

# DEPARTMENT OF TAXATION

## 2001 Fiscal Impact Statement

1. **Patron** Quayle

3. **Committee** Senate Finance

4. **Title** Technology Internship Program Credits

2. **Bill Number** SB 1261

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

5. **Summary/Purpose:**

This bill would create a grant program of tuition assistance for eligible student interns and two tax credits for employers who provide information technology internships for students or information technology training courses for teachers and guidance counselors. The coverage of this impact statement is limited to the fiscal impact of the two tax credits.

This bill is effective for the taxable year beginning January 1, 2002, but before January 1, 2003.

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

6b. **Revenue Impact:**

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Fund</b></i>
2000-01	\$0	GF
2001-02	\$0	GF
2002-03	<\$2.5 million>	GF

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

While this bill does have costs associated with systems development, these cannot be ascertained at this time. The cost for implementing a **single** piece of legislation cannot be calculated precisely due to economies of scale. The actual cost to implement **all** legislation enacted during a given session will more than likely be less than the sum of the costs attributed to individual bills. Further, the ability to accurately predict costs is complicated because TAX is replacing its current database system. As a result, legislative changes may need to be made to both the current and the future system, depending on the effective date. Therefore, TAX is not providing specific systems costs

for this bill, but will calculate the total for all tax bills once they have been acted upon favorably in both houses and prior to the conference committee report. Other administrative costs to implement this bill would be minimal.

This bill would decrease General Fund revenues by \$2.5 million in FY 2003. It is estimated that the value of the credits claimed will fully utilize the combined \$2.5 million cap.

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
Secretary of Technology

**10. Technical amendment necessary: Yes:**

Under the provisions of this bill, only taxpayers with a calendar year 2002 taxable year would be eligible to receive this credit. All taxpayers with a non-calendar year taxable year would therefore not be eligible to receive this credit. To make all taxable year 2002 taxpayers eligible for this credit, the following amendments are suggested:

Page 1, Line 41, After: beginning  
Insert: on or after

Page 1, Line 46, After: beginning  
Insert: on or after

**11. Other comments:**

This bill would create two tax credits against the income tax for eligible individuals, corporations, and trusts, against the bank franchise tax, against the gross premiums tax on insurance companies, and against the license tax on public service corporations. One of the credits would benefit employers who employ an eligible student intern in an eligible information technology internship. The other credit would be for employers who provide a teacher or guidance counselor with an information technology training course.

**I. Eligible Student Internship Tax Credit**

Employers would be eligible for a tax credit equal to fifty percent of the wages that are paid to an eligible student intern for services performed in connection with an eligible information technology internship. The amount of this credit could not exceed \$2,000 per eligible student. The total amount of credits granted for employing eligible student interns would be limited to \$2 million. The credit allowed could not exceed the taxpayer's tax liability and could be carried over to the next five succeeding years.

An eligible information technology internship would be an internship in a technology-related field performed within Virginia that is (1) a college level internship which qualifies

for course credit at an accredited institution of higher education within the United States in which the student is enrolled, (2) a high school level internship which provides practical, applied experience, or (3) a non-degree program that retrain workers for information technology careers. Technology-related fields would include management information systems, computer science, information technology, telecommunications, or a technology-dependent field such as bioinformatics.

Eligible student interns would be (1) students enrolled in an accredited institution of higher learning who have formally declared as a major course of study a degree program in a technology-related field, (2) students enrolled in a public or an accredited private high school within Virginia, or high school level home-schooled students who are residents of Virginia, or (3) students enrolled in a non-degree information technology retraining program in an accredited institution of higher learning.

## **II. Eligible Teacher Training Course Tax Credit**

Employers would be eligible for a tax credit of \$1,000 for every teacher or guidance counselor for whom the employer provides an eligible information technology training course. An employer will only be allowed one credit per teacher or guidance counselor regardless of how many training courses the teacher or guidance counselor is provided by an employer. The total amount of credits granted to employers for providing technology training courses for teachers and guidance counselors would be limited to \$500,000. The credit allowed could not exceed the taxpayer's tax liability and may be carried over for the next five succeeding years.

An information technology training course would be an employer-provided work-place experience that provides knowledge to teachers and guidance counselors of how technology is utilized in a technology-related field for which continuing education units or professional development points may be earned by the teacher. The guidelines for determining the proper method for granting continuing education units or professional development points would be determined jointly by the Secretaries of Technology and Education.

### **Other Legislation**

**House Bill 2326** is identical to this bill.

cc: Secretary of Finance

**Date:** 1/20/01/CT

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