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HOUSE BILL NO. 1105

House Amendments in [] — February 17, 2000

A *BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.8, relating to earned-income tax credit.*

Patrons—Moran, Albo, Almand, Amundson, Armstrong, Baskerville, Brink, Christian, Crittenden, Darner, Deeds, Hall, Phillips, Plum, Tate, Thomas, Van Landingham, Van Yahres, Watts and Woodrum; Senators: Colgan, Howell, Lambert, Miller, Y.B. and Quayle

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.8 as follows:

§ 58.1-339.8. Earned-income tax credit.

For taxable years beginning on and after January 1, [2000 2001], any individual shall be allowed a refundable credit against the tax levied pursuant to § 58.1-320 in an amount equal to ten percent of the federal earned-income credit allowed such individual for the taxable year under § 32 (a) (1) of the Internal Revenue Code, using the percentages under § 32 (b) with the limitation contained in § 32 (a) (2). Any individual whose credit exceeds his tax liability shall receive a refund equal to such excess amount.

[In the case of a nonresident taxpayer, the amount of credit allowed under this section shall not exceed the nonresident's Virginia tax liability. In the case of a part-year resident taxpayer whose credit exceeds his tax liability, any refund amount shall be limited to the amount of the excess multiplied by a fraction, the numerator of which is federal adjusted gross income for the periods of Virginia residence, and the denominator of which is federal adjusted gross income for the entire taxable year.

2. That the provisions of this act shall become effective upon written notice from the U.S. Department of Health and Human Services that (i) the income tax credit provided by this act qualifies as a portion of the Commonwealth's maintenance of effort under its Temporary Assistance to Needy Families (TANF) plan; (ii) the Commonwealth is exempt from the reporting requirements found in § 275.3 of Title 45 of the Code of Federal Regulations for families receiving the tax credit; and (iii) the exemption above will not disqualify the Commonwealth from receiving a work participation rate reduction based on a reduction in the TANF caseload, from receiving a high performance bonus, or from being considered for a reduction in penalties for failing to meet the work participation requirements.

3. That the provisions of this act shall be effective for taxable years beginning on and after January 1, 2001, unless one or more of the events listed in subsection C of § 58.1-3524 has occurred prior to such date. If any one of these events occurs before January 1, 2001, this act shall not become effective for taxable years beginning on and after January 1, 2001, but shall instead become effective for taxable years beginning on and after January 1 of the first year thereafter when none of the events listed in subsection C of § 58.1-3524 have occurred during the immediately preceding calendar year.]

ENGROSSED

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