

# 2011 SESSION

INTRODUCED

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## HOUSE BILL NO. 2400

Offered January 17, 2011

A *BILL to amend the Code of Virginia by adding a section numbered 58.1-400.4, relating to a subcontracts corporate income tax credit.*

Patron—Nutter

Referred to Committee on Finance

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

**1. That the Code of Virginia is amended by adding a section numbered 58.1-400.4 as follows:**

*§ 58.1-400.4. Subcontracts corporate tax credit.*

*A. As used in this section, unless the context requires a different meaning:*

*"Large business" means a business subject to Article 10 that has more than 250 full-time employees on its payroll at all times during which it is eligible for the corporate income tax credit provided in this section.*

*"Qualified subcontract" means a contract between a large business and a small business for new work and not an extension of an existing contract in an amount equal to at least \$1 million per year.*

*"Small business" means an independently owned and operated business domiciled in the Commonwealth that is located in (i) a Historically Underutilized Business Zone (HUBZone), as defined in the Small Business Reauthorization Act of 1997 (15 U.S.C. 631 et seq.), or (ii) an enterprise zone in which tax credits are provided in accordance with Chapter 22 (§ 59.1-270 et seq.) of Title 59.1, or is a qualified small, women-owned, minority-owned, or veteran-owned business.*

*B. For taxable years beginning on and after January 1, 2011, a large business shall be eligible for a credit against the tax imposed pursuant to § 58.1-400 in an amount equal to six percent of the value of the large business's new qualified subcontracts or the amount of increase of existing subcontracts. No credit shall be granted for incremental purchases made prior to a taxpayer's 2011 taxable year. There shall be a cap of \$10 million per year on the total amount of all credits allowed for qualified subcontracts that may be eligible under this section. The tax credit shall be available 30 days after the first 12 months of the qualified subcontract.*

*C. The Department of Business Assistance and the Virginia Economic Development Partnership Authority in cooperation with Virginia Economic Bridge, Inc., and their partner nonprofit and governmental economic development organizations shall develop a plan and publish it on their websites for implementing the provisions of this section including, but not limited to, (i) sources for small business lending to help with capitalization, (ii) higher education workforce training, and (iii) small business certification and assistance to help small businesses qualify. The Tax Commissioner shall establish and publish guidelines on the Department of Taxation website regarding the information for large businesses seeking the tax credit to include when filing their tax returns. Such plan and guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).*

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