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## SENATE BILL NO. 161

Offered January 20, 1994

A *BILL to amend the Code of Virginia by adding respectively in Articles 3 and 13 of Chapter 3 of Title 58.1 sections numbered 58.1-339.2 and 58.1-439, relating to tax credits for contributions of equipment to public schools.*

Patrons—Bell, Chichester, Miller, K.G., Stolle and Stosch; Delegates: Albo, Crouch, Dudley, Giesen, Griffith, Kidd, Newman, Purkey, Ruff and Wilkins

Referred to the Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding respectively in Articles 3 and 13 of Chapter 3 of Title 58.1 sections numbered 58.1-339.2 and 58.1-439 as follows:**

§ 58.1-339.2. *School equipment contribution credit.*

A. *For taxable years beginning on and after January 1, 1995, but before January 1, 1997, twenty percent of the value of "qualified school equipment contributions" donated and accepted by the Department of Education as eligible contributions to the School Equipment Assistance Program ("Program") shall be allowed as a credit against the tax imposed by § 58.1-320. Only property used in a business shall qualify for the credit. The Program shall be operated for the benefit of Virginia's local education agencies (LEAs).*

B. *The Department of Education shall develop and publish a list of equipment eligible as "qualified school equipment contributions" including, but not limited to, computers, copiers, telephones, and facsimile machines. All such contributed equipment shall be in working order. No credit shall be allowed until a local school superintendent has inspected and accepted such equipment and evidenced such inspection and acceptance by delivering a receipt to the donor. At the same time, a copy of such receipt, or equivalent notice of receipt as may be provided for by regulation, shall be transmitted to the Department of Education. The value of such equipment shall be the value assigned to such business personal property for local tax purposes. On a monthly basis, the Department of Education shall provide a certified list of donors to the Department of Taxation, specifying the name of the donor, the donor's tax identification number, and the amount of credit per donor. Claiming of this credit shall not require an adjustment of the value of the equipment for charitable deduction or other deduction purposes.*

C. *The Board of Education shall promulgate regulations detailing how the qualified school equipment contributions will be distributed among the various school divisions, and priority shall be given to those school divisions demonstrating the greatest need. In the event of equal competing priorities, the Department of Education shall factor into its determination process which school divisions have previously benefited from the Program and the cost to the donor of effecting delivery of such equipment to the respective school divisions.*

D. *Credits allowed to a partnership or electing small business corporation (S corporation) shall be passed through to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.*

E. *The total amount of credits for which the Department of Education may authorize the issuance of receipts for the Program in any taxable year shall not exceed five million dollars.*

§ 58.1-439. *School equipment contribution credit.*

A. *For taxable years beginning on and after January 1, 1995, but before January 1, 1997, twenty percent of the value of "qualified school equipment contributions" donated and accepted by the Department of Education as eligible contributions to the School Equipment Assistance Program ("Program") shall be allowed as a credit against the tax imposed by § 58.1-400. The Program shall be operated for the benefit of Virginia's local education agencies (LEAs).*

B. *The Department of Education shall develop and publish a list of equipment eligible as "qualified school equipment contributions" including, but not limited to, computers, copiers, telephones, and facsimile machines. All such contributed equipment shall be in working order. No credit shall be allowed until a local school superintendent has inspected and accepted such equipment and evidenced such inspection and acceptance by delivering a receipt to the donor. At the same time, a copy of such receipt, or equivalent notice of receipt as may be provided for by regulation, shall be transmitted to the Department of Education. The value of such equipment shall be the value assigned to such business personal property for local tax purposes. On a monthly basis, the Department of Education shall provide a certified list of donors to the Department of Taxation, specifying the name of the donor, the*

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64 equipment contributions will be distributed among the various school divisions, and priority shall be  
65 given to those school divisions demonstrating the greatest need. In the event of equal competing  
66 priorities, the Department of Education shall factor into its determination process which school divisions  
67 have previously benefited from the Program and the cost to the donor of effecting delivery of such  
68 equipment to the respective school divisions.

69 D. In no event shall the Department of Education authorize the issuance of receipts in excess of the  
70 limitations established in § 58.1-339.2 E.

71 2. That the provisions of this act shall be effective for taxable years beginning on and after January  
72 1, 1995, only if this act is reenacted by the 1995 Session of the General Assembly.