITY ENDOWMENT AND FUND.

Article 1.

Virginia College Savings Plan and ABLE Savings Trust Accounts.

§ 23.1-700. Definitions.

As used in this ~~chapter~~ article, unless the context requires a different meaning:

"ABLE savings trust account" means an account established pursuant to this ~~chapter~~ article to assist individuals and families to save private funds to support individuals with disabilities to maintain

27 health, independence, and quality of life, with such account used to apply distributions for qualified
28 disability expenses for an eligible individual, as both such terms are defined in § 529A of the Internal
29 Revenue Code of 1986, as amended, or other applicable federal law.

30 "Board" means the governing board of the Plan.

31 "College savings trust account" means an account established pursuant to this ~~chapter~~ article to
32 assist individuals and families to enhance the accessibility and affordability of higher education, with such
33 account used to apply distributions from the account toward qualified higher education expenses, as that
34 term is defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal
35 law.

36 "Contributor" means a person who contributes money to a savings trust account established
37 pursuant to this ~~chapter~~ article on behalf of a qualified beneficiary and who is listed as the owner of the
38 savings trust account.

39 "Non-Virginia public and accredited nonprofit independent or private institutions of higher
40 education" means public and accredited nonprofit independent or private institutions of higher education
41 that are located outside the Commonwealth.

42 "Plan" means the Virginia College Savings Plan.

43 "Prepaid tuition contract" means the contract or account entered into by the board and a purchaser
44 pursuant to this ~~chapter~~ article for the advance payment of tuition at a fixed, guaranteed level for a qualified
45 beneficiary to attend any public institution of higher education to which the qualified beneficiary is
46 admitted.

47 "Public institution of higher education" has the same meaning as provided in § 23.1-100.

48 "Purchaser" means a person who makes or is obligated to make advance payments in accordance
49 with a prepaid tuition contract and who is listed as the owner of the prepaid tuition contract.

50 "Qualified beneficiary" or "beneficiary" means (i) a resident of the Commonwealth, as determined
51 by the board, who is the beneficiary of a prepaid tuition contract and who may apply advance tuition
52 payments to tuition as set forth in this ~~chapter~~ article; (ii) a beneficiary of a prepaid tuition contract
53 purchased by a resident of the Commonwealth, as determined by the board, who may apply advance tuition

54 payments to tuition as set forth in this ~~chapter~~ article; or (iii) a beneficiary of a savings trust account
55 established pursuant to this ~~chapter~~ article.

56 "Savings trust account" means an ABLE savings trust account or a college savings trust account.

57 "Savings trust agreement" means the agreement entered into by the board and a contributor that
58 establishes a savings trust account.

59 "Tuition" means the quarter, semester, or term charges imposed for undergraduate tuition by any
60 public institution of higher education and all mandatory fees required as a condition of enrollment of all
61 students. At the discretion of the board, a beneficiary may apply benefits under a prepaid tuition contract
62 and distributions from a college savings trust account (i) toward graduate-level tuition and (ii) toward
63 qualified higher education expenses, as that term is defined in 26 U.S.C. § 529 or any other applicable
64 section of the Internal Revenue Code of 1986, as amended.

65 **§ 23.1-701. Plan established; moneys; governing board.**

66 A. To enhance the accessibility and affordability of higher education for all citizens of the
67 Commonwealth, and assist families and individuals to save for qualified disability expenses, the Virginia
68 College Savings Plan is established as a body politic and corporate and an independent agency of the
69 Commonwealth.

70 B. Moneys of the Plan that are contributions to savings trust accounts made pursuant to this ~~chapter~~
71 article, except as otherwise authorized or provided in this ~~chapter~~ article, shall be deposited as soon as
72 practicable in a separate account or separate accounts in banks or trust companies organized under the
73 laws of the Commonwealth, national banking associations, federal home loan banks, or, to the extent
74 permitted by law, savings institutions organized under the laws of the Commonwealth or the United States.
75 The savings program moneys in such accounts shall be paid out on checks, drafts payable on demand,
76 electronic wire transfers, or other means authorized by officers or employees of the Plan.

77 C. 1. All other moneys of the Plan, including payments received pursuant to prepaid tuition
78 contracts, bequests, endowments, grants from the United States government or its agencies or
79 instrumentalities, and any other available public or private sources of funds shall be first deposited in the
80 state treasury in a special nonreverting fund (the Fund). Such moneys shall then be deposited as soon as

81 practicable in a separate account or separate accounts in banks or trust companies organized under the
82 laws of the Commonwealth, national banking associations, federal home loan banks, or, to the extent
83 permitted by law, savings institutions organized under the laws of the Commonwealth or the United States.
84 Benefits relating to prepaid tuition contracts and Plan operating expenses shall be paid from the Fund.
85 ~~Any~~ Except as provided in subdivision 2, moneys remaining in the Fund at the end of a biennium shall
86 not revert to the general fund but shall remain in the Fund. Interest and income earned from the investment
87 of such funds shall remain in the Fund and be credited to it.

88 2. After the fiscal year beginning January 1, 2024, the board shall deposit \$500 million from the
89 Fund into the Virginia College Opportunity Fund established in § 23.1-717. Each fiscal year thereafter,
90 within 45 days after the actuarial valuation performed in accordance with §§ 23.1-706 and 23.1-710 for
91 each fiscal year is finalized, but by no later than November 30 of the subsequent fiscal year, the College
92 Opportunity Investment Advisory Committee established pursuant to § 23.1-702.1 shall submit to the
93 Chairmen of the House Committee on Appropriations and the Senate Committee on Finance and
94 Appropriations a report on the current surplus of all funds and a recommendation on the prudence of
95 directing additional deposits of actuarial surpluses into the Fund. In making such recommendation, the
96 College Opportunity Investment Advisory Committee shall determine whether (i) the funded status, as
97 defined in § 23.1-707.1, of the Plan does not meet or exceed 105 percent; (ii) any recommended transfers
98 would violate the standard of care specified in § 23.1-706; (iii) any recommended transfers would result
99 in there being insufficient funds to ensure the actuarial soundness of the Plan; or (iv) any recommended
100 transfers would jeopardize the Plan's ability to meet any obligation incurred under the provisions of this
101 article.

102 D. The Plan may maintain an independent disbursement system for the disbursement of prepaid
103 tuition contract benefits and, in connection with such system, open and maintain a separate account or
104 separate accounts in banks or trust companies organized under the laws of the Commonwealth, national
105 banking associations, federal home loan banks, or, to the extent permitted by law, savings institutions
106 organized under the laws of the Commonwealth or the United States. Such independent disbursement
107 system and any related procedures shall be subject to review and approval by the State Comptroller.

108 Nothing in this subsection shall be construed to relieve the Plan of its duty to provide prepaid tuition
109 contract benefit transactions to the Commonwealth's system of general accounting maintained by the State
110 Comptroller pursuant to § 2.2-802.

111 E. The Plan shall be administered by an 11-member board that consists of (i) the director of the
112 Council or his designee, the Chancellor of the Virginia Community College System or his designee, the
113 State Treasurer or his designee, and the State Comptroller or his designee, all of whom shall serve ex
114 officio with voting privileges, and (ii) seven nonlegislative citizen members, four of whom shall be
115 appointed by the Governor, one of whom shall be appointed by the Senate Committee on Rules, two of
116 whom shall be appointed by the Speaker of the House of Delegates, and all of whom shall have significant
117 experience in finance, accounting, law, investment management, higher education, or disability advocacy.
118 In addition, at least one of the nonlegislative citizen members shall have expertise in the management and
119 administration of private defined contribution retirement plans.

120 F. Members appointed to the board shall serve terms of four years. Vacancies occurring other than
121 by expiration of a term shall be filled for the unexpired term. No member appointed to the board shall
122 serve more than two consecutive four-year terms; however, a member appointed to serve an unexpired
123 term is eligible to serve two consecutive four-year terms immediately succeeding such unexpired term.

124 G. Ex officio members of the board shall serve terms coincident with their terms of office.

125 H. Members of the board shall receive no compensation but shall be reimbursed for actual expenses
126 incurred in the performance of their duties.

127 I. The board shall elect from its membership a chairman and a vice-chairman annually.

128 J. A majority of the members of the board shall constitute a quorum.

129 **§ 23.1-702.1. College Opportunity Investment Advisory Committee; membership; terms;**
130 **qualifications; duties.**

131 A. In addition to the advisory committees described in § 23.1-702, the board shall establish the
132 College Opportunity Investment Advisory Committee (the Committee) to assist the General Assembly in
133 determining amounts to deposit into the Virginia College Opportunity Fund established by § 23.1-702
134 from the Plan.

135 B. The Committee shall consist of five members as follows: the investment director of the Virginia
136 College Savings Plan, the State Treasurer, the staff directors of the House Committee on Appropriations
137 and the Senate Committee on Finance and Appropriations, and one nonlegislative citizen member who
138 has investment or actuarial expertise to be appointed by the Governor.

139 C. The nonlegislative citizen member of the Committee shall serve a term of four years and shall
140 not be eligible to serve more than two terms. Any appointment to fill a vacancy shall be for the unexpired
141 term. A person appointed to fill a vacancy may be appointed to serve two additional terms. The
142 nonlegislative citizen member shall be a citizen of the Commonwealth.

143 D. The Committee shall make determinations in accordance with subdivision C 2 of § 23.1-701 as
144 to whether and in what amount deposits to the Virginia College Opportunity Fund shall be made.

145 E. The Committee shall elect a chairman and vice-chairman from among its membership. A
146 majority of the members shall constitute a quorum.

147 F. Members of the Committee shall receive no compensation but shall be reimbursed for actual
148 expenses incurred in the performance of their duties.

149 **§ 23.1-704. Powers and duties of the board.**

150 The board shall:

- 151 1. Administer the Plan established by this ~~chapter~~ article;
- 152 2. Develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in
153 § 23.1-700, at a fixed, guaranteed level for application at a public institution of higher education; (ii)
154 contributions to college savings trust accounts established pursuant to this ~~chapter~~ article on behalf of a
155 qualified beneficiary in order to apply distributions from the account toward qualified higher education
156 expenses, as that term is defined in § 529 of the Internal Revenue Code of 1986, as amended, or other
157 applicable federal law; and (iii) contributions to ABLE savings trust accounts established pursuant to this
158 ~~chapter~~ article on behalf of a qualified beneficiary in order to apply distributions from the account toward
159 qualified disability expenses for an eligible individual, as both such terms are defined in § 529A of the
160 Internal Revenue Code of 1986, as amended, or other applicable federal law;

161 3. Invest moneys in the Plan and in the Virginia College Opportunity Fund in any instruments,
162 obligations, securities, or property deemed appropriate by the board;

163 4. Develop requirements, procedures, and guidelines regarding prepaid tuition contracts and
164 savings trust accounts, including residency and other eligibility requirements; the number of participants
165 in the Plan; the termination, withdrawal, or transfer of payments under a prepaid tuition contract or savings
166 trust account; time limitations for the use of tuition benefits or savings trust account distributions; and
167 payment schedules;

168 5. Enter into contractual agreements, including contracts for legal, actuarial, financial, and
169 consulting services and contracts with other states to provide savings trust accounts for residents of
170 contracting states;

171 6. Procure insurance as determined appropriate by the board (i) against any loss in connection with
172 the Plan's property, assets, or activities and (ii) indemnifying board members from personal loss or
173 accountability from liability arising from any action or inaction as a board member;

174 7. Make arrangements with public institutions of higher education to fulfill obligations under
175 prepaid tuition contracts and apply college savings trust account distributions, including (i) payment from
176 the Plan of the appropriate amount of tuition on behalf of a qualified beneficiary of a prepaid tuition
177 contract to the institution to which the beneficiary is admitted and at which the beneficiary is enrolled and
178 (ii) application of such benefits toward graduate-level tuition and toward qualified higher education
179 expenses, as that term is defined in 26 U.S.C. § 529 or any other applicable section of the Internal Revenue
180 Code of 1986, as amended, as determined by the board in its sole discretion;

181 8. Develop and implement scholarship or matching grant programs, or both, as the board may
182 deem appropriate, to further its goal of making higher education more affordable and accessible to all
183 citizens of the Commonwealth;

184 9. Apply for, accept, and expend gifts, grants, or donations from public or private sources to enable
185 it to carry out its objectives;

186 10. Adopt regulations and procedures and perform any act or function consistent with the purposes
187 of this ~~chapter~~ article; and

188 11. Reimburse, at its option, all or part of the cost of employing legal counsel and such other costs
 189 as are demonstrated to have been reasonably necessary for the defense of any board member, officer, or
 190 employee of the Plan upon the acquittal, dismissal of charges, nolle prosequi, or any other final disposition
 191 concluding the innocence of such member, officer, or employee who is brought before any regulatory
 192 body, summoned before any grand jury, investigated by any law-enforcement agency, arrested, indicted,
 193 or otherwise prosecuted on any criminal charge arising out of any act committed in the discharge of his
 194 official duties that alleges a violation of state or federal securities laws. The board shall provide for the
 195 payment of such legal fees and expenses out of funds appropriated or otherwise available to the board;
 196 and

197 12. Assist the Virginia College Opportunity Endowment in the administration of the program, as
 198 defined in § 23.1-714, and manage the assets of the Virginia College Opportunity Fund, as specified in
 199 the provisions of Article 2 (§ 23.1-714 et seq.).

