

1997 SESSION

INTRODUCED

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HOUSE BILL NO. 2863

Offered January 20, 1997

A BILL to amend the Code of Virginia by adding a section numbered 58.1-322.3, relating to a capital gains exclusion from the Virginia income tax.

Patron—O'Brien

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 58.1-322.3 as follows:

§ 58.1-322.3. Rollover of long-term capital gain.

A. For taxable years beginning on and after January 1, 1997, but before January 1, 2002, if property held for the holding periods specified in subsection C is sold by an individual or corporate taxpayer and, within a twelve-month period after such sale, qualified property is purchased by such taxpayer, gain from the sale, not to exceed \$25,000, shall not be recognized within the limitations provided in subsection C.

"Qualified property" means real property, plants and equipment located in Virginia and firms conducting substantial business in Virginia.

B. For purposes of this section:

1. An exchange by the individual or corporate taxpayer of qualified property for other qualified property shall be treated as a sale of such property, and the acquisition of qualified property on the exchange of qualified property shall be treated as a purchase of such qualified property.

2. If an individual or corporate taxpayer, during the twelve-month period described in subsection A, enters into a binding contract for the purchase of qualified property but does not settle on the contract before the expiration of such twelve-month period, such taxpayer shall be deemed to have purchased qualified property as required in subsection A.

C. The percentage of exemption for such long-term capital gain shall be based on the following holding periods:

Holding period	Percent exempt
Three years but less than four	60%
Four years but less than five	80%
Five years or more	100%

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