

2011 SESSION

INTRODUCED

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SENATE BILL NO. 1442

Offered January 21, 2011

A *BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:06, relating to establishing a small employer health insurance tax credit.*

Patrons—Reynolds, Barker and Petersen

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 58.1-439.12:06 as follows:

§ 58.1-439.12:06. Small employer health insurance tax credit.

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

"Eligible small employer" means the same as such term is defined under § 45R(d) of the Internal Revenue Code, as amended or reenacted.

B. For taxable years beginning on or after January 1, 2011, an eligible small employer shall be allowed a credit against the taxes imposed by Articles 2 (§ 58.1-320 et seq.), 10 (§ 58.1-400 et seq.) of Chapter 3; Chapter 12 (§ 58.1-1200 et seq.); Article 1 (§ 58.1-2500 et seq.) of Chapter 25; or Article 2 (§ 58.1-2620 et seq.) of Chapter 26 of this title in an amount equal to 30 percent of the federal credit claimed by the employer for the taxable year pursuant to § 45R(d) of the Internal Revenue Code, as amended or reenacted, but not to exceed \$5,000 for any taxable year.

C. In no case shall the amount of credit taken by an employer pursuant to this section exceed the employer's tax liability for the year. Any credit not usable for the year may be carried over for credit until the earlier of (i) the full amount of the credit is used or (ii) the expiration of the seventh year after the year for which the credit was first allowed. Credits granted to a partnership, limited liability company, or electing small business corporation (S corporation) shall be allocated to the individual partners, members, or shareholders, respectively, in proportion to their ownership or interest in such business entities.

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