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HOUSE BILL NO. 848

Offered January 26, 1998

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 earned-income tax credit.*

Patrons—Puller, Abbitt, Albo, Almand, Barlow, Brink, Callahan, Clement, Cranwell, Crittenden, Darner, Day, Deeds, Devolites, Grayson, Hall, Hull, Jackson, Johnson, Keating, McDonnell, Moran, Moss, Plum, Purkey, Rust, Scott, Shuler, Stump, Thomas, Van Landingham, Van Yahres and Watts;
Senators: Colgan, Gartlan, Howell, Ticer, Walker and Woods

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 tax credit.

For taxable years beginning on and after January 1, 1998, 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 \$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.

INTRODUCED

HB848