

DEPARTMENT OF TAXATION

2001 Fiscal Impact Statement

1. **Patron** Amundson

3. **Committee** House Finance

4. **Title** Major Business Facility Job Tax Credit

2. **Bill Number** HB 2301

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would reduce the number of qualified full-time jobs required in order to qualify for the Major Business Facility Job Tax Credit from 100 to 50. In economically distressed areas or enterprise zones, the threshold would be reduced from 50 to 25. In addition, a separate threshold of 20 qualified full-time jobs would be established for information technology service businesses.

This bill would be effective for taxable years beginning on and after January 1, 2001.

6. Fiscal Impact Estimates are: Unknown. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

The department would incur minimal administrative costs for systems development and maintenance to implement this bill.

The impact of this bill on General Fund revenues is unknown. Because this bill would reduce the threshold for qualifying for the Major Business Facility Job Tax Credit, more companies could qualify for this credit and/or companies may qualify for larger credits. It is not possible to predict job creation that would qualify for the credit under this proposal. Consequently, the magnitude of the revenue loss is unknown.

9. Specific agency or political subdivisions affected:

Virginia Economic Development Partnership
Department of Business Assistance
Department of Taxation

10. Technical amendment necessary: None.

11. Other comments:

Generally

The Major Business Facility Job Tax Credit provides a tax credit for businesses that create over 100 new, permanent jobs for qualified full-time employees. The 100-job threshold is reduced to 50 in instances where a business is located in an enterprise zone or an economically distressed area.

The credit is equal to \$1,000 for each qualifying new job in excess of a 100-job threshold, and is allowed ratably over a three-year period with the first third of the credit claimed in the credit year.

Proposed Legislation

This bill would reduce the threshold required to qualify for the Major Business Facility Job Tax Credit from 100 new qualified full-time jobs to 50. The threshold for businesses located in an economically distressed area or enterprise zone would be reduced from 50 new qualified full-time jobs to 25. In addition, a new threshold of 20 new qualified full-time jobs for businesses engaged in providing information technology services would be established.

cc: Secretary of Finance