200 **§ 23.1-706. Standard of care; investment and administration of the Plan.**

201 A. In acquiring, investing, reinvesting, exchanging, retaining, selling, and managing property for
 202 the benefit of the Plan, the board, and any person, investment manager, or committee to whom the board
 203 delegates any of its investment authority, shall act as trustee and shall exercise the judgment of care under
 204 the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the
 205 management of their own affairs, not in regard to speculation but to the permanent disposition of funds,
 206 considering the probable income and the probable safety of their capital.

207 If the annual accounting and audit required by § 23.1-710 reveal that there are insufficient funds
 208 to ensure the actuarial soundness of the Plan, the board may adjust the terms of subsequent prepaid tuition
 209 contracts, arrange refunds for current purchasers to ensure actuarial soundness, or take such other action
 210 the board deems appropriate.

211 B. ~~The~~ Except as provided in subdivision C 2 of § 23.1-701, assets of the Plan shall be preserved,
 212 invested, and expended solely pursuant to and for the purposes of this ~~chapter~~ article and shall not be
 213 loaned or otherwise transferred or used by the Commonwealth for any other purpose. Within the standard
 214 of care set forth in subsection A, the board and any person, investment manager, or committee to whom

215 the board delegates any of its investment authority, may acquire and retain any kind of property and any
216 kind of investment, including (i) debentures and other corporate obligations of foreign or domestic
217 corporations; (ii) common or preferred stocks traded on foreign or domestic stock exchanges; (iii) not less
218 than all of the stock or 100 percent ownership of a corporation or other entity organized by the board under
219 the laws of the Commonwealth for the purposes of acquiring and retaining real property that the board
220 may acquire and retain under this ~~chapter~~ article; and (iv) securities of any open-end or closed-end
221 management type investment company or investment trust registered under the federal Investment
222 Company Act of 1940, as amended, including investment companies or investment trusts that, in turn,
223 invest in the securities of such investment companies or investment trusts that persons of prudence,
224 discretion, and intelligence acquire or retain for their own account. The board may retain property properly
225 acquired without time limitation and without regard to its suitability for original purchase.

226 All provisions of this subsection shall also apply to the portion of the Plan assets attributable to
227 savings trust account contributions and the earnings on such contributions.

228 C. The selection of services relating to the operation and administration of the Plan, including
229 contracts or agreements for the management, purchase, or sale of authorized investments or actuarial,
230 recordkeeping, or consulting services, are governed by the standard of care set forth in subsection A and
231 are not subject to the provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq.).

232 D. No board member or person, investment manager, or committee to whom the board delegates
233 any of its investment authority who acts in accordance with the standard of care set forth in subsection A
234 shall be held personally liable for losses suffered by the Plan on investments made pursuant to this ~~chapter~~
235 article.

236 E. To the extent necessary to lawfully administer the Plan and in order to comply with federal,
237 state, and local tax reporting requirements, the Plan may obtain all necessary social security account or
238 tax identification numbers and such other data as the Plan deems necessary for such purposes, whether
239 from a contributor, a purchaser, or another state agency.

240 F. This section shall not be construed to prohibit the Plan's investment, by purchase or otherwise,
241 in bonds, notes, or other obligations of the Commonwealth or its agencies and instrumentalities.

242 § 23.1-707. Prepaid tuition contracts and college and ABLE savings trust agreements.

243 A. Each prepaid tuition contract made pursuant to this ~~chapter~~ article shall include the following
244 terms and provisions:

245 1. The amount of payment or payments and the number of payments required from a purchaser on
246 behalf of a qualified beneficiary;

247 2. The terms and conditions under which purchasers shall remit payments, including the dates of
248 such payments;

249 3. Provisions for late payment charges, defaults, withdrawals, refunds, and any penalties;

250 4. The name and date of birth of the qualified beneficiary on whose behalf the contract is made;

251 5. Terms and conditions for a substitution for the qualified beneficiary originally named;

252 6. Terms and conditions for termination of the contract, including any refunds, withdrawals, or
253 transfers of tuition prepayments, and the name of the person entitled to terminate the contract;

254 7. The time period during which the qualified beneficiary is required to claim benefits from the
255 Plan;

256 8. The number of credit hours or quarters, semesters, terms, or units contracted for by the
257 purchaser, as applicable;

258 9. All other rights and obligations of the purchaser and the trust; and

259 10. Any other terms and conditions that the board deems necessary or appropriate, including those
260 necessary to conform the contract with the requirements of § 529 of the Internal Revenue Code of 1986,
261 as amended, which specifies the requirements for qualified state tuition programs.

262 B. Each college savings trust agreement made pursuant to this ~~chapter~~ article shall include the
263 following terms and provisions:

264 1. The maximum and minimum contribution allowed on behalf of each qualified beneficiary for
265 the payment of qualified higher education expenses, as that term is defined in § 529 of the Internal Revenue
266 Code of 1986, as amended, or other applicable federal law;

267 2. Provisions for withdrawals, refunds, transfers, and any penalties;

268 3. The name, address, and date of birth of the qualified beneficiary on whose behalf the savings
269 trust account is opened;

270 4. Terms and conditions for a substitution for the qualified beneficiary originally named;

271 5. Terms and conditions for termination of the account, including any refunds, withdrawals, or
272 transfers, and applicable penalties, and the name of the person entitled to terminate the account;

273 6. The time period during which the qualified beneficiary is required to use benefits from the
274 savings trust account;

275 7. All other rights and obligations of the contributor and the Plan; and

276 8. Any other terms and conditions that the board deems necessary or appropriate, including those
277 necessary to conform the savings trust account with the requirements of § 529 of the Internal Revenue
278 Code of 1986, as amended, or other applicable federal law.

279 C. Each ABLE savings trust agreement made pursuant to this ~~chapter~~ article shall include the
280 following terms and provisions:

281 1. The maximum and minimum annual contribution and maximum account balance allowed on
282 behalf of each qualified beneficiary for the payment of qualified disability expenses, as defined in § 529A
283 of the Internal Revenue Code of 1986, as amended, or other applicable federal law;

284 2. Provisions for withdrawals, refunds, transfers, return of excess contributions, and any penalties;

285 3. The name, address, and date of birth of the qualified beneficiary on whose behalf the savings
286 trust account is opened;

287 4. Terms and conditions for a substitution for the qualified beneficiary originally named;

288 5. Terms and conditions for termination of the account, including any transfers to the state upon
289 the death of the qualified beneficiary, refunds, withdrawals, transfers, applicable penalties, and the name
290 of the person entitled to terminate the account;

291 6. The time period during which the qualified beneficiary is required to use benefits from the
292 savings trust account;

293 7. All other rights and obligations of the contributor and the Plan; and

294 8. Any other terms and conditions that the board deems necessary or appropriate, including those
295 necessary to conform the savings trust account with the requirements of § 529A of the Internal Revenue
296 Code of 1986, as amended, or other applicable federal law.

297 D. In addition to the provisions required by subsection A, each prepaid tuition contract entered
298 into prior to July 1, 2019, shall include provisions for the application of tuition prepayments (i) at
299 accredited nonprofit independent or private institutions of higher education, including actual interest and
300 income earned on such prepayments, and (ii) at non-Virginia public and accredited nonprofit independent
301 or private institutions of higher education, including principal and reasonable return on such principal as
302 determined by the board. Payments authorized for accredited nonprofit independent or private institutions
303 of higher education shall not exceed the projected highest payment made for tuition at a public institution
304 of higher education in the same academic year, less a fee to be determined by the board. Payments
305 authorized for non-Virginia public and accredited nonprofit independent or private institutions of higher
306 education shall not exceed the projected average payment made for tuition at a public institution of higher
307 education in the same academic year, less a fee to be determined by the board. In no event, however, shall
308 the benefit paid on any prepaid tuition contract entered into prior to July 1, 2019, be less than the sum of
309 tuition prepayments made and a reasonable return on such prepayments to be determined by the board,
310 less any fees determined by the board.

311 E. In addition to the provisions required by subsection A, each prepaid tuition contract entered into
312 on or after July 1, 2019, shall include provisions for the application of tuition prepayments, at a rate equal
313 to the percentage of enrollment-weighted average tuition at public institutions of higher education to be
314 determined by the board, at (i) public institutions of higher education, (ii) accredited nonprofit independent
315 or private institutions of higher education, and (iii) non-Virginia public and accredited nonprofit
316 independent or private institutions of higher education. In no event, however, shall the benefit paid on any
317 prepaid tuition contract entered into on or after July 1, 2019, be less than tuition prepayments made, less
318 any fees as determined by the board.

319 F. All prepaid tuition contracts and savings trust agreements shall specifically provide that if after
320 a specified period of time the contract or savings trust agreement has not been terminated and the qualified

321 beneficiary's rights have not been exercised, the board, after making a reasonable effort to contact the
322 purchaser or contributor and the qualified beneficiary or their agents, shall report such unclaimed moneys
323 to the State Treasurer pursuant to § 55.1-2524.

324 G. 1. Notwithstanding any provision of law to the contrary, money in the Plan is exempt from
325 creditor process, is not liable to attachment, garnishment, or other process, and shall not be seized, taken,
326 appropriated, or applied by any legal or equitable process or operation of law to pay any debt or liability
327 of any purchaser, contributor, or beneficiary. Unless required by federal law, the Commonwealth, its
328 agencies, and its instrumentalities shall not seek payment pursuant to 26 U.S.C. § 529A from any ABLE
329 savings trust account or its proceeds for benefits provided to the beneficiary of the account and shall not
330 undertake estate recovery from any ABLE savings trust account pursuant to 26 U.S.C. § 529A.

331 2. Unless prohibited by federal law, the beneficiary of an ABLE savings trust account may appoint
332 a survivor. In the event of the beneficiary's death, if the survivor is (i) an eligible individual, as defined in
333 26 U.S.C. § 529A(e), then such survivor shall become the beneficiary of the ABLE savings trust account
334 or (ii) not an eligible individual, as defined in 26 U.S.C. § 529A(e), then any proceeds remaining after
335 final distributions have been made on behalf of the deceased beneficiary shall be distributed to the survivor
336 and the account shall be closed.

337 H. Notwithstanding any other provision of state law that requires consideration of one or more
338 financial circumstances of an individual for the purpose of determining (i) the individual's eligibility to
339 receive any assistance or benefit pursuant to such provision of state law or (ii) the amount of any such
340 assistance or benefit that such individual is eligible to receive pursuant to such provision of state law, any
341 (a) moneys in an ABLE savings trust account for which such individual is the beneficiary, including any
342 interest on such moneys, (b) contributions to an ABLE savings trust account for which such individual is
343 the beneficiary, and (c) distribution for qualified disability expenses for such individual from an ABLE
344 savings trust account for which such individual is the beneficiary shall be disregarded for such purpose
345 with respect to any period during which such individual remains the beneficiary of, makes contributions
346 to, or receives distributions for qualified disability expenses from such ABLE savings trust account.

