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**SENATE BILL NO. 325**

Offered January 13, 2010

Prefiled January 12, 2010

*A BILL to amend and reenact § 58.1-400 of the Code of Virginia, relating to the corporate income tax rate for certain businesses.*

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Patron—Stuart

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Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-400 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-400. Imposition of tax.

A. A tax at the rate of six percent is hereby annually imposed on the Virginia taxable income for each taxable year of every corporation organized under the laws of the Commonwealth and every foreign corporation having income from Virginia sources.

B. For taxable years beginning on or after January 1, 2010, for every corporation that establishes new offices or operations or expands existing offices or operations in areas of the Commonwealth that are not designated by the United States Environmental Protection Agency as nonattainment areas under the Clean Air Act (42 U.S.C. § 7401 et seq.), the rate of tax imposed hereunder shall be three percent for the first three taxable years such new or expanded offices are in operation. Beginning in the fourth taxable year and thereafter of such offices, the tax rate shall be six percent.

In order for the taxpayer to be eligible for the lower tax rate in this subsection, the taxpayer shall have (i) made a capital investment for the expansion or new office of at least \$250,000 or (ii) hired five or more full-time employees. In no event shall the tax reduction provided by the lower tax rate exceed the actual capital investment expended by the taxpayer in establishing or expanding the business in accordance with this subsection.

INTRODUCED

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