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HOUSE BILL NO. 1439

Offered January 11, 2017

Prefiled November 23, 2016

A *BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:13, relating to income tax; small business job creation tax credit.*

 Patron—Head

 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 58.1-439.12:13 as follows:

§ 58.1-439.12:13. Small business job creation tax credit.

A. As used in this section:

"Job" means employment of an indefinite duration of an individual requiring a minimum of either (i) 35 hours of an employee's time per week for the entire normal year of such taxpayer's operations, which "normal year" must consist of at least 48 weeks, or (ii) 1,680 hours per year. Positions created when a job function is shifted from an existing location in the Commonwealth shall not qualify as a job under this section.

"Small business job" means job in a small business as defined by the U.S. Small Business Administration.

B. For taxable years beginning on or after January 1, 2017, but before January 1, 2022, a taxpayer shall be allowed a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 for each new small business job created within the Commonwealth by the taxpayer. The amount of the annual credit for each new small business job shall be \$1,500 for each annual salary that is \$30,000 or more. The credit shall be first allowed for the taxable year in which the job has been filled for at least one year and for each of the four succeeding taxable years, provided that the job is continuously filled during the respective taxable year. Each taxpayer qualifying under this section shall be allowed the credit for up to 50 small business jobs.

C. To qualify for the tax credit provided in subsection B, a taxpayer shall demonstrate that the small business job was created by the taxpayer and that such job was continuously filled in the Commonwealth during the respective taxable year.

D. The amount of the credit shall not exceed the total amount of tax imposed by this chapter for the taxable year in which the small business job was continuously filled. If the amount of credit allowed exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

E. 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.

F. If the taxpayer is eligible for the tax credits under this section and creates small business jobs in an enterprise zone, as defined in § 59.1-539, such taxpayer may also qualify for the benefits under the Enterprise Zone Grant Act (§ 59.1-538 et seq.). Such taxpayer shall not be eligible for any other specific tax credit under Virginia law for the same jobs.

INTRODUCED

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