347 I. No prepaid tuition contract or savings trust account shall be assigned for the benefit of creditors,
 348 used as security or collateral for any loan, or otherwise subject to alienation, sale, transfer, assignment,
 349 pledge, encumbrance, or charge.

350 J. The board's decision on any dispute, claim, or action arising out of or relating to a prepaid tuition
 351 contract or savings trust agreement made or entered into pursuant to this ~~chapter~~ article or benefits under
 352 such prepaid tuition contract or savings trust agreement shall be considered a case decision as defined in
 353 § 2.2-4001 and all proceedings related to such dispute, claim, or action shall be conducted pursuant to
 354 Article 3 (§ 2.2-4018 et seq.) of the Administrative Process Act. Judicial review shall be provided
 355 exclusively pursuant to Article 5 (§ 2.2-4025 et seq.) of the Administrative Process Act.

356 **§ 23.1-711. Admission to institutions not guaranteed; coverage limitations.**

357 Nothing in this ~~chapter~~ article or in any prepaid tuition contract or savings trust agreement entered
 358 into pursuant to this ~~chapter~~ article shall be construed as a promise or guarantee:

359 1. By the board or the Commonwealth of any admission to, continued enrollment at, or graduation
 360 from any public institution of higher education;

361 2. That the beneficiary's cost of tuition at an institution of higher education will be covered in full
 362 by the proceeds of the beneficiary's prepaid tuition contract, provided, however, that a prepaid tuition
 363 contract will cover that portion of tuition that is required under the terms of any such contract based on
 364 the tuition prepayments made; or

365 3. That any qualified higher education expense will be covered in full by contributions to or
 366 earnings on any savings trust account.

367 **§ 23.1-713. Liberal construction of article.**

368 Insofar as the provisions of this ~~chapter~~ article are inconsistent with the provisions of any other
 369 general, special, or local law, the provisions of this ~~chapter~~ article shall control. This ~~chapter~~ article
 370 constitutes full and complete authority, without regard to the provisions of any other law, for performing
 371 the acts authorized in this ~~chapter~~ article and shall be liberally construed to effect the purposes of this
 372 ~~chapter~~ article.

373 Article 2.

374 Virginia College Opportunity Endowment and Fund.

375 **§ 23.1-714. Definitions.**

376 As used in this article, unless the context requires a different meaning:

377 "Board" means the governing board of the Endowment.

378 "College Opportunity Fund Scholar" means a student enrolled in an eligible university who is a
379 recipient of a scholarship through the Virginia College Opportunity Endowment scholarship program
380 pursuant to § 23.1-716.

381 "College Opportunity Fund Graduate" means an individual who received a scholarship through
382 the Virginia College Opportunity Endowment scholarship program pursuant to § 23.1-716 and
383 subsequently graduated from the institution subsidized by the scholarship.

384 "Eligible university" means Christopher Newport University, George Mason University, James
385 Madison University, Longwood University, the University of Mary Washington, Norfolk State
386 University, Old Dominion University, Radford University, the University of Virginia's College at Wise
387 as a division of the University of Virginia, Virginia Commonwealth University, Virginia Military Institute,
388 and Virginia State University.

389 "Endowment" means the Virginia College Opportunity Endowment.

390 "Fund" means the Virginia College Opportunity Fund.

391 "Income" means income from investment of deposits to the Fund pursuant to subdivision C 2 of §
392 23.1-701.

393 "Plan" means the Virginia College Savings Plan.

394 "Program" means the Endowment Scholarship Program established by the Endowment under the
395 provisions of this article.

396 **§ 23.1-715. Virginia College Opportunity Endowment established; governing board.**

397 A. The Virginia College Opportunity Endowment is established as an agency of the
398 Commonwealth.

399 B. The Endowment shall be administered by a 12-member board, and each eligible university shall
400 have one representative on the board. Members shall be appointed by the Governor, subject to

401 confirmation by the General Assembly, for terms of four years. If a vacancy occurs other than by
402 expiration of a term, the Governor shall appoint a member who shall serve on a temporary basis until the
403 next legislative session and who shall then be subject to confirmation by the General Assembly.

404 C. No member appointed to the board shall serve more than two consecutive four-year terms;
405 however, a member appointed to serve an unexpired term is eligible to serve two consecutive four-year
406 terms immediately succeeding such unexpired term.

407 D. The board shall elect from its membership a chairman and a vice-chairman annually.

408 E. A majority of the members of the board shall constitute a quorum.

409 F. Members of the board shall receive no compensation but shall be reimbursed for actual expenses
410 incurred in the performance of their duties.

411 **§ 23.1-716. Powers and duties; Endowment Scholarship Program; report.**

412 A. The Endowment shall establish the Endowment Scholarship Program to provide scholarships
413 to students at eligible universities. The Endowment shall, in consultation with the governing board of the
414 Plan, develop policies and guidelines necessary to implement and administer the Program, including
415 policies and guidelines regarding student eligibility, application procedures, criteria for selecting student
416 applicants for scholarships, scholarship amounts, requirements for College Opportunity Fund Scholars to
417 maintain their scholarships, the terms of income-based repayment plans for students required to reimburse
418 the Endowment, and any other requirements deemed necessary for the administration of the Program.
419 Scholarships awarded by the Endowment may be for full or partial tuition and may also cover, in whole
420 or in part, the costs of fees and room and board, on terms and conditions determined by the Endowment.

421 B. The Program shall provide scholarships only to a student who:

422 1. Enrolls, or plans to enroll, at an eligible university. A College Opportunity Fund Scholar who
423 receives a scholarship pursuant to this section shall lose eligibility for such scholarship if he enrolls at an
424 institution of higher education that is not an eligible university.

425 2. Meets the eligibility requirements for a Federal Pell Grant, as determined by the U.S. Secretary
426 of Education pursuant to the provisions of 20 U.S.C. § 1070a and draws down such Federal Pell Grant
427 prior to applying for the scholarship.

428 3. a. Commits, as a condition of receiving a scholarship, to remaining employed or enrolled in
429 postgraduate education in Virginia for at least eight years after graduating from the institution subsidized
430 by the scholarship. For purposes of this subdivision, a College Opportunity Fund Graduate shall be
431 considered employed in Virginia only if such person is employed in a full-time position and his
432 compensation from such position is subject to taxation pursuant to Chapter 3 (§ 58.1-300 et seq.) of Title
433 58.1.

434 b. Upon petition by the College Opportunity Fund Graduate, the Endowment may temporarily
435 waive the requirements of subdivision a if the College Opportunity Fund Graduate demonstrates that (i)
436 he is seeking employment in an industry or profession consistent with his field of study but has been
437 unable to secure such employment, (ii) he is seeking enrollment in graduate school but his application is
438 pending or he has been unable to gain admission to graduate school, (iii) he is not employed or not
439 employed in a full-time position because he is disabled and unable to work, or (iv) he is not employed or
440 not employed in a full-time position in order to care for his children or a disabled family member.

441 4. Meets any other requirements established by the Endowment pursuant to subsection A.

442 C. The Virginia Employment Commission and the Virginia Department of Transportation shall
443 provide the College Opportunity Endowment Fund access to the information of each College Opportunity
444 Fund Graduate to verify that the College Opportunity Fund Graduate is in compliance with the provisions
445 of subdivision B 3, including verification that such College Opportunity Fund Graduate pays Virginia
446 income taxes. If a College Opportunity Fund Graduate breaches his commitment made under subdivision
447 B 3, the Endowment shall require him to reimburse the Fund for all scholarship funds received pursuant
448 to this section. Any such reimbursement shall be paid by the College Opportunity Fund Graduate in the
449 form of an income-based repayment plan over a maximum of eight years, on such terms as may be
450 prescribed by the Endowment pursuant to subsection A. If a College Opportunity Fund Graduate is found
451 in noncompliance with this income-based repayment plan, any outstanding balance shall be recorded as a
452 tax lien and shall be referred to the Attorney General for enforcement or collection. It shall not be
453 incumbent upon any eligible university to identify students in breach of commitments made under

454 subdivision B 3 or to administer income-based repayment plans or any other form of debt collection on
455 behalf of the Endowment.

456 D. The Program shall be funded only by income from investment of deposits to the Fund pursuant
457 to subdivision C 2 of § 23.1-701. The Plan shall manage the assets of the Fund with the objective of
458 creating income for the Program and in accordance with the provisions of Article 1 (§ 23.1-700 et seq.),
459 mutatis mutandis; however, the board shall have sole authority over the administration of the Program and
460 the disbursement of income in the form of scholarships. Ninety percent of all annual income shall be
461 allocated to the award of College Opportunity Endowment Fund scholarships. Priority for the award of
462 scholarships for full tuition and the whole costs of fees and room and board shall be given to College
463 Opportunity Fund Scholars attending eligible universities. Ten percent of all annual income shall be
464 allocated to the board to support other programs established for the purpose of enhancing educational
465 access and affordability for students with recognized financial need, including to fund supplementary
466 scholarships and grants awarded through the Two-Year College Transfer Grant Program established
467 pursuant to Article 4 (§ 23.1-622 et seq.) of Chapter 6, the New Economy Workforce Credential Grant
468 Program established pursuant to Article 4.1 (§ 23.1-627.1 et seq.) of Chapter 6, the Tuition Assistance
469 Grant Act established pursuant to Article 5 (§ 23.1-628 et seq.) of Chapter 6, and the Virginia Guaranteed
470 Assistance Program and Fund established pursuant to Article 6 (§ 23.1-636 et seq.) of Chapter 6. All
471 unused income each year shall revert to Endowment Fund principal. The income of the Fund shall be paid
472 out, not less than annually, but no amount of the corpus shall be spent. For the purposes of this subsection,
473 "corpus" of the Fund means at the time of determination the sum of any gifts, grants, and contributions
474 that have been credited to the Fund and any income not appropriated and withdrawn from the Fund prior
475 to June 30 of each year, less withdrawals from the corpus.

476 E. The Endowment shall consult with each eligible university to determine its needs arising from
477 its smaller endowment compared with other institutions of higher education that are not eligible
478 universities. The Endowment shall coordinate the Program to meet such needs.

479 F. The Plan shall provide staff support to the Endowment in its administration of this article.

480 G. The Endowment shall report annually to the General Assembly on its administration of this
481 article.

482 **§ 23.1-717. Virginia College Opportunity Fund established.**

483 There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia
484 College Opportunity Fund. The Fund shall be established on the books of the Comptroller. Any deposits
485 to the Fund pursuant to subdivision C 2 of § 23.1-701, all funds appropriated to the Fund, and any gifts,
486 donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and
487 credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.
488 Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not
489 revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the
490 purposes of providing scholarships pursuant to the provisions of this article. Expenditures and
491 disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller
492 upon written request signed by the chairman of the board.

493 **§ 58.1-322.03. (For contingent expiration date, see Acts 2023, Sp. Sess. I, ch. 1, cl. 22) Virginia**
494 **taxable income; deductions.**

495 In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from
496 Virginia adjusted gross income as defined in § 58.1-321:

497 1. a. The amount allowable for itemized deductions for federal income tax purposes where the
498 taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the
499 amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on
500 such federal return and increased by an amount that, when added to the amount deducted under § 170 of
501 the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes
502 at a rate of 18 cents per mile; or

503 b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income
504 tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2026, \$3,000
505 for single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married
506 individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before

507 January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts
508 in the case of a married individual filing a separate return); and (iii) for taxable years beginning on and
509 after January 1, 2022, but before January 1, 2026, \$8,000 for single individuals and \$16,000 for married
510 persons (one-half of such amounts in the case of a married individual filing a separate return). For purposes
511 of this section, any person who may be claimed as a dependent on another taxpayer's return for the taxable
512 year may compute the deduction only with respect to earned income.

513 2. a. A deduction in the amount of \$930 for each personal exemption allowable to the taxpayer for
514 federal income tax purposes.

515 b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be
516 entitled to an additional personal exemption in the amount of \$800.

