

985454410

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

(Proposed by the Senate Committee on Finance
on March 3, 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 a family 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. Family income tax credit.

A. As used in this section, unless the context requires otherwise:

"Eligible child" means a child, by birth or adoption, of the individual (i) whom the individual claims as a dependent on the individual's income tax return for the taxable year and (ii) who has not attained age eighteen years during the taxable year.

"Family" means an individual, the individual's spouse, and any person claimed as a dependent on the individual's income tax return for the taxable year.

"Virginia adjusted gross income" has the same meaning as the term is defined in § 58.1-321.

B. For taxable years beginning on and after January 1, 1998, any individual whose Virginia adjusted gross income does not exceed the maximum family Virginia adjusted gross income amount set forth in subsection C, as such amount is increased for taxable years beginning on and after January 1, 1999, as provided in subsection D, shall be allowed a credit against the tax levied pursuant to § 58.1-320 in the amount of \$300 for each eligible child.

C. An individual shall not be eligible for the credit provided by this section if the Virginia adjusted gross income of the members of the individual's family for the taxable year beginning on or after January 1, 1998, but before January 1, 1999, exceeds the maximum amount stated below that corresponds to the number of persons in the individual's family:

Family size Maximum family Virginia adjusted gross income amount Two persons \$11,000 Three persons \$14,000 Four persons \$17,000 Five persons \$20,000 Six or more persons \$23,000 D. For taxable years beginning in calendar year 1999 and subsequent years, the maximum family Virginia adjusted gross income amount corresponding to family size as stated in subsection C shall be increased by three percent above such amount for the taxable year beginning in the preceding calendar year.

E. The amount of the credit provided pursuant to this section for any taxable year shall not exceed the individual's Virginia income tax liability.

2. That the provisions of this act shall not become effective unless the federal Department of Health and Human Services determines that the income tax credit provided by this act qualifies as a portion of the Commonwealth's maintenance of effort under its Temporary Assistance to Needy Families (TANF) plan.