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HOUSE BILL NO. 734

Offered January 13, 2010

Prefiled January 12, 2010

A *BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:03, relating to tax credit for public school renovations.*

Patron—Albo

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 58.1-439.12:03 as follows:

§ 58.1-439.12:03. Public school renovation tax credit.

A. As used in this section, unless the context clearly shows otherwise, the term or phrase:

"Eligible renovation expenses" means expenses incurred in a qualified public school renovation.

"Qualified public school renovation" means the renovation of a public school that (i) has never received a substantial renovation; (ii) is 40 years old or older; (iii) will be used after the renovation as a public school; and (iv) qualifies under the criteria of the Public-Private Education Facilities and Infrastructure Act (§ 56-575.1 et seq.). A substantial renovation shall not include adding or replacing HVAC and other normal upkeep or expansions of the school's original footprint.

B. For taxable years beginning on or after January 1, 2010, a taxpayer that completes a qualified public school renovation shall be allowed a credit against the taxes imposed by § 58.1-320 or § 58.1-400 equal to 25 percent of the eligible renovation expenses for the taxable year. To be eligible for the tax credit under this section the taxpayer shall have made a new investment in taxable year 2009.

C. Taxpayers shall apply to the Department for tax credits under this section. As part of the application, taxpayer shall provide to the Department sales receipts, contracts, and such other evidence of the eligible renovation expenses incurred as may be required by the Department. The Department shall determine the credit amount allowable for the taxable year and shall issue the corresponding tax credit. In no case shall any taxpayer be issued more than \$1 million in tax credits under this section for any taxable year in which such expenses were incurred and the total amount of tax credits granted under this section to all taxpayers for any taxable year shall not exceed \$100 million. If the total amount of allowable tax credits requested in accordance with this section exceeds the \$100 million maximum, the Tax Commissioner shall allocate such credits on pro rata basis.

D. The Department shall develop and issue guidelines for purposes of implementing the provisions of this section. The guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.). The guidelines shall include, but shall not be limited to, procedures for claiming the tax credit provided by this section.

E. The amount of the credit shall not exceed the total amount of tax imposed for the taxable year in which the investment was made. If the amount of credit issued by the Department exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner. Credits granted to a partnership, limited liability company, or electing small business corporation (S corporation) shall be allocated to the individual partners, members, or shareholders, respectively, in proportion to their ownership or interest in such business entity.

INTRODUCED

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