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## HOUSE BILL NO. 1872

Offered January 9, 2013

Prefiled January 8, 2013

A BILL to amend the Code of Virginia by adding in Article 1 of Chapter 3 of Title 58.1 a section numbered 58.1-318, relating to investments that qualify for tax credits; qualified websites.

Patrons—McClellan and Greason

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 1 of Chapter 3 of Title 58.1 a section numbered 58.1-318 as follows:

**§ 58.1-318. Investments eligible for tax credits.**

A. For purposes of this section, "qualified website" means a website that (i) allows accredited investors to participate in general solicitation transactions by an issuer that meet the requirements of § 4(a)(6) of the Securities Act of 1933, P.L. 112-106, or (ii) is an online broker or funding portal registered with the federal Securities Exchange Commission pursuant to § 4A(a) of the Securities Act of 1993, P.L. 112-106.

B. On or after January 1, 2014, no otherwise eligible investment made by a taxpayer that is transacted via an online general solicitation, or via an online broker or funding portal, shall be eligible for any tax credit authorized pursuant to this chapter unless the investment is made via a qualified website that is registered with the Department pursuant to subsection C.

C. In order for an investment made through a qualified website to qualify for a tax credit authorized pursuant to this chapter, the qualified website shall register with the Department of Taxation on a form provided by the Department. The Department shall publish a list of qualified websites through which tax credit eligible investments may be made by taxpayers. In addition to meeting the requirements of any and all federal laws and regulations concerning general solicitations, or online brokers or funding portals, in order to register the qualified websites shall meet additional requirements set forth by the Department of Taxation in guidelines. These guidelines shall include, at a minimum, a requirement that the qualified website collect and make available to potential investors information concerning the entity seeking investments through the qualified website, such as (i) contact information for the entity, (ii) information concerning the business structure and history of the entity, (iii) the entity's fundraising goals, and types of funding sought by the entity, (iv) any terms relating to potential investments, (v) product or service details concerning how the entity plans to utilize the investments, and (vi) other information deemed relevant to the entity's business model or marketing strategy. The Department of Taxation shall act within 45 days of receipt of an application to include the qualified website on the list, or to deny the application. If an application is denied, such denial shall be in writing and shall include the reasons for denial.

D. An investment shall meet all criteria set forth in the specific statute authorizing the tax credit in order for the taxpayer making the investment to receive the credit. The use of a qualified website registered with the Department to conduct a transaction shall not make an investment tax credit eligible or ineligible.

2. That the guidelines required by the provisions of this act shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.). Such guidelines shall be published no later than November 15, 2013.

INTRODUCED

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