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**HOUSE BILL NO. 2003**

Offered January 9, 2013

Prefiled January 9, 2013

*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 a building rehabilitation tax credit.*

Patrons—Torian, Bulova, Filler-Corn, Herring, James, Lewis, Spruill and Ware, O.

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. Building rehabilitation tax credit.**

*A. For taxable years beginning on and after January 1, 2013, but before January 1, 2018, any company establishing a new business within a locality in the Commonwealth and locating such business in an existing commercial or industrial building that is at least 25 years old and that has been vacant, in the case of a commercial building, for at least three years, and for an industrial building, for at least five years, shall be allowed a credit against the taxes imposed by Article 2 (§ 58.1-320 et seq.) or 10 (§ 58.1-400 et seq.) in the amount paid or incurred by the company during the taxable year for the purpose of rehabilitating or retrofitting such existing commercial or industrial building. The total amount of the tax credit allowable to the company shall not exceed an aggregate of \$100,000 for the rehabilitation or retrofitting of the building, regardless of the taxable year or years in which the company rehabilitates or retrofits the building. No credit shall be allowed if any part of the rehabilitation or retrofitting of the building is designed for residential uses.*

*For purposes of the credit, a new business shall not be created as the result of a merger, acquisition, similar business combination, name change, or change in business form involving or with an entity with a place of business in the locality at the time of the merger, acquisition, similar business combination, name change, or change in business form.*

*B. 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.*

*C. The amount of the credit shall not exceed the total amount of tax imposed by this chapter upon the company for the taxable year. Any credit not usable for the taxable year for which the credit was first allowed may be carried over for credit against the income taxes of the company in the next five succeeding taxable years or until the total amount of the tax credit has been taken, whichever is sooner.*

*D. No business shall be eligible to claim a credit under this section if the company (i) is claiming or has claimed a tax credit for the same rehabilitation or retrofitting expenses under § 58.1-339.2 or (ii) has been awarded a grant under § 59.1-548 for the same rehabilitation or retrofitting expenses.*

*E. No company shall be eligible to claim a credit under this section for rehabilitating or retrofitting the same building for which a tax credit has already been claimed under this section.*

*E. 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.).*

INTRODUCED

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