

**2025 General Assembly Session  
Senate Finance and Appropriations Committee  
Consideration of Tax Bills**

**Proposals to create or expand credits, deductions, subtractions, or exemptions for income or sales and use tax will be considered only in a session when a biennial budget is being adopted.**

**Proposals to create or expand income credits, deductions, subtractions, or exemptions for income or sales and use tax will only be considered if the proposal identifies a source of funding.**

To provide accountability and to secure specific and targeted taxpayer behavior, most tax credit legislation can be best expressed as appropriation grants. Such grants should have measurable benefits to the Commonwealth with the benefits being realized before the time of the related appropriation.

Tax credits and sales and use tax exemptions will have a sunset date of no later than June 30, 2030, consistent with adopted budget language, unless a specific exception applies, consistent with previous practice since 2016.

**Principles for Considering Current and Future Tax Credit Bills**

- Tax credits can be allowed for up to 65.0 percent of a taxpayer's donation, investment or other specified value; they will typically not be refundable or transferable.
  - If a payment to taxpayer is desired, it should take the form of an appropriated grant.
  - Fiscal impact analysis must demonstrate a future increase in revenue as a result of the proposed tax credit or budgetary savings in excess of the credit.
- Tax credits must apply to a specific intended future revenue or budgetary savings purpose rather than being applied broadly to a class of entities.
- The above principles will apply when considering a proposed expansion of an existing tax credit.

## **Committee Policies for Considering Tax Credit Bills**

- Tax credit bills will generally be scheduled during the final week for Committee action on bills, in order to provide maximum time for revenue impact statements to be developed.
- If TAX Department or JLARC cannot indicate a specific impact or indicates that the revenue impact is more than de minimus or unknown, the Committee Chair will move that the bill be passed by for the year and will refer the bill by letter to JLARC or TAX for further revenue impact analysis during the interim.
- Before tax credit bills are taken up by the Committee, staff will provide a cumulative dollar total of the budget impact (revenue and expenditure) from bills already passed by the Committee.
- The above-stated principles and policies will govern action on tax credits unless the Committee finds that there is a compelling reason to do otherwise.