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HOUSE BILL NO. 843

Offered January 13, 2016

Prefiled January 12, 2016

A BILL to amend and reenact § 58.1-320 of the Code of Virginia, relating to the rate of the individual income tax.

Patron—Cline

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-320 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-320. Imposition of tax.**

1. A tax is hereby annually imposed on the Virginia taxable income for each taxable year of every individual as follows:

Two percent on income not exceeding \$3,000;

Three percent on income in excess of \$3,000, but not in excess of \$5,000;

Five percent on income in excess of \$5,000, but not in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five percent on income in excess of \$5,000 but not in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five percent on income in excess of \$5,000 but not in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989;

Five percent on income in excess of \$5,000 but not in excess of \$17,000 for taxable years beginning January 1, 1990;

Five and three-quarters percent on income in excess of \$12,000 for taxable years beginning before January 1, 1987;

Five and three-quarters percent on income in excess of \$14,000 for taxable years beginning January 1, 1987, through December 31, 1987;

Five and three-quarters percent on income in excess of \$15,000 for taxable years beginning January 1, 1988, through December 31, 1988;

Five and three-quarters percent on income in excess of \$16,000 for taxable years beginning January 1, 1989, through December 31, 1989; and

Five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990.

2. The five and three-quarters percent tax on Virginia taxable income in excess of \$17,000 shall be reduced whenever an income tax credit allowable against the tax under this section expires. The tax shall be reduced by an amount that generates approximately the same amount of additional annual revenue anticipated to be received in the state treasury as a result of the expiration of the credit. The Tax Commissioner shall make such estimates and determine the amount of the reduction. The amount of the reduction shall be rounded to the nearest 0.01 percent.

The adjusted tax rate on income in excess of \$17,000 shall become effective beginning with the taxable year immediately following the first taxable year for which the credit is no longer allowable. The Tax Commissioner shall provide a written certification reporting the adjusted tax rate to the Governor and the General Assembly by July 1 of the first taxable year for which the credit is no longer allowable.

If the five and three-quarters percent rate is ever reduced to 0.00 percent for a taxable year, then for that taxable year and each taxable year thereafter the five percent tax under subdivision 1 shall be imposed on all Virginia taxable income in excess of \$5,000.

2. That the provisions of this act shall become effective for taxable years beginning on or after January 1, 2016.

INTRODUCED

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