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## SENATE BILL NO. 1027

Offered January 12, 2011

Prefiled January 11, 2011

A *BILL to amend and reenact § 58.1-439.9 of the Code of Virginia, relating to the tax credit for hiring recipients of Temporary Assistance for Needy Families.*

\_\_\_\_\_  
Patron—Puckett

\_\_\_\_\_  
Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-439.9 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-439.9. Tax credit for certain employers hiring recipients of Temporary Assistance for Needy Families.

A. As used in this section:

"Qualified business employer" means an employer whose business employed not more than 100 employees at the time that the employer first hired a qualified employee.

"Qualified employee" means an employee who is a Virginia resident and is a recipient of Temporary Assistance for Needy Families (TANF) in accordance with the provisions of Chapter 6 (§ 63.2-600 et seq.) of Title 63.2.

B. For taxable years beginning on and after January 1, 1999, a qualified business employer shall be ~~allowed eligible~~ for a credit against the taxes imposed by Articles 2 (§ 58.1-320 et seq.), 6 (§ 58.1-360 et seq.), and 10 (§ 58.1-400 et seq.) of Chapter 3 of this title in an amount equal to five percent of the annual salary actually paid during the taxable year to a qualified employee. However, the annual amount of the credit shall not exceed \$750 per qualified employee. ~~Qualified business employers entitled to the credit pursuant to this section shall provide written evidence, satisfactory to the Tax Commissioner, of employing such qualified employee for the taxable year in which the credit is claimed.~~

*A qualified business employer shall apply to the Department for tax credits issued under this section on forms prescribed by the Department or in accordance with instructions published by the Department. As part of any application the qualified business employer shall provide written evidence, satisfactory to the Tax Commissioner, of employing such qualified employees during the taxable year.*

C. For purposes of this section, the amount of any credit attributable to a partnership, electing small business corporation (S corporation), or limited liability company shall be allocated to the individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in such business entities.

D. Any credit not usable for the taxable year may be carried over for the next three taxable years. The amount of credit allowed pursuant to this section shall not exceed the tax imposed for such taxable year. No credit shall be carried back to a preceding taxable year. If a qualified business employer that is subject to the tax limitation imposed pursuant to this subsection is allowed another credit pursuant to any other section of this Code, or has a credit carryover from a preceding taxable year, such employer shall be considered to have first utilized any credit allowed which does not have a carryover provision, and then any credit which is carried forward from a preceding taxable year, prior to the utilization of any credit allowed pursuant to this section.

E. The amount of tax credits available under this section in any fiscal year shall not exceed the amount appropriated for such year as provided in the general appropriation act.

~~F. The State Board of Social Services shall promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) establishing procedures for claiming the tax credit provided by this section. The Department shall administer and issue tax credits provided under this section. In no case shall the Department issue more than \$3 million in tax credits under this section in any fiscal year of the Commonwealth. In the event that the amount of tax credits requested by qualified business employers and approved by the Department in the fiscal year exceeds \$3 million, the Department shall prorate the \$3 million in tax credits among the approved qualified business employers.~~

*F. The Tax Commissioner shall develop guidelines implementing the provisions of this section. The guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).*

**2. That the provisions of this act shall be effective for taxable years beginning on or after January 1, 2011.**

INTRODUCED

SB1027