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HOUSE BILL NO. 1050

Offered January 11, 2012
Prefiled January 11, 2012

A BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:11, relating to income tax credits for employing certain former military persons in science, technology, engineering, or mathematics internship positions.

Patrons—Anderson, Crockett-Stark, Helsel, O'Bannon, Rust and Villanueva

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 58.1-439.12:11 as follows:

§ 58.1-439.12:11. Tax credit for former military persons hired into STEM internships.

A. As used in this section, unless the context requires otherwise:

"Military person" means a person who is a retiree of or honorably discharged from the Virginia National Guard, the national guard of another state or U.S. territory, the armed forces of the United States, or the armed forces reserves of the United States.

"Military person in a STEM internship" means a military person (i) who is an employee of the taxpayer and who is working in a STEM position and receiving supervised practical training in such position, (ii) whose employment in the STEM position with the taxpayer is for a definite period not exceeding 12 months, (iii) who is not receiving the standard fringe benefits provided by the taxpayer to its other employees, and (iv) who was not an employee or independent contractor of the taxpayer or any of the taxpayer's affiliates within the 36 months immediately preceding employment in the STEM position with the taxpayer.

"STEM" means a science, technology, engineering, or mathematics discipline.

"STEM position" means a job in the Commonwealth with a principal duty of performing: accounting; acoustical engineering; actuary; aerospace engineering; agricultural technology; astronomy; astrophysics; atmospheric sciences; biochemistry; bioinformatics; biomechanics; chemical engineering; chemistry mathematics; civil engineering; computer engineering; computer science; electrical engineering; environmental technology; geographic information systems; mathematical biology; mechanical engineering; medical device technology; nanotechnology; neurobiology; nuclear physics; operations research; physics; robotics; or any other job with a principal duty of performing a STEM discipline as determined by the Tax Commissioner in consultation with the Superintendent of Public Instruction.

B. For taxable years beginning on or after January 1, 2012, a taxpayer shall be eligible for credit against the tax imposed by § 58.1-320 or 58.1-400 equal to 25 percent of the wages or salary paid during the taxable year by the taxpayer to a military person in a STEM internship.

C. The credit under this section shall be for wages or salary paid to the military person in a STEM internship for an aggregate period not to exceed 12 months.

D. 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.

E. To claim the credit established under this section, the taxpayer shall apply to the Department of Taxation to determine the credit amount allowable for the taxable year in which wages or salary was paid to a military person in a STEM internship. The Department shall issue the tax credit by providing a written certification to the taxpayer of the amount of tax credit that may be claimed. The taxpayer shall attach the certification to the Virginia income tax return filed with the Department. In no case shall the Department issue more than $2 million in tax credits under this section during any fiscal year of the Commonwealth. The Department shall develop procedures to issue tax credits in the event that applications for tax credits exceed $2 million for the fiscal year.

F. In no case shall the amount of credit pursuant to this section taken by a taxpayer for any taxable year exceed the total amount of tax imposed by this chapter upon the taxpayer for the taxable year. If the amount of credit issued by the Department for a taxable year exceeds the taxpayer's tax liability imposed by this chapter for such taxable year, then the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer for the next five taxable years or until the total amount of the tax credit issued has been taken, whichever is sooner.

G. The Department shall publish lists of STEM disciplines and STEM positions on its website and

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shall update the lists at least every two years.

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

I. The issuance of tax credits under this section shall expire on July 1, 2017.