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SENATE BILL NO. 493

Offered January 24, 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 the earned income tax credit for low-income families with children.

Patrons—Puller, Colgan, Howell, Lambert, Marye, Miller, Y.B., Quayle and Whipple; Delegates: Almand, Amundson, Callahan, Darner, Hall, Moran, Phillips, Plum, Thomas, Van Landingham and Van Yahres

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 low-income families with children.

A. As used in this section, unless the context requires otherwise:

"Eligible child" means a child, by birth or adoption, of the individual (i) whom the individual claims as a dependent on the individual's income tax return for the taxable year and (ii) who has not attained age eighteen years during the taxable year.

"Family" means an individual, the individual's spouse, and any person claimed as a dependent on the individual's income tax return for the taxable year.

"Poverty guidelines" means the poverty guidelines for the forty-eight contiguous states and the District of Columbia updated annually in the Federal Register by the U.S. Department of Health and Human Services under the authority of § 673 (2) of the Omnibus Budget Reconciliation Act of 1981.

"Virginia adjusted gross income" has the same meaning as the term is defined in § 58.1-321.

B. For taxable years beginning on and after January 1, 2000, any individual whose Virginia adjusted gross income does not exceed the maximum family Virginia income amount set forth in subsection C, as such amount is increased for taxable years beginning on and after January 1, 2001, as provided in subsection D, shall be allowed a credit against the tax levied pursuant to § 58.1-320 in an amount equal to the greater of (i) seventy-five percent of the federal earned-income credit allowed the 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), or (ii) \$300 for each eligible child.

C. An individual shall not be eligible for the credit provided by this section if the Virginia adjusted gross income of the members of the individual's family for the taxable year beginning on or after January 1, 2000, but before January 1, 2001, exceeds the maximum amount stated below that corresponds to the number of persons in the individual's family:

<i>Family size</i>	<i>Maximum family Virginia adjusted gross income amount</i>
<i>Two persons</i>	<i>\$11,060</i>
<i>Three persons</i>	<i>\$13,880</i>
<i>Four persons</i>	<i>\$16,700</i>
<i>Five persons</i>	<i>\$19,520</i>
<i>Six persons</i>	<i>\$22,340</i>
<i>Seven persons</i>	<i>\$25,160</i>
<i>Eight or more persons</i>	<i>\$27,980</i>

D. Beginning in calendar year 2001, the maximum family Virginia adjusted gross income amount corresponding to family size as stated in subsection C shall be the poverty guideline amount corresponding to a household of an equal number of persons as listed in the poverty guidelines published during such taxable year.

E. The amount of the credit provided pursuant to this section for any taxable year shall not exceed the individual's Virginia income tax liability.

INTRODUCED

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