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**Celebrating
100 Years of
Public Service**

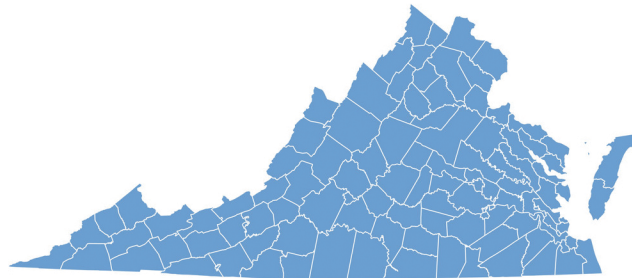


Virginia Federation of NARFE (VFN)

**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)

2024 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”). 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.

CSRS retirees pay tax on their **entire** benefit. 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.

Virginia Tax Law unfairly distinguishes between Federal Retirees and Disadvantaged CSRS Retirees. FERS retirees VAGI deducts their federally-taxed Social Security income from Virginia liability and also subtracts social security benefits when calculating the income-based deductions (65+) for the means-tested \$12,000 deduction.

The General Assembly must eliminate unfairness in the Virginia Tax Code that differentiates federal retirees based on which retirement system they belong to.

Age Deduction

We urge the General Assembly to amend the means-tested Age 65 and Older Deduction (currently \$12,000 per eligible recipient) by eliminating that income level requirement. (see Virginia Tax Code § 58.1-322.03)

Virginia excludes 100% of Social Security benefits from State Taxable Income, but no such exclusion is given for CSRS annuities or any portion of a CSRS annuity. In addition, for Virginia’s income based Age 65+ Deduction, Social Security is again removed in the calculation of income while none of the CSRS annuity is removed thus rendering many CSRS annuitants ineligible for the \$12,000 Age 65+ Deduction.

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 presented by Del Sam Rasoul was in 2022, but left in the House Committee on Appropriations. Del. Sam Rasoul will continue to advocate for this bill. S.B. 632 was introduced by Sen. M. Locke in 2023 but was left in Senate Finance and Appropriations.

Nursing Home Priorities

Virginia needs to be proactive in addressing the growing needs of our elderly population. Each of these proposals are life-saving and/or life-enhancing legislation: (i) Enact minimum hourly nursing home staffing levels per resident, per day for nurses and nurses aides. (ii) Funds for the Virginia Center on Aging Geriatric Education Center Initiative, to develop the skills and capacities of the gerontological and geriatric work force. (iii) Provide living wages, overtime pay and training for direct care workers to build a quality cost-effective work force.