

DEPARTMENT OF TAXATION

2023 Fiscal Impact Statement

1. **Patron** James W. Morefield

3. **Committee** House Finance

4. **Title** Expansion of the Green Jobs Tax Credit Tax Credit

2. **Bill Number** HB 2178

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would add coal mine methane to the list of green jobs accepted for the Green Job Creation tax credit. A non-refundable Green Job tax credit of \$500 is available for each new green job that is created in industries relating to the field of renewable, alternative energies.

If passed during the regular session of the General Assembly, this bill would be effective on July 1, 2023.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates are: Unknown. (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have an unknown, but likely minimal, negative General Fund revenue impact beginning in Fiscal Year 2024. It is unknown how many additional jobs would qualify for this tax credit due to the addition of coal mine methane.

The number and amount of the Green Job Creation tax credits claimed during the past five fiscal years is shown in the table below:

Green Job Tax Credit History		
Fiscal Year	Number of Taxpayers	Aggregate Amount Claimed
2018	29	\$63,501
2019	9	\$47,952
2020	9	\$46,591
2021	10	\$37,796
2022	11	\$34,679
Average	14	\$46,104

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: Yes.

As currently drafted, the change in the definition of a “green job” would take effect on July 1, 2023, which is in the middle of the taxable year for taxpayers who file on a calendar basis. To ensure that a “green job” has the same meaning for the entirety of Taxable Year 2023, the following amendments are suggested:

Line 53, end of line

Insert: 2. The provisions of this bill are effective for taxable years beginning on and after January 1, 2023.

11. Other comments:

Green Job Creation Tax Credit

Virginia permits taxpayers to claim an income tax credit of \$500 for each new green job created in Virginia with a salary of \$50,000 or more. The credit is allowed for the taxable year in which a qualifying job has been filled for at least one year and for each of the four succeeding taxable years provided such job is continuously filled during the respective taxable year. Green jobs include employment in industries relating to the field of renewable, alternative energies. Each taxpayer is allowed the credit for up to 350 qualifying jobs. Taxpayers may qualify for this credit and the Enterprise Zone Grant Program, but a taxpayer is not allowed a tax credit for any green job for which the taxpayer is allowed a major business facility job tax credit or a federal tax credit for investments in manufacturing facilities for clean energy technologies.

Proposed Legislation

This bill would add coal mine methane to the list of green jobs accepted for the Green Job Creation tax credit available to industries relating to the field of renewable, alternative energies.

“Coal mine methane” means methane gas captured and produced from an underground gob area associated with a mined-out coal seam.

If passed during the regular session of the General Assembly, this bill would be effective on July 1, 2023.

cc : Secretary of Finance

Date: 1/19/2023 RWC
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