517 The additional deduction for blind or aged taxpayers allowed under this subdivision shall be
518 allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income
519 tax purposes.

520 3. A deduction equal to the amount of employment-related expenses upon which the federal credit
521 is based under § 21 of the Internal Revenue Code for expenses for household and dependent care services
522 necessary for gainful employment.

523 4. An additional \$1,000 deduction for each child residing for the entire taxable year in a home
524 under permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim
525 the child as a personal exemption under § 151 of the Internal Revenue Code.

526 5. a. A deduction in the amount of \$12,000 for individuals born on or before January 1, 1939.

527 b. A deduction in the amount of \$12,000 for individuals born after January 1, 1939, who have
528 attained the age of 65. This deduction shall be reduced by \$1 for every \$1 that the taxpayer's adjusted
529 federal adjusted gross income exceeds \$50,000 for single taxpayers or \$75,000 for married taxpayers. For
530 married taxpayers filing separately, the deduction shall be reduced by \$1 for every \$1 that the total
531 combined adjusted federal adjusted gross income of both spouses exceeds \$75,000.

532 For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal
533 adjusted gross income minus any benefits received under Title II of the Social Security Act and other

534 benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as
535 amended.

536 6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow
537 donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction
538 for the payment of such fee on his federal income tax return.

539 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
540 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
541 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided
542 in subdivision b, the amount deducted on any individual income tax return in any taxable year shall be
543 limited to \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be
544 allowed pursuant to this subdivision 7 if such payments or contributions are deducted on the purchaser's
545 or contributor's federal income tax return. If the purchase price or annual contribution to a college savings
546 trust account exceeds \$4,000, the remainder may be carried forward and subtracted in future taxable years
547 until the purchase price or college savings trust contribution has been fully deducted; however, except as
548 provided in subdivision b, in no event shall the amount deducted in any taxable year exceed \$4,000 per
549 contract or college savings trust account. Notwithstanding the statute of limitations on assessments
550 contained in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year
551 or years in which distributions or refunds are made for any reason other than (i) to pay qualified higher
552 education expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death,
553 disability, or receipt of a scholarship. For the purposes of this subdivision, "purchaser" or "contributor"
554 means the person shown as such on the records of the Virginia College Savings Plan as of December 31
555 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or college savings
556 trust account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition
557 contract or college savings trust account, including, but not limited to, carryover and recapture of
558 deductions.

559 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who
560 has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000

561 per prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be
562 allowed a deduction for the full amount paid for the contract or contributed to a college savings trust
563 account, less any amounts previously deducted.

564 8. The total amount an individual actually contributed in funds to the Virginia Public School
565 Construction Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1,
566 provided that the individual has not claimed a deduction for such amount on his federal income tax return.

567 9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a
568 primary or secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1
569 to attend continuing teacher education courses that are required as a condition of employment; however,
570 the deduction provided by this subdivision shall be available only if (i) the individual is not reimbursed
571 for such tuition costs and (ii) the individual has not claimed a deduction for the payment of such tuition
572 costs on his federal income tax return.

573 10. The amount an individual pays annually in premiums for long-term health care insurance,
574 provided that the individual has not claimed a deduction for federal income tax purposes, or, for taxable
575 years beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and
576 after January 1, 2014, no such deduction for long-term health care insurance premiums paid by the
577 individual during the taxable year shall be allowed if the individual has claimed a federal income tax
578 deduction for such taxable year for long-term health care insurance premiums paid by him.

579 11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses,
580 as provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such
581 payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

582 a. If the payment is received in installment payments, then the recognized gain may be subtracted
583 in the taxable year immediately following the year in which the installment payment is received.

584 b. If the payment is received in a single payment, then 10 percent of the recognized gain may be
585 subtracted in the taxable year immediately following the year in which the single payment is received.

586 The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

587 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-
588 600 et seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of
589 tangible personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size
590 refrigerators that meet or exceed the applicable energy star efficiency requirements developed by the U.S.
591 Environmental Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates
592 electricity using an electrochemical process, (b) has an electricity-only generation efficiency greater than
593 35 percent, and (c) has a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a
594 coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat
595 pump hot water heater that yields an energy factor of at least 1.7; (v) any electric heat pump that has a
596 heating system performance factor of at least 8.0 and a cooling seasonal energy efficiency ratio of at least
597 13.0; (vi) any central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5;
598 (vii) any advanced gas or oil water heater that has an energy factor of at least 0.65; (viii) any advanced
599 oil-fired boiler with a minimum annual fuel-utilization rating of 85; (ix) any advanced oil-fired furnace
600 with a minimum annual fuel-utilization rating of 85; and (x) programmable thermostats.

601 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living
602 tissue for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12
603 months of such donation, provided that the donor has not taken a medical deduction in accordance with
604 the provisions of § 213 of the Internal Revenue Code for such expenses. The deduction may be taken in
605 the taxable year in which the donation is made or the taxable year in which the 12-month period expires.

606 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or
607 older with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess
608 of \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
609 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
610 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
611 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not
612 be allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b)
613 claimed a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another

614 provision of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to
615 this chapter.

616 15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

617 a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent
618 of such disallowed business interest;

619 b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent
620 of such disallowed business interest;

621 c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business
622 interest.

623 For purposes of subdivision 15, "business interest" means the same as that term is defined under §
624 163(j) of the Internal Revenue Code.

625 16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal
626 property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted
627 solely on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the
628 Internal Revenue Code.

629 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
630 deductible when computing federal adjusted gross income solely on account of the portion of subdivision
631 B 10 of § 58.1-301 related to Paycheck Protection Program loans.

632 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser
633 of \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of
634 this subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable
635 year in which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15
636 (§ 22.1-289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or
637 student aide serving accredited public or private primary and secondary school students in Virginia, and
638 "qualifying expenses" means 100 percent of the amount paid or incurred by an eligible educator during
639 the taxable year for participation in professional development courses and the purchase of books, supplies,
640 computer equipment (including related software and services), other educational and teaching equipment,

641 and supplementary materials used directly in that individual's service to students as an eligible educator,
642 provided that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's
643 federal income tax return for such taxable year.

644 19. For taxable years beginning on and after January 1, 2024, any amount donated to the Virginia
645 College Opportunity Fund established under § 23.1-717.

646 **§ 58.1-322.03. (For contingent effective date, see Acts 2023, Sp. Sess. I, ch. 1, cl. 22) Virginia**
647 **taxable income; deductions.**

648 In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from
649 Virginia adjusted gross income as defined in § 58.1-321:

650 1. a. The amount allowable for itemized deductions for federal income tax purposes where the
651 taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the
652 amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on
653 such federal return and increased by an amount that, when added to the amount deducted under § 170 of
654 the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes
655 at a rate of 18 cents per mile; or

656 b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income
657 tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2026, \$3,000
658 for single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married
659 individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before
660 January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts
661 in the case of a married individual filing a separate return); (iii) for taxable years beginning on and after
662 January 1, 2022, but before January 1, 2024, \$8,000 for single individuals and \$16,000 for married persons
663 (one-half of such amounts in the case of a married individual filing a separate return); and (iv) for taxable
664 years beginning on and after January 1, 2024, but before January 1, 2026, \$8,500 for single individuals
665 and \$17,000 for married persons (one-half of such amounts in the case of a married individual filing a
666 separate return). For purposes of this section, any person who may be claimed as a dependent on another
667 taxpayer's return for the taxable year may compute the deduction only with respect to earned income.

668 2. a. A deduction in the amount of \$930 for each personal exemption allowable to the taxpayer for
669 federal income tax purposes.

670 b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be
671 entitled to an additional personal exemption in the amount of \$800.

672 The additional deduction for blind or aged taxpayers allowed under this subdivision shall be
673 allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income
674 tax purposes.

675 3. A deduction equal to the amount of employment-related expenses upon which the federal credit
676 is based under § 21 of the Internal Revenue Code for expenses for household and dependent care services
677 necessary for gainful employment.

678 4. An additional \$1,000 deduction for each child residing for the entire taxable year in a home
679 under permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim
680 the child as a personal exemption under § 151 of the Internal Revenue Code.

681 5. a. A deduction in the amount of \$12,000 for individuals born on or before January 1, 1939.

682 b. A deduction in the amount of \$12,000 for individuals born after January 1, 1939, who have
683 attained the age of 65. This deduction shall be reduced by \$1 for every \$1 that the taxpayer's adjusted
684 federal adjusted gross income exceeds \$50,000 for single taxpayers or \$75,000 for married taxpayers. For
685 married taxpayers filing separately, the deduction shall be reduced by \$1 for every \$1 that the total
686 combined adjusted federal adjusted gross income of both spouses exceeds \$75,000.

687 For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal
688 adjusted gross income minus any benefits received under Title II of the Social Security Act and other
689 benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as
690 amended.

691 6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow
692 donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction
693 for the payment of such fee on his federal income tax return.

694 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
695 during the taxable year for a prepaid tuition contract or college savings trust account entered into with the
696 Virginia College Savings Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided
697 in subdivision b, the amount deducted on any individual income tax return in any taxable year shall be
698 limited to \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be
699 allowed pursuant to this subdivision 7 if such payments or contributions are deducted on the purchaser's
700 or contributor's federal income tax return. If the purchase price or annual contribution to a college savings
701 trust account exceeds \$4,000, the remainder may be carried forward and subtracted in future taxable years
702 until the purchase price or college savings trust contribution has been fully deducted; however, except as
703 provided in subdivision b, in no event shall the amount deducted in any taxable year exceed \$4,000 per
704 contract or college savings trust account. Notwithstanding the statute of limitations on assessments
705 contained in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year
706 or years in which distributions or refunds are made for any reason other than (i) to pay qualified higher
707 education expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death,
708 disability, or receipt of a scholarship. For the purposes of this subdivision, "purchaser" or "contributor"
709 means the person shown as such on the records of the Virginia College Savings Plan as of December 31
710 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or college savings
711 trust account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition
712 contract or college savings trust account, including, but not limited to, carryover and recapture of
713 deductions.

714 b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who
715 has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000
716 per prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be
717 allowed a deduction for the full amount paid for the contract or contributed to a college savings trust
718 account, less any amounts previously deducted.

719 8. The total amount an individual actually contributed in funds to the Virginia Public School
720 Construction Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1,
721 provided that the individual has not claimed a deduction for such amount on his federal income tax return.

722 9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a
723 primary or secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1
724 to attend continuing teacher education courses that are required as a condition of employment; however,
725 the deduction provided by this subdivision shall be available only if (i) the individual is not reimbursed
726 for such tuition costs and (ii) the individual has not claimed a deduction for the payment of such tuition
727 costs on his federal income tax return.

728 10. The amount an individual pays annually in premiums for long-term health care insurance,
729 provided that the individual has not claimed a deduction for federal income tax purposes, or, for taxable
730 years beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and
731 after January 1, 2014, no such deduction for long-term health care insurance premiums paid by the
732 individual during the taxable year shall be allowed if the individual has claimed a federal income tax
733 deduction for such taxable year for long-term health care insurance premiums paid by him.

734 11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses,
735 as provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such
736 payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

737 a. If the payment is received in installment payments, then the recognized gain may be subtracted
738 in the taxable year immediately following the year in which the installment payment is received.

739 b. If the payment is received in a single payment, then 10 percent of the recognized gain may be
740 subtracted in the taxable year immediately following the year in which the single payment is received.
741 The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

742 12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-
743 600 et seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of
744 tangible personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size
745 refrigerators that meet or exceed the applicable energy star efficiency requirements developed by the U.S.

746 Environmental Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates
747 electricity using an electrochemical process, (b) has an electricity-only generation efficiency greater than
748 35 percent, and (c) has a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a
749 coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat
750 pump hot water heater that yields an energy factor of at least 1.7; (v) any electric heat pump that has a
751 heating system performance factor of at least 8.0 and a cooling seasonal energy efficiency ratio of at least
752 13.0; (vi) any central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5;
753 (vii) any advanced gas or oil water heater that has an energy factor of at least 0.65; (viii) any advanced
754 oil-fired boiler with a minimum annual fuel-utilization rating of 85; (ix) any advanced oil-fired furnace
755 with a minimum annual fuel-utilization rating of 85; and (x) programmable thermostats.

