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HOUSE BILL NO. 896

Offered January 8, 2014 Prefiled January 8, 2014

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 tax credit for the renovation or retrofitting of a public school.

Patron—Stolle

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. Public school renovation tax credit.

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

"Eligible renovation expenses" means expenses incurred in a qualified public school renovation,

regardless of the taxable year in which the expenses have been incurred.

"Qualified public school renovation" means the renovation or retrofitting of a public school in the Commonwealth that (i) has never received a substantial renovation or retrofitting, (ii) is 40 years old or older, (iii) will be used after the renovation or retrofitting as a public school, and (iv) qualifies under the criteria of the Public-Private Education Facilities and Infrastructure Act (§ 56-575.1 et seq.). A substantial renovation or retrofitting shall not include adding or replacing HVAC and other normal upkeep.

B. For taxable years beginning on or after January 1, 2014, a person that completes a qualified public school renovation during the taxable year shall be allowed a credit against the taxes imposed by § 58.1-320 or 58.1-400 equal to 25 percent of the eligible renovation expenses. Credit shall only be allowed beginning with the taxable year in which the qualified public school renovation has been completed.

C. Any person seeking tax credits pursuant to this section shall apply to the Department. As part of the application, the person shall provide to the Department sales receipts, contracts, and such other evidence of the eligible renovation expenses incurred as may be required by the Department. The Department shall determine the credit amount allowable for the taxable year and shall issue the corresponding tax credit. In no case shall any person be issued more than \$1 million in tax credits under this section for any taxable year, and the total amount of tax credits granted under this section to all persons for any fiscal year of the Commonwealth shall not exceed \$100 million. If the total amount of allowable tax credits approved by the Department in accordance with this section exceeds the \$100 million maximum, the Tax Commissioner shall allocate such credits on pro rata basis.

D. The Department shall develop and issue guidelines for purposes of implementing the provisions of this section. The guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.). The guidelines shall include, but shall not be limited to, procedures for claiming the tax credit provided by this section.

E. The amount of the credit claimed shall not exceed the total amount of tax imposed by this chapter upon the person 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 person in the next five succeeding taxable years or until the total amount of the tax credit has been taken, whichever is sooner. 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 entity.

F. No credit shall be issued under this section for any taxable year for which federal law provides that the costs of renovating or retrofitting a public school are a project or classification of expenditures for which a federal income tax credit is allowed for such year.