20104161D

HOUSE BILL NO. 531

Offered January 8, 2020
Prefiled January 5, 2020

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13, relating to individual income tax; refundable credit for coverage under qualified health plan.

Patron—Samirah

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 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13 as follows:

§ 58.1-339.13. Refundable credit for coverage under qualified health plan.

A. As used in this section:

"Adjusted monthly premium" means the same as such term is defined in § 36B of the Internal Revenue Code.

"Applicable second lowest cost silver plan" means the same as such term is defined in § 36B of the Internal Revenue Code.

"Applicable taxpayer" means a taxpayer whose household income for the taxable year equals or exceeds 400 percent but does not exceed 500 percent of an amount equal to the poverty line for a family of the size involved.

"Coverage month" means the same as such term is defined in § 36B of the Internal Revenue Code.

"Dependent" means the same as such term is defined in § 152 of the Internal Revenue Code.

"Exchange" means an exchange established by the federal government, Virginia, or any other state pursuant to 42 U.S.C. § 18031.

"Household income" means the same as such term is defined in § 36B of the Internal Revenue Code.

"Individual market" means the same as such term is defined in 42 U.S.C. § 18024.

"Poverty line" means the same as such term is defined in § 36B of the Internal Revenue Code.

"Premium assistance amount" means the amount specified in subsection C.

"Premium assistance credit amount" means, with respect to any taxable year, the sum of the premium assistance amounts determined under subsection C with respect to all coverage months of the taxpayer occurring during the taxable year.

B. 1. For taxable years beginning on and after January 1, 2020, but before January 1, 2025, any applicable taxpayer shall be allowed a refundable credit against the tax levied pursuant to Article 2 (§ 58.1-320 et seq.). The amount of such credit shall be the premium assistance credit amount.

2. The Department shall allow an individual to submit, at the time he files his Virginia individual income tax return, documents demonstrating that he is an applicable taxpayer, including proof of coverage in the individual market, records of monthly premiums, and any other information that may be required by the Department. The Department shall include with instructions for filing individual income tax returns instructions for claiming a credit pursuant to this section.

C. The premium assistance amount with respect to any coverage month is the amount equal to the lesser of:

1. The monthly premiums for such month for one or more qualified health plans offered in the individual market that cover the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer and that were enrolled in through an exchange; or

2. The excess, if any, of (i) the adjusted monthly premium for such month for the applicable second lowest cost silver plan with respect to the taxpayer over (ii) an amount equal to one-twelfth of the product of 10 percent and the taxpayer's household income for the taxable year.

D. The Department shall administer the credit provided pursuant to this section in accordance with the definitions, exceptions, indexing of amounts, procedures, restrictions, special rules, and other provisions of § 36B of the Internal Revenue Code and any rulings and regulations issued by the Internal Revenue Service related to § 36B of the Internal Revenue Code, mutatis mutandis. However, any credit issued pursuant to this section shall not be subject to the provisions of 42 U.S.C. § 18082 and shall not be subject to advance determination of income eligibility and payment of tax credits.