

**DEPARTMENT OF TAXATION  
2012 Fiscal Impact Statement**

1. **Patron** Terry G. Kilgore

3. **Committee** Senate Finance

4. **Title** Major business facility job tax credit

2. **Bill Number** HB 714

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

**5. Summary/Purpose:**

This bill would extend the time during which the major business facility job tax credit may be taken over a two-year period from taxable years beginning January 1, 2009 through December 31, 2012, to taxable years beginning January 1, 2009 through December 31, 2014.

**This is an Executive bill.**

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact.** (See Line 8.)

**8. Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have no impact, as this extension is assumed in the official revenue forecast.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

## 11. Other comments:

### Current Law

Under current law, a taxpayer may claim the Major Business Facility Job Tax Credit if the taxpayer creates at least 50 new full-time jobs in connection with the establishment or expansion of a major business facility and the company is engaged in a qualifying industry in Virginia. If a taxpayer is located in an enterprise zone or in an economically distressed area (as defined by the Virginia Economic Development Partnership), the threshold is reduced from 50 jobs to 25. The credit is equal to \$1,000 for each qualifying new job in excess of 50 jobs (25 jobs for a taxpayer located in an enterprise zone or economically distressed area).

The Major Business Facility Job Tax Credit must generally be claimed ratably over three taxable years, beginning with the taxable year following the year in which the facility is established or expanded, or the new qualifying jobs are added. However, effective for taxable years beginning January 1, 2009 through December 31, 2012, taxpayers are allowed to claim the credit amount over two years instead of three.

### Proposal

This bill would extend the time during which the major business facility job tax credit may be taken over a two-year period from taxable years beginning January 1, 2009 through December 31, 2012, to taxable years beginning January 1, 2009 through December 31, 2014.

### Similar Legislation

**Senate Bill 368** is identical to this bill.

**House Bill 841** would allow businesses to claim both the Major Business Facility Job Tax Credit and Enterprise Zone Job Creation Grants, but would prohibit businesses from claiming both for the same jobs.

**House Bill 585** and **Senate Bill 344** would allow an individual income tax credit for certain investments made to small businesses.

**House Bill 1013** and **Senate Bill 226** would extend the subtraction from individual and corporate income tax for capital gains to apply to investments in qualified businesses made through June 30, 2015.

cc : Secretary of Finance

Date: 2/14/2012 KLC  
HB714FE161