

077135424

**HOUSE BILL NO. 3165**

Offered January 19, 2007

A *BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:02, relating to a higher education research and development tax credit.*

Patron—Moran

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 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:02 as follows:**

*§ 58.1-439.12:02. Higher education research and development tax credit.*

*A. For taxable years beginning on or after January 1, 2008, any corporation that invests in the research and development programs at one or more of Virginia's institutions of higher education shall be allowed a credit against the tax imposed by § 58.1-400 in an amount equaling 20 percent of investments made on or after January 1, 2008, in such research and development programs.*

*B. The amount of the credit for any corporation shall not exceed \$100,000 for all investments made in Virginia's institutions of higher education research and development programs during the taxable year or the tax imposed by this chapter, whichever is less. If the credit exceeds the tax imposed by this chapter for the taxable year, such excess may be carried over for the next five taxable years by the taxpayer.*

*C. The total amount of tax credits granted under this section for each fiscal year of the Commonwealth shall not exceed \$20 million. A corporation meeting the requirements of this section shall be eligible to receive a tax credit to the extent that the corporation reserves such tax credit through the Department as provided herein.*

*The Department shall establish policies and procedures for the reservation of tax credits by eligible corporations. Such policies and procedures shall provide (i) requirements for applying for reservations of tax credits; (ii) a system for allocating the available amount of tax credits among eligible corporations; (iii) a method for the issuance of reservations to eligible corporations that did not initially receive a reservation in any year, if the Department determines that tax credit reservations were issued to other corporations that did not use or were determined to be wholly or partially ineligible for a reserved tax credit; and (iv) a procedure for the cancellation and reallocation of tax credit reservations allocated to eligible corporations that, after reserving tax credits, have been determined to be ineligible for all or a portion of the tax credits reserved.*

*Actions of the Department relating to the approval or denial of applications for reservations for tax credits pursuant to this section shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).*

INTRODUCED

HB3165