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HOUSE BILL NO. 696

Offered January 22, 1998

A BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.7, relating to a tax credit for small business employers who hire recipients of Temporary Assistance to Needy Families.

Patrons—McDonnell, Behm, Bennett, Cantor, Davis, Jones, J.C., McEachin, Melvin, Mims, Purkey, Tata, Wagner and Wardrup; Senator: Forbes

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 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.7 as follows:

§ 58.1-439.7. Tax credit for certain employers hiring recipients of Temporary Assistance to Needy Families.

A. As used in this section:

"Qualified business employer" means an employer whose business employs fifty or fewer individuals.

"Qualified employee" means an employee who is a Virginia resident and is a recipient of Temporary Assistance to Needy Families (TANF) in accordance with the provisions of Chapter 6 (§ 63.1-86 et seq.) of Title 63.1.

B. For taxable years beginning on and after January 1, 1999, a qualified business employer 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 of this title in an amount equal to five percent of the annual salary actually paid during the taxable year to a qualified employee. However, the annual amount of the credit shall not exceed \$750 per qualified employee.

Qualified business employers entitled to the credit pursuant to this section shall provide written evidence, satisfactory to the Tax Commissioner, of employing such qualified employee for the taxable year in which the credit is claimed.

C. 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.

D. Any credit not usable for the taxable year may be carried over for the next three taxable years. The amount of credit allowed pursuant to this section shall not exceed the tax imposed for such taxable year. No credit shall be carried back to a preceding taxable year. If a qualified business employer 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 employer 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.

F. No qualified business employer shall be eligible to claim a credit under this section for any taxable year such employer is the recipient of a grant under the Virginia Targeted Jobs Grant Program (§ 63.1-25.3).

INTRODUCED

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