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## HOUSE BILL NO. 2692

Offered January 20, 1997

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.4, relating to income tax credit for earned income.

Patrons—Puller, Almand, Barlow, Callahan, Clement, Cooper, Councill, Cunningham, DeBoer, Hall, Hull, Jackson, Johnson, Jones, J.C., McDonnell, Melvin, Moran, Phillips, Plum, Robinson, Scott, Stump, Thomas and Van Yahres; Senators: Colgan, Howell, Quayle, Ticer and Walker

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 58.1-339.4 as follows:**

*§ 58.1-339.4. Earned-income credit.*

Any individual whose Virginia taxable income does not exceed \$19,000 shall be allowed a credit for earned income against the tax levied pursuant to § 58.1-320. Any individual whose credit exceeds his tax liability shall receive a refund equal to the amount the credit exceeds the tax liability. The allowable credit amount shall be equal to a percentage of the federal earned-income credit allowed the individual for the taxable year under § 32 (a) (1) of the Internal Revenue Code, using the percentages under § 32 (b) with the limitation contained in § 32 (a) (2), as follows:

1. Individuals with Virginia taxable income of \$11,000 or less shall be allowed a credit equal to ten percent of the federal earned-income credit;

2. Individuals with Virginia taxable income in excess of \$11,000 but not in excess of \$12,000 shall be allowed a credit equal to nine percent of the federal earned-income credit;

3. Individuals with Virginia taxable income in excess of \$12,000 but not in excess of \$13,000 shall be allowed a credit equal to eight percent of the federal earned-income credit;

4. Individuals with Virginia taxable income in excess of \$13,000 but not in excess of \$14,000 shall be allowed a credit equal to seven percent of the federal earned-income credit;

5. Individuals with Virginia taxable income in excess of \$14,000 but not in excess of \$15,000 shall be allowed a credit equal to six percent of the federal earned-income credit;

6. Individuals with Virginia taxable income in excess of \$15,000 but not in excess of \$16,000 shall be allowed a credit equal to five percent of the federal earned-income credit;

7. Individuals with Virginia taxable income in excess of \$16,000 but not in excess of \$17,000 shall be allowed a credit equal to four percent of the federal earned-income credit;

8. Individuals with Virginia taxable income in excess of \$17,000 but not in excess of \$18,000 shall be allowed a credit equal to three percent of the federal earned-income credit; and

9. Individuals with Virginia taxable income in excess of \$18,000 but not in excess of \$19,000 shall be allowed a credit equal to two percent of the federal earned-income credit.

**2. That the provisions of this act shall be effective for taxable years beginning on and after January 1, 1997.**

INTRODUCED

HB2692