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HOUSE BILL NO. 1546

House Amendments in [] — February 5, 1995

A BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.1, relating to establishment of a job creation tax credit under the Virginia corporate income tax laws.

Patrons—Giesen, Barlow, Hall, Mayer and Plum; Senators: Barry, Benedetti, Calhoun and Quayle

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 58.1-439.1 as follows:

§ 58.1-439.1. Clean fuel vehicle job creation tax credit.

A. For taxable years beginning on or after January 1, 1996, through December 31, 2006, a corporation shall be eligible for a credit against the tax levied pursuant to § 58.1-400 equal to \$700 for each job which is created in either (i) the manufacture of components for vehicles designed to operate on a clean special fuel, (ii) the manufacture of components used to convert vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel, [~~or~~] (iii) the conversion of vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel [, or (iv) the manufacture of vehicles designed to operate on clean special fuel]. The credit shall be allowed in the taxable year in which the job is created and in each of the two succeeding years in which the job is continued.

B. For purposes of this section, "clean special fuel" shall have the same meaning as provided in § 58.1-2101 and "vehicle" shall have the same meaning as provided in U.S. Internal Revenue Code §§ 179A and 30.

C. For purposes of this section, "job" shall mean the full-time employment of an individual in Virginia by a corporation for at least forty hours per week during at least forty weeks during the calendar year whose primary work activity is related directly to either (i) the manufacture of the major components of the energy storage, energy supply or engine, motor, and power train mechanisms unique to a vehicle fueled by clean special fuels; (ii) the manufacture of components uniquely used to convert vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel; [~~or~~] (iii) the conversion of vehicles designed to operate on gasoline or diesel fuel to operate on clean special fuel [; or (iv) the manufacture of vehicles designed to operate on clean special fuel].

D. To qualify for the tax credit provided in subsection A of this section, a corporation must demonstrate (i) that a job was created during the taxable year for which the credit is claimed or was continued from the previous taxable year in which a credit was claimed and (ii) the employment level in jobs defined in subsection C of this section in the taxable year for which the credit is first claimed has increased in comparison to the previous taxable year.

E. Any tax credit not used in the taxable year of job creation or continuation may be carried over for credit against the corporation's income tax in the five succeeding taxable years until the total credit amount is used.

F. In case of a partnership or [~~electing small business corporation, the credit shall be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership or corporation~~] limited liability company, the credit shall be allocated to the corporate partners or corporate members in proportion to their ownership or interest in the partnership or limited liability company.

G. A corporation shall not be eligible for a tax credit pursuant to this section if such corporation is allowed a major business facility job tax credit pursuant to § 58.1-439.]

ENGROSSED

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