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SENATE BILL NO. 1124

Offered January 20, 1997

A *BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.6, relating to a worker training tax credit.*

Patrons—Lambert, Hanger, Holland, Quayle and Woods; Delegates: Behm, Bryant, Cantor, Clement, Crouch, Cunningham, Johnson, Kilgore, Reid, Scott, Wardrup and Watkins

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 in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.6 as follows:

§ 58.1-439.6. *Worker training tax credit.*

A. *For taxable years beginning on and after January 1, 1998, but before January 1, 2003, a taxpayer shall be allowed a credit against the taxes imposed by Articles 2 (§ 58.1-320 et seq.), 6 (§ 58.1-360 et seq.), and 10 (§ 58.1-400 et seq.) of Chapter 3; Chapter 12 (§ 58.1-1200 et seq.); Article 1 (§ 58.1-2500 et seq.) of Chapter 25; or Article 2 (§ 58.1-2620 et seq.) of Chapter 26 of this title as set forth in this section.*

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

C. *For purposes of this section, the "credit year" is the first taxable year following the taxable year in which eligible worker training occurred.*

D. *"Eligible worker training" includes any training of qualified full-time employees of a taxpayer that has been certified by the Department of Taxation as eligible for the credit provided under this section. Only those taxpayers that have received certification from the Department of Taxation before contracting for or providing worker training shall be eligible to receive the credit pursuant to this section.*

E. *A "qualified full-time employee" means an employee filling a permanent full-time position at the taxpayer's facility in the Commonwealth. A "permanent full-time position" is a job of an indefinite duration, requiring a minimum of thirty-five hours of an employee's time a week for the entire normal year of the taxpayer's operations, which "normal year" shall consist of at least forty-eight weeks. Seasonal or temporary positions shall not qualify as permanent full-time positions.*

F. *For any taxpayer, the amount of credit earned pursuant to this section shall be equal to fifty percent of the cost of the eligible worker training up to a maximum credit of \$500 per qualified full-time employee. The credit shall be allowed ratably, with one-half of the credit amount allowed annually for two years beginning with the credit year. Credits for eligible worker training undertaken by a qualified full-time employee shall not be claimed more often than once every five years.*

G. *The amount of credit allowed pursuant to this section shall not exceed the tax imposed for such taxable year. Any credit not usable for the taxable year the credit was allowed may be, to the extent usable, carried over for the next two succeeding taxable years. No credit shall be carried back to a preceding taxable year. If a taxpayer that is subject to the tax limitation imposed pursuant to this subsection is allowed another credit pursuant to any other section of this Code, or has a credit carryover from a preceding taxable year, such taxpayer shall be considered to have first utilized any credit allowed which does not have a carryover provision, and then any credit which is carried forward from a preceding taxable year, prior to the utilization of any credit allowed pursuant to this section.*

H. *No taxpayer shall be eligible to claim a credit for worker training undertaken by any program operated or administered by the Department of Business Assistance which provides for reimbursement for the training of employees for specific jobs at new and expanding facilities.*

I. *The Tax Commissioner shall promulgate regulations, in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.), relating to procedures for certification of taxpayers. The Department of Business Assistance shall develop guidelines which define eligible worker training, which shall include, but not be limited to, courses which are (i) substantially related to the duties of a qualified full-time employee and (ii) taught at a college, university, or community college within the Commonwealth. The Department of Business Assistance shall review requests for certification submitted by taxpayers and shall advise the Tax Commissioner whether an activity qualifies as eligible worker training.*

INTRODUCED

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