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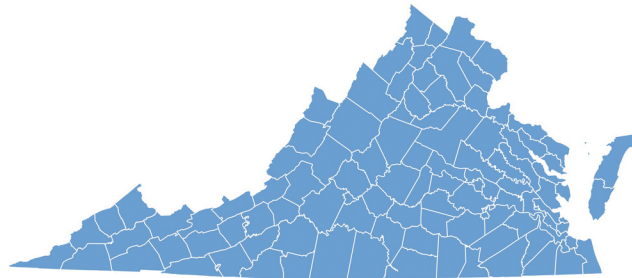


Virginia Federation of NARFE (VFN)

Serving 297,673
Active and Retired VA Voters

149,335 Annuitants &
Survivor Annuitants

131,928 Active Federal &
16,410 Postal Employees



37 Local Chapters

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National Active & Retired Federal Employees Association (NARFE)



Virginia Federation of NARFE (VFN)

2023 State Legislative Plan

*Protecting Earned Benefits of Active &
Retired Federal Employees and the
Interests of Annuitant Spouses*

Exempting a Segment of CSRS Pensions Equivalent to Social Security Retirement

The General Assembly passed H.R.1128 in 2022, which will exempt military retirement/surviving spouse retirement benefits from Virginia income tax. We support this exemption (more precisely, a “subtraction”), because the members of the military and their families provide a valuable service to our Nation by protecting our National interests, and it is befitting to provide them with tax relief. Moreover, we believe that Federal civilian employees working in Virginia provide a valuable service to the Commonwealth and its residents in carrying out federal programs that benefit all Virginians. Consequently, from a fairness standpoint, we feel federal retirees - specifically, those under Civil Service Retirement System (CSRS) - should also receive tax relief. Such relief could be structured like the military-retirement benefit subtraction or structured to provide a comparable subtraction.

A CSRS-related subtraction would also put CSRS retiree/annuitants in a position roughly comparable to that of federal employees who retired under the Federal Employee Retirement System (FERS). A substantial segment of FERS retirement benefits consists of Social Security benefits, with the remaining segment consisting of an annuity. Social Security benefits are not subject to Virginia income tax, while the annuity segment is taxable. Thus, FERS retirees pay tax on a portion of their benefits.

However, CSRS retirees pay tax on tax on their **entire** benefits. This demonstrates an unfair anomaly in Virginia’s tax structure. We believe the time has come to correct this anomaly. We urge the General Assembly to enact legislation that would create a subtraction of a segment of CSRS benefits from Virginia income taxes. Moreover, Section 111 of U.S. Code, title 4, prohibits discrimination by state/local tax authorities against federal employees because of their source of income.

H.B.646 Nursing Home Standards of Care & Staff Requirements; Regs.

This bill, as introduced, would require the State Board of Health to establish staffing and care standards in nursing homes to require a minimum of direct care services to each resident per 24-hour period as follows: (i) a minimum of 2.8 direct care hours provided by a nurse aide per resident, per day; (ii) a minimum of 1.3 direct care hours provided by a registered nurse or licensed practical nurse per resident, per day; and (iii) a minimum of 0.75 hours out of a total 4.1 required direct hours provided by a registered nurse per resident, per day.

However, a recommended substitute version of the bill would phase-in the care standards beginning on July 1, 2023, by increasing the number of required direct care hours in two-year increments until the level in the introduced version is reached by July 1, 2031.

The bill also requires nursing homes to provide quarterly staff training on first aid, medication administration, and compliance with nursing home policies and procedures. The bill was carried over to 2023 in the House Committee on Health, Welfare, and Institutions.

Family Caregiver Tax Credit

We support legislation that would create a non-refundable income tax credit for certain expenses incurred by an individual in caring for an eligible family member who requires assistance with one or more activities of daily living. The credit shall equal 50% of eligible expenditures incurred by the caregiver up to \$1,000. To qualify for the credit, the family caregiver must (i) not receive any compensation or reimbursement for the eligible expenditures, and (ii) have federal adjusted gross income that is not greater than \$100,000 for an individual and \$200,000 for married persons.

The Tax Commissioner would establish guidelines for claiming the credit and provide that any unused credit may be carried forward by the taxpayer for five taxable years following the taxable year for which the credit was issued. H.B.291 was presented in 2022, but was left in the House Committee on Appropriations.

Age Deduction

We support an amendment to the Virginia Legislative Code § 58.1-322.03, Virginia taxable income and deductions, 5.b. to allow a deduction to all individuals 65 and older in the amount of \$12,000 without any means testing.

Allow Virginia Tax Filers to Itemize Even if Federal Standard Deduction is Used

We support legislation allowing Virginia taxpayers to itemize deductions on their state returns regardless of whether the taxpayers claim the standard deduction on their federal returns.