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HOUSE BILL NO. 613

Offered January 25, 1994

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.2, by adding in Article 7 of Chapter 3 of Title 58.1 a section numbered 58.1-372 and by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-438.2, relating to a tax credit for the production of natural gas in the Commonwealth of Virginia.

Patron—Phillips

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 58.1-339.2, by adding in Article 7 of Chapter 3 of Title 58.1 a section numbered 58.1-372 and by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-438.2 as follows:

§ 58.1-339.2. The Virginia Natural Gas Employment and Production Incentive Tax Credit.

For all taxable years beginning on or after January 1, 1994, every person engaged in the production of natural gas in the Commonwealth, as sole proprietor, partner, S corporation, or limited liability company shareholder, who is subject to Virginia income taxation on the income derived therefrom, shall be allowed a credit against the tax imposed by § 58.1-320 in the following amount: fifty cents per 1,000 cubic feet (Mcf) for each 1,000 cubic feet of natural gas produced from natural gas wells in the Commonwealth placed in service on or after January 1, 1994, as certified by the producer of such natural gas to the Virginia Department of Mines, Minerals and Energy, Division of Gas and Oil. For the purposes of this section, the term "natural gas" means "gas," "natural gas," and "coalbed methane gas" as defined in § 45.1-361.1. The credit shall be prorated equally against the taxpayer's estimated payments made for the third and fourth quarters of the taxable year and the final payment. For the purposes of this section, the amount of any credit attributable to the partnership, S corporation, or limited liability company shall be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership, S corporation, or limited liability company. The taxpayer shall maintain books and records which support the computation of the credit claimed hereunder.

§ 58.1-372. The Virginia Natural Gas Employment and Production Incentive Tax Credit.

The provisions of § 58.1-339.2 shall be applicable mutatis mutandis to trusts and estates engaged in the production of natural gas in Virginia.

§ 58.1-438.2. The Virginia Natural Gas Employment and Production Incentive Tax Credit.

For all taxable years beginning on or after January 1, 1994, every corporation engaged in the production of natural gas in the Commonwealth, which is subject to Virginia income taxation on the income derived therefrom, shall be allowed a credit against the tax imposed by § 58.1-400 in the following amount: fifty cents per 1,000 cubic feet (Mcf) for each 1,000 cubic feet of natural gas produced from natural gas wells in the Commonwealth placed in service on or after January 1, 1994, as certified by the producer of such natural gas to the Virginia Department of Mines, Minerals and Energy, Division of Gas and Oil. For the purposes of the tax credit, the term "natural gas" means "gas," "natural gas" and "coalbed methane gas" as defined in § 45.1-361.1. The credit shall be prorated equally against the corporation's estimated payments made for the third and fourth quarters of the taxable year and the final payment.

INTRODUCED

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