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HOUSE BILL NO. 1556

Offered January 14, 2015

Prefiled January 7, 2015

A *BILL to amend the Code of Virginia by adding a section numbered 15.2-941.1, relating to local economic development.*

Patron—Farrell

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding a section numbered 15.2-941.1 as follows:****§ 15.2-941.1. Certain taxes returned to locality for economic development purposes.**

A. Beginning July 1, 2015, Virginia income tax net revenue and the sales and use tax revenue generated by certain corporations or limited liability companies within an economic development project located within a qualified locality shall be transferred to the qualified locality pursuant to this section. The total amount eligible to be returned to a qualified locality pursuant to this section shall not exceed \$5 million for any single economic development project.

B. For purposes of this section, a qualified locality is one that (i) has made application to the Virginia Economic Development Partnership Authority for a Major Employment and Investment Project Site Planning Grant pursuant to § 2.2-2240.2 and has been rejected for such grant and (ii) has expended local funds for the economic development purposes specified in § 2.2-2240.2. The Department of Taxation shall, upon request of a locality, determine whether such locality is a qualified locality, which corporations or companies are to be included pursuant to this section, and the total amount of economic expenditures eligible to be reimbursed.

C. The Tax Commissioner shall make a written certification to the Comptroller within 15 days of the close of each calendar quarter providing an estimate of the Virginia income tax net revenue generated during the calendar quarter by the specified corporations or companies within a qualified locality. Not later than 30 days after the close of each quarter, the Comptroller shall transfer to the qualified locality an amount from the general fund equal to the amount expended by the qualified locality for such economic development purposes but not to exceed the estimate provided by the Tax Commissioner.

D. A qualified locality shall be entitled, subject to appropriation, to sales and use tax revenues generated by the specified corporations or companies within the designated economic development project. The State Comptroller shall remit such tax revenues to the qualified locality on a quarterly basis equal to the amount expended by the qualified locality for such economic development purposes but not to exceed the amount of sales and use tax collected, subject to such reasonable processing delays as may be required by the Department of Taxation. The State Comptroller shall make such remittances to the qualified locality, as provided herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.).

INTRODUCED

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