



This Week in State Tax (TWIST)

April 24, 2023



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Virginia: Commonwealth Moves to Rolling Conformity (Sort of)

Identical bills (House Bill 2193 and Senate Bill 1405) signed into law on April 12, 2023, move Virginia from a fixed-date conformity state to a rolling conformity state- with a caveat. Specifically, for tax years beginning on or after January 1, 2023, Virginia conforms to the Internal Revenue Code on a rolling basis. However, subject to certain exceptions, the Commonwealth will not adopt any federal amendment enacted after January 1, 2023 that would increase or decrease General Fund revenues by more than \$15 million in the fiscal year in which the amendment was enacted or any of the succeeding four fiscal years. Virginia will also decouple from amendments enacted on or after January 1, 2023 and occurring between adjournment sine die of the previous regular session of the General Assembly and the first day of the subsequent regular session of the General Assembly if the cumulative impact of such amendments would increase or decrease General Fund revenues by more than \$75 million in the fiscal year in which the amendments were enacted or any of the succeeding four fiscal years. There is an exception to these limitations for any federal extenders, which are provisions that extend the effective date of federal law that as previously adopted in Virginia. The Secretary of Finance shall annually provide a report on or before November 15 of each year on the fiscal impact of amendments to federal income tax law occurring since the adjournment sine die of the preceding regular session of the General Assembly to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committees on Appropriations and Finance. The Secretary of Finance shall also provide updates to the same Chairmen on any further amendments to federal income tax law occurring between submission of the required report and the first day of the subsequent regular session of the General Assembly. Please stay tuned to TWIST for additional legislative updates.



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