

# VIRGINIA ACTS OF ASSEMBLY -- 2005 SESSION

## CHAPTER 414

*An Act to amend and reenact § 58.1-339.9 of the Code of Virginia, relating to rent reductions tax credit.*

[H 2444]

Approved March 21, 2005

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-339.9 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-339.9. Rent reductions tax credit.

For taxable years beginning on and after January 1, 2000, through December 31, ~~2005~~ 2010, any individual shall be entitled to a credit against the tax levied pursuant to § 58.1-320, and any corporation shall be entitled to a credit against the tax levied pursuant to § 58.1-400, provided the following requirements are satisfied: (i) the individual or corporation is engaged in the business of the rental of dwelling units and subject to the Virginia Residential Landlord and Tenant Act (§ 55-248.2 et seq.); (ii) the landlord provides a reduced rent to low-income tenants who either (a) exceed the age of ~~sixty-two~~ 62, (b) are disabled from a physical or mental condition, or (c) have been homeless at any time within the ~~twelve~~ 12 months preceding the commencement of the lease term; and (iii) the rent charged for the elderly, disabled, or previously homeless tenants is at least ~~fifteen~~ 15 percent less than the rent charged to other tenants for comparable units in the same property or, if none, for comparable units in the same market area. No individual or corporation shall be entitled to claim a credit under this section for reduction of rents charged to a tenant on or after January 1, 2000, *and prior to January 1, 2006*, on any dwelling unit unless a credit for rental reductions was validly claimed on such dwelling unit pursuant to § 58.1-339 for all or part of the month of December 1999. *No individual or corporation shall be entitled to claim a credit under this section for reduction of rents charged to a tenant on or after January 1, 2006, and prior to January 1, 2011, on any dwelling unit unless a credit for rental reductions was validly claimed on such dwelling unit pursuant to § 58.1-339 for all or part of the month of December 1999 and unless such tenant was an occupant of such dwelling unit on December 31, 2005.* As used herein, a homeless person includes only persons who resided in a domestic violence shelter or homeless shelter at any time during the ~~twelve~~ 12 months preceding the lease term.

The allowable credit amount shall be ~~fifty~~ 50 percent of the total rent reductions allowed during the taxable year to the elderly, disabled and previously homeless tenants. The amount of the credit for each individual or corporation for each taxable year shall not exceed the total amount of the tax imposed by this chapter. If the amount of such credit exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the income taxes of such individual or corporation in the next five taxable years until the total amount of the tax credit has been taken. Credits granted to a partnership or electing small business corporation (S corporation) shall be passed through to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

The Virginia Housing Development Authority shall certify to the Department of Taxation that the individual or corporation claiming a credit is providing rent reductions as authorized under this section. The Authority shall establish regulations detailing the requirements and procedures applicable to claiming the credit provided for hereunder and setting forth the certification process and may request that the individual or corporation requesting certification submit records and other documents indicating that the requirements of this section have been satisfied. The total amount of credits that may be approved by the Authority in any fiscal year shall not exceed \$50,000.