756 13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living
757 tissue for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12
758 months of such donation, provided that the donor has not taken a medical deduction in accordance with
759 the provisions of § 213 of the Internal Revenue Code for such expenses. The deduction may be taken in
760 the taxable year in which the donation is made or the taxable year in which the 12-month period expires.

761 14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or
762 older with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess
763 of \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the
764 individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a
765 deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income"
766 means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not
767 be allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b)
768 claimed a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another
769 provision of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to
770 this chapter.

771 15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

772 a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent
773 of such disallowed business interest;

774 b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent
775 of such disallowed business interest;

776 c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business
777 interest.

778 For purposes of subdivision 15, "business interest" means the same as that term is defined under §
779 163(j) of the Internal Revenue Code.

780 16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal
781 property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted
782 solely on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the
783 Internal Revenue Code.

784 17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not
785 deductible when computing federal adjusted gross income solely on account of the portion of subdivision
786 B 10 of § 58.1-301 related to Paycheck Protection Program loans.

787 18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser
788 of \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of
789 this subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable
790 year in which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15
791 (§ 22.1-289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or
792 student aide serving accredited public or private primary and secondary school students in Virginia, and
793 "qualifying expenses" means 100 percent of the amount paid or incurred by an eligible educator during
794 the taxable year for participation in professional development courses and the purchase of books, supplies,
795 computer equipment (including related software and services), other educational and teaching equipment,
796 and supplementary materials used directly in that individual's service to students as an eligible educator,
797 provided that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's
798 federal income tax return for such taxable year.

799 19. For taxable years beginning on and after January 1, 2024, any amount donated to the Virginia
800 College Opportunity Fund established under § 23.1-717.

801 **§ 58.1-344.3. Voluntary contributions of refunds requirements.**

802 A. 1. For taxable years beginning on and after January 1, 2005, all entities entitled to voluntary
803 contributions of tax refunds listed in subsections B and C must have received at least \$10,000 in
804 contributions in each of the three previous taxable years for which there is complete data and in which
805 such entity was listed on the individual income tax return.

806 2. In the event that an entity listed in subsections B and C does not satisfy the requirement in
807 subdivision 1, such entity shall no longer be listed on the individual income tax return.

808 3. a. The entities listed in subdivisions B 21 and B 22 as well as any other entities in subsections
809 B and C added subsequent to the 2004 Session of the General Assembly shall not appear on the individual
810 income tax return until their addition to the individual income tax return results in a maximum of 25
811 contributions listed on the return. Such contributions shall be added in the order that they are listed in
812 subsections B and C.

813 b. Each entity added to the income tax return shall appear on the return for at least three consecutive
814 taxable years before the requirement in subdivision 1 is applied to such entity.

815 4. The Department of Taxation shall report annually by the first day of each General Assembly
816 Regular Session to the Chairmen of the House Committee on Finance and Senate Committee on Finance
817 and Appropriations the amounts collected for each entity listed under subsections B and C for the three
818 most recent taxable years for which there is complete data. Such report shall also identify the entities, if
819 any, that will be removed from the individual income tax return because they have failed the requirements
820 in subdivision 1, the entities that will remain on the individual income tax return, and the entities, if any,
821 that will be added to the individual income tax return.

822 B. Subject to the provisions of subsection A, the following entities entitled to voluntary
823 contributions shall appear on the individual income tax return and are eligible to receive tax refund
824 contributions of not less than \$1:

825 1. Nongame wildlife voluntary contribution.

826 a. All moneys contributed shall be used for the conservation and management of endangered
827 species and other nongame wildlife. "Nongame wildlife" includes protected wildlife, endangered and
828 threatened wildlife, aquatic wildlife, specialized habitat wildlife both terrestrial and aquatic, and mollusks,
829 crustaceans, and other invertebrates under the jurisdiction of the Board of Wildlife Resources.

830 b. All moneys shall be deposited into a special fund known as the Game Protection Fund and which
831 shall be accounted for as a separate part thereof to be designated as the Nongame Cash Fund. All moneys
832 so deposited in the Nongame Cash Fund shall be used by the Board of Wildlife Resources for the purposes
833 set forth herein.

834 2. Open space recreation and conservation voluntary contribution.

835 a. All moneys contributed shall be used by the Department of Conservation and Recreation to
836 acquire land for recreational purposes and preserve natural areas; to develop, maintain, and improve state
837 park sites and facilities; and to provide funds to local public bodies pursuant to the Virginia Outdoor Fund
838 Grants Program.

839 b. All moneys shall be deposited into a special fund known as the Open Space Recreation and
840 Conservation Fund. The moneys in the fund shall be allocated one-half to the Department of Conservation
841 and Recreation for the purposes stated in subdivision 2 a and one-half to local public bodies pursuant to
842 the Virginia Outdoor Fund Grants Program.

843 3. Voluntary contribution to political party.

844 All moneys contributed shall be paid to the State Central Committee of any party that meets the
845 definition of a political party under § 24.2-101 as of July 1 of the previous taxable year. The maximum
846 contribution allowable under this subdivision shall be \$25. In the case of a joint return of married
847 individuals, each spouse may designate that the maximum contribution allowable be paid.

848 4. United States Olympic Committee voluntary contribution.

849 All moneys contributed shall be paid to the United States Olympic Committee.

850 5. Housing program voluntary contribution.

851 a. All moneys contributed shall be used by the Department of Housing and Community
852 Development to provide assistance for emergency, transitional, and permanent housing for the homeless;
853 and to provide assistance to housing for the low-income elderly for the physically or mentally disabled.

854 b. All moneys shall be deposited into a special fund known as the Virginia Tax Check-off for
855 Housing Fund. All moneys deposited in the fund shall be used by the Department of Housing and
856 Community Development for the purposes set forth in this subdivision. Funds made available to the
857 Virginia Tax Check-off for Housing Fund may supplement but shall not supplant activities of the Virginia
858 Housing Trust Fund established pursuant to Chapter 9 (§ 36-141 et seq.) of Title 36 or those of the Virginia
859 Housing Development Authority.

860 6. Voluntary contributions to the Department for Aging and Rehabilitative Services.

861 a. All moneys contributed shall be used by the Department for Aging and Rehabilitative Services
862 for the enhancement of transportation services for the elderly and disabled.

863 b. All moneys shall be deposited into a special fund known as the Transportation Services for the
864 Elderly and Disabled Fund. All moneys so deposited in the fund shall be used by the Department for
865 Aging and Rehabilitative Services for the enhancement of transportation services for the elderly and
866 disabled. The Department for Aging and Rehabilitative Services shall conduct an annual audit of the
867 moneys received pursuant to this subdivision and shall provide an evaluation of all programs funded
868 pursuant to this subdivision annually to the Secretary of Health and Human Resources.

869 7. Voluntary contribution to the Community Policing Fund.

870 a. All moneys contributed shall be used to provide grants to local law-enforcement agencies for
871 the purchase of equipment or the support of services, as approved by the Criminal Justice Services Board,
872 relating to community policing.

873 b. All moneys shall be deposited into a special fund known as the Community Policing Fund. All
874 moneys deposited in such fund shall be used by the Department of Criminal Justices Services for the
875 purposes set forth herein.

876 8. Voluntary contribution to promote the arts.

877 All moneys contributed shall be used by the Virginia Commission for the Arts in its statutory
878 responsibility of promoting the arts in the Commonwealth. All moneys shall be deposited into a special
879 fund known as the Virginia Commission for the Arts Fund.

880 9. Voluntary contribution to the Historic Resources Fund.

881 All moneys contributed shall be deposited in the Historic Resources Fund established pursuant to
882 § 10.1-2202.1.

883 10. Voluntary contribution to the Virginia Foundation for the Humanities and Public Policy.

884 All moneys contributed shall be paid to the Virginia Foundation for the Humanities and Public
885 Policy. All moneys shall be deposited into a special fund known as the Virginia Humanities Fund.

886 11. Voluntary contribution to the Center for Governmental Studies.

887 All moneys contributed shall be paid to the Center for Governmental Studies, a public service and
888 research center of the University of Virginia. All moneys shall be deposited into a special fund known as
889 the Governmental Studies Fund.

890 12. Voluntary contribution to the Law and Economics Center.

891 All moneys contributed shall be paid to the Law and Economics Center, a public service and
892 research center of George Mason University. All moneys shall be deposited into a special fund known as
893 the Law and Economics Fund.

894 13. Voluntary contribution to Children of America Finding Hope.

895 All moneys contributed shall be used by Children of America Finding Hope (CAFH) in its
896 programs which are designed to reach children with emotional and physical needs.

897 14. Voluntary contribution to 4-H Educational Centers.

898 All moneys contributed shall be used by the 4-H Educational Centers throughout the
899 Commonwealth for their (i) educational, leadership, and camping programs and (ii) operational and capital
900 costs. The State Treasurer shall pay the moneys to the Virginia 4-H Foundation in Blacksburg, Virginia.

901 15. Voluntary contribution to promote organ and tissue donation.

902 a. All moneys contributed shall be used by the Virginia Transplant Council to assist in its statutory
903 responsibility of promoting and coordinating educational and informational activities as related to the
904 organ, tissue, and eye donation process and transplantation in the Commonwealth of Virginia.

905 b. All moneys shall be deposited into a special fund known as the Virginia Donor Registry and
906 Public Awareness Fund. All moneys deposited in such fund shall be used by the Virginia Transplant
907 Council for the purposes set forth herein.

908 16. Voluntary contributions to the Virginia War Memorial division of the Department of Veterans
909 Services and the National D-Day Memorial Foundation.

910 All moneys contributed shall be used by the Virginia War Memorial division of the Department
911 of Veterans Services and the National D-Day Memorial Foundation in their work through each of their
912 respective memorials. The State Treasurer shall divide the moneys into two equal portions and pay one
913 portion to the Virginia War Memorial division of the Department of Veterans Services and the other
914 portion to the National D-Day Memorial Foundation.

915 17. Voluntary contribution to the Virginia Federation of Humane Societies.

916 All moneys contributed shall be paid to the Virginia Federation of Humane Societies to assist in
917 its mission of saving, caring for, and finding homes for homeless animals.

918 18. Voluntary contribution to the Tuition Assistance Grant Fund.

919 a. All moneys contributed shall be paid to the Tuition Assistance Grant Fund for use in providing
920 monetary assistance to residents of the Commonwealth who are enrolled in undergraduate or graduate
921 programs in private Virginia colleges.

922 b. All moneys shall be deposited into a special fund known as the Tuition Assistance Grant Fund.
923 All moneys so deposited in the Fund shall be administered by the State Council of Higher Education for
924 Virginia in accordance with and for the purposes provided under the Tuition Assistance Grant Act (§ 23.1-
925 628 et seq.).

926 19. Voluntary contribution to the Spay and Neuter Fund.

927 All moneys contributed shall be paid to the Spay and Neuter Fund for use by localities in the
928 Commonwealth for providing low-cost spay and neuter surgeries through direct provision or contract or

929 each locality may make the funds available to any private, nonprofit sterilization program for dogs and
930 cats in such locality. The Tax Commissioner shall determine annually the total amounts designated on all
931 returns from each locality in the Commonwealth, based upon the locality that each filer who makes a
932 voluntary contribution to the Fund lists as his permanent address. The State Treasurer shall pay the
933 appropriate amount to each respective locality.

934 20. Voluntary contribution to the Virginia Commission for the Arts.

935 All moneys contributed shall be paid to the Virginia Commission for the Arts.

936 21. Voluntary contribution for the Department of Emergency Management.

937 All moneys contributed shall be paid to the Department of Emergency Management.

938 22. Voluntary contribution for the cancer centers in the Commonwealth.

939 All moneys contributed shall be paid equally to all entities in the Commonwealth that officially
940 have been designated as cancer centers by the National Cancer Institute.

941 23. Voluntary contribution to the Brown v. Board of Education Scholarship Program Fund.

