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**HOUSE BILL NO. 848****AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Finance  
on February 17, 1998)

(Patron Prior to Substitute—Delegate Puller)

*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 the earned income tax credit.*

**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, 2000, any individual whose Virginia earned 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 earned income \$11,000 or less shall be allowed a credit equal to ten percent of the federal earned-income credit;*

*2. Individuals with Virginia earned 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 earned 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 earned 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 earned 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 earned 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 earned 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 earned 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 earned 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.*

*In the case of a nonresident taxpayer, the amount of the credit allowed under this section shall not exceed the nonresident's Virginia tax liability. In the case of a part-year resident taxpayer whose credit exceeds his tax liability, any refund amount shall be limited to the amount of the excess multiplied by a fraction, the numerator of which is federal adjusted gross income for the period of Virginia residence, and the denominator of which is federal adjusted gross income for the entire taxable year.*