

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section*  
3 *numbered 58.1-439.4, relating to a day-care facility investment tax credit.*

4 [H 720]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That the Code of Virginia is amended by adding in Article 13 of Chapter 3 of Title 58.1 a**  
8 **section numbered 58.1-439.4 as follows:**9 *§ 58.1-439.4. Day-care facility investment tax credit.*

10 *A. For taxable years beginning on and after January 1, 1997, any taxpayer shall be allowed a credit*  
11 *against the taxes imposed by § 58.1-320 or § 58.1-400 in an amount equal to twenty-five percent of all*  
12 *expenditures paid or incurred by such taxpayer in such taxable year for planning, site preparation,*  
13 *construction, renovation, or acquisition of facilities for the purpose of establishing a child day-care*  
14 *facility to be used primarily by the children of such taxpayer's employees and equipment installed for*  
15 *permanent use within or immediately adjacent to such facility, including kitchen appliances, to the extent*  
16 *that such equipment or appliances are necessary in the use of such facility for purposes of child*  
17 *day-care; however, the amount of credit allowed to any taxpayer under this section shall not exceed*  
18 *\$25,000. If two or more taxpayers share in the cost of establishing the child day-care facility for the*  
19 *children of their employees, each such taxpayer shall be allowed such credit in relation to the respective*  
20 *share paid or incurred by such taxpayer, of the total expenditures for the facility in such taxable year.*

21 *B. The credits provided under this section shall be allowed only if (i) the child day-care facility shall*  
22 *be operated under the authority of a license issued by the Commissioner of Social Services pursuant to*  
23 *§ 63.1-196, (ii) an application for a building permit for the facility is made after July 1, 1996, and (iii)*  
24 *the Tax Commissioner approves a taxpayer's application for a credit. Proper applications submitted to*  
25 *the Department for the credit shall be approved in the order received. For each application approved*  
26 *for credit it shall be assumed that the amount of the credit will be \$25,000, and the amount of the*  
27 *credit will be taken in the fiscal year in which the application is approved and the following two fiscal*  
28 *years. Approval of applications shall be limited to those that are assumed to result in no more than*  
29 *\$100,000 of credits in any fiscal year based on the assumptions set forth in this subsection.*

30 *C. Any tax credit not usable for the taxable year may be carried over to the extent usable for the*  
31 *next three taxable years; however, the balance of a credit shall not be claimed for any succeeding*  
32 *taxable year in which the child day-care facility is operated for purposes of child day-care for less than*  
33 *six months.*

34 *D. For purposes of this section, the amount of any credit attributable to a partnership, electing small*  
35 *business corporation (S corporation), or limited liability company shall be allocated to the individual*  
36 *partners, shareholders, or members, respectively, in proportion to their ownership or interest in such*  
37 *business entities.*

ENROLLED

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