942 a. All moneys contributed shall be paid to the Brown v. Board of Education Scholarship Program
943 Fund to support the work of and generate nonstate funds to maintain the Brown v. Board of Education
944 Scholarship Program.

945 b. All moneys shall be deposited into the Brown v. Board of Education Scholarship Program Fund
946 as established in § 30-231.4.

947 c. All moneys so deposited in the Fund shall be administered by the State Council of Higher
948 Education in accordance with and for the purposes provided in Chapter 34.1 (§ 30-231.01 et seq.) of Title
949 30.

950 24. Voluntary contribution to the Martin Luther King, Jr. Living History and Public Policy Center.

951 All moneys contributed shall be paid to the Board of Trustees of the Martin Luther King, Jr. Living
952 History and Public Policy Center.

953 25. Voluntary contribution to the Virginia Caregivers Grant Fund.

954 All moneys contributed shall be paid to the Virginia Caregivers Grant Fund established pursuant
955 to § 63.2-2202.

956 26. Voluntary contribution to public library foundations.

957 All moneys contributed pursuant to this subdivision shall be deposited into the state treasury. The
958 Tax Commissioner shall determine annually the total amounts designated on all returns for each public
959 library foundation and shall report the same to the State Treasurer. The State Treasurer shall pay the
960 appropriate amount to the respective public library foundation.

961 27. Voluntary contribution to Celebrating Special Children, Inc.

962 All moneys contributed shall be paid to Celebrating Special Children, Inc. and shall be deposited
963 into a special fund known as the Celebrating Special Children, Inc. Fund.

964 28. Voluntary contributions to the Department for Aging and Rehabilitative Services.

965 a. All moneys contributed shall be used by the Department for Aging and Rehabilitative Services
966 for providing Medicare Part D counseling to the elderly and disabled.

967 b. All moneys shall be deposited into a special fund known as the Medicare Part D Counseling
968 Fund. All moneys so deposited shall be used by the Department for Aging and Rehabilitative Services to
969 provide counseling for the elderly and disabled concerning Medicare Part D. The Department for Aging
970 and Rehabilitative Services shall conduct an annual audit of the moneys received pursuant to this
971 subdivision and shall provide an evaluation of all programs funded pursuant to the subdivision to the
972 Secretary of Health and Human Resources.

973 29. Voluntary contribution to community foundations.

974 All moneys contributed pursuant to this subdivision shall be deposited into the state treasury. The
975 Tax Commissioner shall determine annually the total amounts designated on all returns for each
976 community foundation and shall report the same to the State Treasurer. The State Treasurer shall pay the
977 appropriate amount to the respective community foundation. A "community foundation" shall be defined
978 as any institution that meets the membership requirements for a community foundation established by the
979 Council on Foundations.

980 30. Voluntary contribution to the Virginia Foundation for Community College Education.

981 a. All moneys contributed shall be paid to the Virginia Foundation for Community College
982 Education for use in providing monetary assistance to Virginia residents who are enrolled in
983 comprehensive community colleges in Virginia.

984 b. All moneys shall be deposited into a special fund known as the Virginia Foundation for
985 Community College Education Fund. All moneys so deposited in the Fund shall be administered by the
986 Virginia Foundation for Community College Education in accordance with and for the purposes provided
987 under the Community College Incentive Scholarship Program (former § 23-220.2 et seq.).

988 31. Voluntary contribution to the Middle Peninsula Chesapeake Bay Public Access Authority.
989 All moneys contributed shall be paid to the Middle Peninsula Chesapeake Bay Public Access
990 Authority to be used for the purposes described in § 15.2-6601.

991 32. Voluntary contribution to the Breast and Cervical Cancer Prevention and Treatment Fund.
992 All moneys contributed shall be paid to the Breast and Cervical Cancer Prevention and Treatment
993 Fund established pursuant to § 32.1-368.

994 33. Voluntary contribution to the Virginia Aquarium and Marine Science Center.
995 All moneys contributed shall be paid to the Virginia Aquarium and Marine Science Center for use
996 in its mission to increase the public's knowledge and appreciation of Virginia's marine environment and
997 inspire commitment to preserve its existence.

998 34. Voluntary contribution to the Virginia Capitol Preservation Foundation.
999 All moneys contributed shall be paid to the Virginia Capitol Preservation Foundation for use in its
1000 mission in supporting the ongoing restoration, preservation, and interpretation of the Virginia Capitol and
1001 Capitol Square.

1002 35. Voluntary contribution for the Secretary of Veterans and Defense Affairs.
1003 All moneys contributed shall be paid to the Office of the Secretary of Veterans and Defense Affairs
1004 for related programs and services.

1005 C. Subject to the provisions of subsection A, the following voluntary contributions shall appear on
1006 the individual income tax return and are eligible to receive tax refund contributions or by making payment

1007 to the Department if the individual is not eligible to receive a tax refund pursuant to § 58.1-309 or if the
1008 amount of such tax refund is less than the amount of the voluntary contribution:

1009 1. Voluntary contribution to the Family and Children's Trust Fund of Virginia.

1010 All moneys contributed shall be paid to the Family and Children's Trust Fund of Virginia.

1011 2. Voluntary Chesapeake Bay restoration contribution.

1012 a. All moneys contributed shall be used to help fund Chesapeake Bay and its tributaries restoration
1013 activities in accordance with tributary plans developed pursuant to Article 7 (§ 2.2-215 et seq.) of Chapter
1014 2 of Title 2.2 or the Chesapeake Bay Watershed Implementation Plan submitted by the Commonwealth
1015 of Virginia to the U.S. Environmental Protection Agency on November 29, 2010, and any subsequent
1016 revisions thereof.

1017 b. The Tax Commissioner shall annually determine the total amount of voluntary contributions
1018 and shall report the same to the State Treasurer, who shall credit that amount to a special nonreverting
1019 fund to be administered by the Office of the Secretary of Natural and Historic Resources. All moneys so
1020 deposited shall be used for the purposes of providing grants for the implementation of tributary plans
1021 developed pursuant to Article 7 (§ 2.2-215 et seq.) of Chapter 2 of Title 2.2 or the Chesapeake Bay
1022 Watershed Implementation Plan submitted by the Commonwealth of Virginia to the U.S. Environmental
1023 Protection Agency on November 29, 2010, and any subsequent revisions thereof.

1024 c. No later than November 1 of each year, the Secretary of Natural and Historic Resources shall
1025 submit a report to the House Committee on Agriculture, Chesapeake and Natural Resources; the Senate
1026 Committee on Agriculture, Conservation and Natural Resources; the House Committee on
1027 Appropriations; the Senate Committee on Finance and Appropriations; and the Virginia delegation to the
1028 Chesapeake Bay Commission, describing the grants awarded from moneys deposited in the fund. The
1029 report shall include a list of grant recipients, a description of the purpose of each grant, the amount received
1030 by each grant recipient, and an assessment of activities or initiatives supported by each grant. The report
1031 shall be posted on a website maintained by the Secretary of Natural and Historic Resources, along with a
1032 cumulative listing of previous grant awards beginning with awards granted on or after July 1, 2014.

1033 3. Voluntary Jamestown-Yorktown Foundation Contribution.

1034 All moneys contributed shall be used by the Jamestown-Yorktown Foundation for the Jamestown
1035 2007 quadricentennial celebration. All moneys shall be deposited into a special fund known as the
1036 Jamestown Quadricentennial Fund. This subdivision shall be effective for taxable years beginning before
1037 January 1, 2008.

1038 4. State forests voluntary contribution.

1039 a. All moneys contributed shall be used for the development and implementation of conservation
1040 and education initiatives in the state forests system.

1041 b. All moneys shall be deposited into a special fund known as the State Forests System Fund,
1042 established pursuant to § 10.1-1119.1. All moneys so deposited in such fund shall be used by the State
1043 Forester for the purposes set forth herein.

1044 5. Voluntary contributions to Uninsured Medical Catastrophe Fund.

1045 All moneys contributed shall be paid to the Uninsured Medical Catastrophe Fund established
1046 pursuant to § 32.1-324.2, such funds to be used for the treatment of Virginians sustaining uninsured
1047 medical catastrophes.

1048 6. Voluntary contribution to local school divisions.

1049 a. All moneys contributed shall be used by a specified local public school foundation as created
1050 by and for the purposes stated in § 22.1-212.2:2.

1051 b. All moneys collected pursuant to subdivision 6 a or through voluntary payments by taxpayers
1052 designated for a local public school foundation over refundable amounts shall be deposited into the state
1053 treasury. The Tax Commissioner shall determine annually the total amounts designated on all returns for
1054 each public school foundation and shall report the same to the State Treasurer. The State Treasurer shall
1055 pay the appropriate amount to the respective public school foundation.

1056 c. In order for a public school foundation to be eligible to receive contributions under this section,
1057 school boards must notify the Department during the taxable year in which they want to participate prior
1058 to the deadlines and according to procedures established by the Tax Commissioner.

1059 7. Voluntary contribution to Home Energy Assistance Fund.

1060 All moneys contributed shall be paid to the Home Energy Assistance Fund established pursuant to
1061 § 63.2-805, such funds to be used to assist low-income Virginians in meeting seasonal residential energy
1062 needs.

1063 8. Voluntary contribution to the Virginia Military Family Relief Fund.

1064 a. All moneys contributed shall be paid to the Virginia Military Family Relief Fund for use in
1065 providing assistance to military service personnel on active duty and their families for living expenses
1066 including, but not limited to, food, housing, utilities, and medical services.

1067 b. All moneys shall be deposited into a special fund known as the Virginia Military Family Relief
1068 Fund, established and administered pursuant to § 44-102.2.

1069 9. Voluntary contribution to the Federation of Virginia Food Banks.

1070 All moneys contributed shall be paid to the Federation of Virginia Food Banks, a Partner State
1071 Association of Feeding America. The Federation of Virginia Food Banks shall as soon as practicable make
1072 an equitable distribution of all such moneys to the Blue Ridge Area Food Bank, Capital Area Food Bank,
1073 Feeding America Southwest Virginia, FeedMore, Inc., Foodbank of Southeastern Virginia and the Eastern
1074 Shore, Fredericksburg Area Food Bank, or Virginia Peninsula Foodbank.

1075 The Secretary of Finance may request records or receipts of all distributions by the Federation of
1076 Virginia Food Banks of such moneys contributed for purposes of ensuring compliance with the
1077 requirements of this subdivision.

1078 10. Voluntary contribution to the Virginia College Opportunity Fund established in § 23.1-717,
1079 which shall be deposited in such fund.

1080 D. Unless otherwise specified and subject to the requirements in § 58.1-344.2, all moneys collected
1081 for each entity in subsections B and C shall be deposited into the state treasury. The Tax Commissioner
1082 shall determine annually the total amount designated for each entity in subsections B and C on all
1083 individual income tax returns and shall report the same to the State Treasurer, who shall credit that amount
1084 to each entity's respective special fund.

1085 **§ 58.1-402. Virginia taxable income.**

1086 A. For purposes of this article, Virginia taxable income for a taxable year means the federal taxable
1087 income and any other income taxable to the corporation under federal law for such year of a corporation
1088 adjusted as provided in subsections B, C, D, E, G, and H.

1089 For a regulated investment company and a real estate investment trust, such term means the
1090 "investment company taxable income" and "real estate investment trust taxable income," respectively, to
1091 which shall be added in each case any amount of capital gains and any other income taxable to the
1092 corporation under federal law which shall be further adjusted as provided in subsections B, C, D, E, G,
1093 and H.

1094 B. There shall be added to the extent excluded from federal taxable income:

1095 1. Interest, less related expenses to the extent not deducted in determining federal taxable income,
1096 on obligations of any state other than Virginia, or of a political subdivision of any such other state unless
1097 created by compact or agreement to which the Commonwealth is a party;

1098 2. Interest or dividends, less related expenses to the extent not deducted in determining federal
1099 taxable income, on obligations or securities of any authority, commission or instrumentality of the United
1100 States, which the laws of the United States exempt from federal income tax but not from state income
1101 taxes;

1102 3. [Repealed.]

1103 4. The amount of any net income taxes and other taxes, including franchise and excise taxes, which
1104 are based on, measured by, or computed with reference to net income, imposed by the Commonwealth or
1105 any other taxing jurisdiction, to the extent deducted in determining federal taxable income;

1106 5. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

1107 6. [Repealed.]

1108 7. The amount required to be included in income for the purpose of computing the partial tax on
1109 an accumulation distribution pursuant to § 667 of the Internal Revenue Code;

1110 8. a. For taxable years beginning on and after January 1, 2004, the amount of any intangible
1111 expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or
1112 indirectly with one or more direct or indirect transactions with one or more related members to the extent

1113 such expenses and costs were deductible or deducted in computing federal taxable income for Virginia
1114 purposes. This addition shall not be required for any portion of the intangible expenses and costs if one of
1115 the following applies:

1116 (1) The corresponding item of income received by the related member is subject to a tax based on
1117 or measured by net income or capital imposed by Virginia, another state, or a foreign government that has
1118 entered into a comprehensive tax treaty with the United States government;

1119 (2) The related member derives at least one-third of its gross revenues from the licensing of
1120 intangible property to parties who are not related members, and the transaction giving rise to the expenses
1121 and costs between the corporation and the related member was made at rates and terms comparable to the
1122 rates and terms of agreements that the related member has entered into with parties who are not related
1123 members for the licensing of intangible property; or

1124 (3) The corporation can establish to the satisfaction of the Tax Commissioner that the intangible
1125 expenses and costs meet both of the following: (i) the related member during the same taxable year directly
1126 or indirectly paid, accrued or incurred such portion to a person who is not a related member, and (ii) the
1127 transaction giving rise to the intangible expenses and costs between the corporation and the related
1128 member did not have as a principal purpose the avoidance of any portion of the tax due under this chapter.

1129 b. A corporation required to add to its federal taxable income intangible expenses and costs
1130 pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return
1131 for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this
1132 article for such taxable year including tax upon any amount of intangible expenses and costs required to
1133 be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the
1134 transaction or transactions between the corporation and a related member or members that resulted in the
1135 corporation's taxable income being increased, as required under subdivision a, for such intangible
1136 expenses and costs.

1137 If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and
1138 convincing evidence, that the transaction or transactions between the corporation and a related member or
1139 members resulting in such increase in taxable income pursuant to subdivision a had a valid business

1140 purpose other than the avoidance or reduction of the tax due under this chapter, the Tax Commissioner
1141 shall permit the corporation to file an amended return. For purposes of such amended return, the
1142 requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is
1143 satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance or
1144 reduction of the tax due under this chapter. Such amended return shall be filed by the corporation within
1145 one year of the written permission granted by the Tax Commissioner and any refund of the tax imposed
1146 under this article shall include interest at a rate equal to the rate of interest established under § 58.1-15
1147 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of such amended
1148 return, any related member of the corporation that subtracted from taxable income amounts received
1149 pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that portion of such
1150 amounts for which the corporation has filed an amended return pursuant to this subdivision. In addition,
1151 for such transactions identified by the Tax Commissioner herein by which he has been satisfied by clear
1152 and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax returns
1153 for subsequent taxable years to deduct the related intangible expenses and costs without making the
1154 adjustment under subdivision a.

1155 The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of
1156 any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating
1157 the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision
1158 upon payment of such fee.

1159 No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision
1160 shall be maintained in any court of this Commonwealth.

1161 c. Nothing in subdivision B 8 shall be construed to limit or negate the Department's authority under
1162 § 58.1-446;

1163 9. a. For taxable years beginning on and after January 1, 2004, the amount of any interest expenses
1164 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with
1165 one or more direct or indirect transactions with one or more related members to the extent such expenses

1166 and costs were deductible or deducted in computing federal taxable income for Virginia purposes. This
1167 addition shall not be required for any portion of the interest expenses and costs, if:

1168 (1) The related member has substantial business operations relating to interest-generating
1169 activities, in which the related member pays expenses for at least five full-time employees who maintain,
1170 manage, defend or are otherwise responsible for operations or administration relating to the interest-
1171 generating activities; and

1172 (2) The interest expenses and costs are not directly or indirectly for, related to or in connection
1173 with the direct or indirect acquisition, maintenance, management, sale, exchange, or disposition of
1174 intangible property; and

1175 (3) The transaction giving rise to the expenses and costs between the corporation and the related
1176 member has a valid business purpose other than the avoidance or reduction of taxation and payments
1177 between the parties are made at arm's length rates and terms; and

1178 (4) One of the following applies:

1179 (i) The corresponding item of income received by the related member is subject to a tax based on
1180 or measured by net income or capital imposed by Virginia, another state, or a foreign government that has
1181 entered into a comprehensive tax treaty with the United States government;

1182 (ii) Payments arise pursuant to a pre-existing contract entered into when the parties were not related
1183 members provided the payments continue to be made at arm's length rates and terms;

1184 (iii) The related member engages in transactions with parties other than related members that
1185 generate revenue in excess of \$2 million annually; or

1186 (iv) The transaction giving rise to the interest payments between the corporation and a related
1187 member was done at arm's length rates and terms and meets any of the following: (a) the related member
1188 uses funds that are borrowed from a party other than a related member or that are paid, incurred or passed-
1189 through to a person who is not a related member; (b) the debt is part of a regular and systematic funds
1190 management or portfolio investment activity conducted by the related member, whereby the funds of two
1191 or more related members are aggregated for the purpose of achieving economies of scale, the internal
1192 financing of the active business operations of members, or the benefit of centralized management of funds;

1193 (c) financing the expansion of the business operations; or (d) restructuring the debt of related members,
1194 or the pass-through of acquisition-related indebtedness to related members.

1195 b. A corporation required to add to its federal taxable income interest expenses and costs pursuant
1196 to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the
1197 taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article
1198 for such taxable year including tax upon any amount of interest expenses and costs required to be added
1199 to federal taxable income pursuant to subdivision a, to consider evidence relating to the transaction or
1200 transactions between the corporation and a related member or members that resulted in the corporation's
1201 taxable income being increased, as required under subdivision a, for such interest expenses and costs.

1202 If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and
1203 convincing evidence, that the transaction or transactions between the corporation and a related member or
1204 members resulting in such increase in taxable income pursuant to subdivision a had a valid business
1205 purpose other than the avoidance or reduction of the tax due under this chapter and that the related
1206 payments between the parties were made at arm's length rates and terms, the Tax Commissioner shall
1207 permit the corporation to file an amended return. For purposes of such amended return, the requirements
1208 of subdivision a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has
1209 identified) that the transaction had a valid business purpose other than the avoidance or reduction of the
1210 tax due under this chapter and that the related payments between the parties were made at arm's length
1211 rates and terms. Such amended return shall be filed by the corporation within one year of the written
1212 permission granted by the Tax Commissioner and any refund of the tax imposed under this article shall
1213 include interest at a rate equal to the rate of interest established under § 58.1-15 and such interest shall
1214 accrue as provided under § 58.1-1833. However, upon the filing of such amended return, any related
1215 member of the corporation that subtracted from taxable income amounts received pursuant to subdivision
1216 C 21 shall be subject to the tax imposed under this article on that portion of such amounts for which the
1217 corporation has filed an amended return pursuant to this subdivision. In addition, for such transactions
1218 identified by the Tax Commissioner herein by which he has been satisfied by clear and convincing
1219 evidence, the Tax Commissioner may permit the corporation in filing income tax returns for subsequent

1220 taxable years to deduct the related interest expenses and costs without making the adjustment under
1221 subdivision a.

1222 The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of
1223 any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating
1224 the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision
1225 upon payment of such fee.

1226 No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision
1227 shall be maintained in any court of this Commonwealth.

1228 c. Nothing in subdivision B 9 shall be construed to limit or negate the Department's authority under
1229 § 58.1-446.

1230 d. For purposes of subdivision B 9:

1231 "Arm's-length rates and terms" means that (i) two or more related members enter into a written
1232 agreement for the transaction, (ii) such agreement is of a duration and contains payment terms substantially
1233 similar to those that the related member would be able to obtain from an unrelated entity, (iii) the interest
1234 is at or below the applicable federal rate compounded annually for debt instruments under § 1274(d) of
1235 the Internal Revenue Code that was in effect at the time of the agreement, and (iv) the borrower or payor
1236 adheres to the payment terms of the agreement governing the transaction or any amendments thereto.

1237 "Valid business purpose" means one or more business purposes that alone or in combination
1238 constitute the motivation for some business activity or transaction, which activity or transaction improves,
1239 apart from tax effects, the economic position of the taxpayer, as further defined by regulation.

1240 10. a. For taxable years beginning on and after January 1, 2009, the amount of dividends deductible
1241 under §§ 561 and 857 of the Internal Revenue Code by a Captive Real Estate Investment Trust (REIT).
1242 For purposes of this subdivision, a REIT is a Captive REIT if:

1243 (1) It is not regularly traded on an established securities market;

1244 (2) More than 50 percent of the voting power or value of beneficial interests or shares of which, at
1245 any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single

1246 entity that is (i) a corporation or an association taxable as a corporation under the Internal Revenue Code;
1247 and (ii) not exempt from federal income tax pursuant to § 501(a) of the Internal Revenue Code; and
1248 (3) More than 25 percent of its income consists of rents from real property as defined in § 856(d)
1249 of the Internal Revenue Code.

1250 b. For purposes of applying the ownership test of subdivision 10 a (2), the following entities shall
1251 not be considered a corporation or an association taxable as a corporation:

1252 (1) Any REIT that is not treated as a Captive REIT;

1253 (2) Any REIT subsidiary under § 856 of the Internal Revenue Code other than a qualified REIT
1254 subsidiary of a Captive REIT;

1255 (3) Any Listed Australian Property Trust, or an entity organized as a trust, provided that a Listed
1256 Australian Property Trust owns or controls, directly or indirectly, 75 percent or more of the voting or value
1257 of the beneficial interests or shares of such trust; and

1258 (4) Any Qualified Foreign Entity.

1259 c. For purposes of subdivision B 10, the constructive ownership rules prescribed under § 318(a) of
1260 the Internal Revenue Code, as modified by § 856(d)(5) of the Internal Revenue Code, shall apply in
1261 determining the ownership of stock, assets, or net profits of any person.

1262 d. For purposes of subdivision B 10:

1263 "Listed Australian Property Trust" means an Australian unit trust registered as a Management
1264 Investment Scheme, pursuant to the Australian Corporations Act, in which the principal class of units is
1265 listed on a recognized stock exchange in Australia and is regularly traded on an established securities
1266 market.

1267 "Qualified Foreign Entity" means a corporation, trust, association or partnership organized outside
1268 the laws of the United States and that satisfies all of the following criteria:

1269 (1) At least 75 percent of the entity's total asset value at the close of its taxable year is represented
1270 by real estate assets, as defined in § 856(c)(5)(B) of the Internal Revenue Code, thereby including shares
1271 or certificates of beneficial interest in any REIT, cash and cash equivalents, and U.S. Government
1272 securities;

1273 (2) The entity is not subject to a tax on amounts distributed to its beneficial owners, or is exempt
1274 from entity level tax;

1275 (3) The entity distributes, on an annual basis, at least 85 percent of its taxable income, as computed
1276 in the jurisdiction in which it is organized, to the holders of its shares or certificates of beneficial interest;

1277 (4) The shares or certificates of beneficial interest of such entity are regularly traded on an
1278 established securities market or, if not so traded, not more than 10 percent of the voting power or value in
1279 such entity is held directly, indirectly, or constructively by a single entity or individual; and

1280 (5) The entity is organized in a country that has a tax treaty with the United States.

1281 e. For taxable years beginning on or after January 1, 2016, for purposes of subdivision B 10, any
1282 voting power or value of the beneficial interests or shares in a REIT that is held in a segregated asset
1283 account of a life insurance corporation as described in § 817 of the Internal Revenue Code shall not be
1284 taken into consideration when determining if such REIT is a Captive REIT.

1285 11. For taxable years beginning on or after January 1, 2016, to the extent that tax credit is allowed
1286 for the same donation pursuant to § 58.1-439.12:12, any amount claimed as a federal income tax deduction
1287 for such donation under § 170 of the Internal Revenue Code, as amended or renumbered.

1288 C. There shall be subtracted to the extent included in and not otherwise subtracted from federal
1289 taxable income:

1290 1. Income derived from obligations, or on the sale or exchange of obligations, of the United States
1291 and on obligations or securities of any authority, commission or instrumentality of the United States to
1292 the extent exempt from state income taxes under the laws of the United States including, but not limited
1293 to, stocks, bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes,
1294 interest on equipment purchase contracts, or interest on other normal business transactions.

1295 2. Income derived from obligations, or on the sale or exchange of obligations of this
1296 Commonwealth or of any political subdivision or instrumentality of this Commonwealth.

1297 3. Dividends upon stock in any domestic international sales corporation, as defined by § 992 of
1298 the Internal Revenue Code, 50 percent or more of the income of which was assessable for the preceding

1299 year, or the last year in which such corporation has income, under the provisions of the income tax laws
1300 of the Commonwealth.

1301 4. The amount of any refund or credit for overpayment of income taxes imposed by this
1302 Commonwealth or any other taxing jurisdiction.

1303 5. Any amount included therein by the operation of the provisions of § 78 of the Internal Revenue
1304 Code (foreign dividend gross-up).

1305 6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not
1306 deducted for federal purposes on account of the provisions of § 280C(a) of the Internal Revenue Code.

1307 7. Any amount included therein by the operation of § 951 of the Internal Revenue Code (subpart
1308 F income) or, for taxable years beginning on and after January 1, 2018, § 951A of the Internal Revenue
1309 Code (Global Intangible Low-Taxed Income).

1310 8. Any amount included therein which is foreign source income as defined in § 58.1-302.

1311 9. [Repealed.]

1312 10. The amount of any dividends received from corporations in which the taxpaying corporation
1313 owns 50 percent or more of the voting stock.

1314 11. [Repealed.]

1315 12, 13. [Expired.]

1316 14. For taxable years beginning on or after January 1, 1995, the amount for "qualified research
1317 expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not
1318 deducted, on account of the provisions of § 280C(c) of the Internal Revenue Code.

1319 15. For taxable years beginning on or after January 1, 2000, the total amount actually contributed
1320 in funds to the Virginia Public School Construction Grants Program and Fund established in Chapter 11.1
1321 (§ 22.1-175.1 et seq.) of Title 22.1.

1322 16. For taxable years beginning on or after January 1, 2000, but before January 1, 2015, the gain
1323 derived from the sale or exchange of real property or the sale or exchange of an easement to real property
1324 which results in the real property or the easement thereto being devoted to open-space use, as that term is
1325 defined in § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in

1326 accordance with this subdivision, no tax credit under this chapter for donating land for its preservation
1327 shall be allowed for three years following the year in which the subtraction is taken.

1328 17. For taxable years beginning on and after January 1, 2001, any amount included therein with
1329 respect to § 58.1-440.1.

1330 18. For taxable years beginning on and after January 1, 1999, income received as a result of (i) the
1331 "Master Settlement Agreement," as defined in § 3.2-3100; and (ii) the National Tobacco Grower
1332 Settlement Trust dated July 19, 1999, by (a) tobacco farming businesses; (b) any business holding a
1333 tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural Adjustment Act of
1334 1938; or (c) any business having the right to grow tobacco pursuant to such a quota allotment.

1335 19, 20. [Repealed.]

1336 21. For taxable years beginning on and after January 1, 2004, any amount of intangible expenses
1337 and costs or interest expenses and costs added to the federal taxable income of a corporation pursuant to
1338 subdivision B 8 or B 9 shall be subtracted from the federal taxable income of the related member that
1339 received such amount if such related member is subject to Virginia income tax on the same amount.

1340 22. For taxable years beginning on and after January 1, 2009, any gain recognized from the sale of
1341 launch services to space flight participants, as defined in 49 U.S.C. § 70102, or launch services intended
1342 to provide individuals the training or experience of a launch, without performing an actual launch. To
1343 qualify for a deduction under this subdivision, launch services must be performed in Virginia or originate
1344 from an airport or spaceport in Virginia.

1345 23. For taxable years beginning on and after January 1, 2009, any gain recognized as a result of
1346 resupply services contracts for delivering payload, as defined in 49 U.S.C. § 70102, entered into with the
1347 Commercial Orbital Transportation Services division of the National Aeronautics and Space
1348 Administration or other space flight entity, as defined in § 8.01-227.8, and launched from an airport or
1349 spaceport in Virginia.

1350 24. For taxable years beginning on or after January 1, 2011, any income taxed as a long-term
1351 capital gain for federal income tax purposes, or any income taxed as investment services partnership
1352 interest income (otherwise known as investment partnership carried interest income) for federal income

1353 tax purposes. To qualify for a subtraction under this subdivision, such income must be attributable to an
1354 investment in a "qualified business," as defined in § 58.1-339.4, or in any other technology business
1355 approved by the Secretary of Administration, provided the business has its principal office or facility in
1356 the Commonwealth and less than \$3 million in annual revenues in the fiscal year prior to the investment.
1357 To qualify for a subtraction under this subdivision, the investment must be made between the dates of
1358 April 1, 2010, and June 30, 2020. No taxpayer who has claimed a tax credit for an investment in a
1359 "qualified business" under § 58.1-339.4 shall be eligible for the subtraction under this subdivision for an
1360 investment in the same business.

1361 25. a. Income, including investment services partnership interest income (otherwise known as
1362 investment partnership carried interest income), attributable to an investment in a Virginia venture capital
1363 account. To qualify for a subtraction under this subdivision, the investment shall be made on or after
1364 January 1, 2018, but before December 31, 2023. No subtraction shall be allowed under this subdivision
1365 for an investment in a company that is owned or operated by an affiliate of the taxpayer. No subtraction
1366 shall be allowed under this subdivision for a taxpayer who has claimed a subtraction under subdivision C
1367 24 for the same investment.

1368 b. As used in this subdivision 25:

1369 "Qualified portfolio company" means a company that (i) has its principal place of business in the
1370 Commonwealth; (ii) has a primary purpose of production, sale, research, or development of a product or
1371 service other than the management or investment of capital; and (iii) provides equity in the company to
1372 the Virginia venture capital account in exchange for a capital investment. "Qualified portfolio company"
1373 does not include a company that is an individual or sole proprietorship.

1374 "Virginia venture capital account" means an investment fund that has been certified by the
1375 Department as a Virginia venture capital account. In order to be certified as a Virginia venture capital
1376 account, the operator of the investment fund shall register the investment fund with the Department prior
1377 to December 31, 2023, (i) indicating that it intends to invest at least 50 percent of the capital committed
1378 to its fund in qualified portfolio companies and (ii) providing documentation that it employs at least one
1379 investor who has at least four years of professional experience in venture capital investment or

1380 substantially equivalent experience. "Substantially equivalent experience" includes, but is not limited to,
1381 an undergraduate degree from an accredited college or university in economics, finance, or a similar field
1382 of study. The Department may require an investment fund to provide documentation of the investor's
1383 training, education, or experience as deemed necessary by the Department to determine substantial
1384 equivalency. If the Department determines that the investment fund employs at least one investor with the
1385 experience set forth herein, the Department shall certify the investment fund as a Virginia venture capital
1386 account at such time as the investment fund actually invests at least 50 percent of the capital committed
1387 to its fund in qualified portfolio companies.

1388 26. a. Income attributable to an investment in a Virginia real estate investment trust. To qualify for
1389 a subtraction under this subdivision, the investment shall be made on or after January 1, 2019, but before
1390 December 31, 2024. No subtraction shall be allowed for an investment in a trust that is managed by an
1391 affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has
1392 claimed a subtraction under subdivision C 24 or 25 for the same investment.

1393 b. As used in this subdivision 26:

1394 "Distressed" means satisfying the criteria applicable to a locality described in subdivision E 2 of §
1395 2.2-115.

1396 "Double distressed" means satisfying the criteria applicable to a locality described in subdivision
1397 E 3 of § 2.2-115.

1398 "Virginia real estate investment trust" means a real estate investment trust, as defined in 26 U.S.C.
1399 § 856, that has been certified by the Department as a Virginia real estate investment trust. In order to be
1400 certified as a Virginia real estate investment trust, the trustee shall register the trust with the Department
1401 prior to December 31, 2024, indicating that it intends to invest at least 90 percent of trust funds in Virginia
1402 and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed. If
1403 the Department determines that the trust satisfies the preceding criteria, the Department shall certify the
1404 trust as a Virginia real estate investment trust at such time as the trust actually invests at least 90 percent
1405 of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed
1406 or double distressed.

1407 27. For taxable years beginning on and after January 1, 2019, any gain recognized from the taking
1408 of real property by condemnation proceedings.

1409 28. For taxable years beginning before January 1, 2021, up to \$100,000 of all grant funds received
1410 by the taxpayer under the Rebuild Virginia program established by the Governor and administered by the
1411 Department of Small Business and Supplier Diversity.

1412 D. For taxable years beginning on and after January 1, 2006, there shall be subtracted from federal
1413 taxable income contract payments to a producer of quota tobacco or a tobacco quota holder as provided
1414 under the American Jobs Creation Act of 2004 (P.L. 108-357) as follows:

1415 1. If the payment is received in installment payments, then the recognized gain, including any gain
1416 recognized in taxable year 2005, may be subtracted in the taxable year immediately following the year in
1417 which the installment payment is received.

1418 2. If the payment is received in a single payment, then 10 percent of the recognized gain may be
1419 subtracted in the taxable year immediately following the year in which the single payment is received.
1420 The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

1421 E. Adjustments to federal taxable income shall be made to reflect the transitional modifications
1422 provided in § 58.1-315.

1423 F. Notwithstanding any other provision of law, the income from any disposition of real property
1424 which is held by the taxpayer for sale to customers in the ordinary course of the taxpayer's trade or
1425 business, as defined in § 453(l)(1)(B) of the Internal Revenue Code, of property made on or after January
1426 1, 2009, may, at the election of the taxpayer, be recognized under the installment method described under
1427 § 453 of the Internal Revenue Code, provided that (i) the election relating to the dealer disposition of the
1428 property has been made on or before the due date prescribed by law (including extensions) for filing the
1429 taxpayer's return of the tax imposed under this chapter for the taxable year in which the disposition occurs,
1430 and (ii) the dealer disposition is in accordance with restrictions or conditions established by the
1431 Department, which shall be set forth in guidelines developed by the Department. Along with such
1432 restrictions or conditions, the guidelines shall also address the recapture of such income under certain

1433 circumstances. The development of the guidelines shall be exempt from the Administrative Process Act
1434 (§ 2.2-4000 et seq.).

1435 G. There shall be deducted to the extent included in and not otherwise subtracted from federal
1436 taxable income a percentage of the business interest disallowed as a deduction pursuant to § 163(j) of the
1437 Internal Revenue Code in the amount of:

- 1438 1. 20 percent for taxable years beginning on and after January 1, 2018, but before January 1, 2022;
- 1439 2. 30 percent for taxable years beginning on and after January 1, 2022, but before January 1, 2024;
- 1440 and
- 1441 3. 50 percent for taxable years beginning on and after January 1, 2024.

1442 For purposes of subsection G, "business interest" means the same as that term is defined under §
1443 163(j) of the Internal Revenue Code.

1444 H. For taxable years beginning before January 1, 2021, there shall be deducted to the extent not
1445 otherwise subtracted from federal taxable income up to \$100,000 of the amount that is not deductible
1446 when computing federal taxable income solely on account of the portion of subdivision B 10 of § 58.1-
1447 301 related to Paycheck Protection Program loans.

1448 I. For taxable years beginning on and after January 1, 2024, there shall be deducted to the extent
1449 not otherwise subtracted from federal taxable income any amount donated to the Virginia College
1450 Opportunity Fund established in § 23.1-717.

1451 #