

**DEPARTMENT OF TAXATION  
2012 Fiscal Impact Statement**

1. **Patron** Richard H. Stuart

2. **Bill Number** SB 178

3. **Committee** Senate Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Income Tax; Satellite office expenses tax credit

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would create a nonrefundable corporate income tax credit for any corporation that invests at least \$250,000 to open a satellite office or operation in a Virginia locality that reduces the commute of at least 10 current employees to five miles or less. The amount of the credit would be \$250,000. No taxpayer would be eligible for more than one \$250,000 credit per taxable year.

This bill would allow the credit to be carried forward and claimed against the taxpayer's income taxes for the next three taxable years or until such credit is fully taken, whichever occurs first.

The effective date of this bill is not specified.

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

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

**8. Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, the Department considers implementation of this bill as "routine," and does not require additional funding.

The Department will provide specific administrative costs on any legislation that is not "routine." Additionally, the Department will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, the Department will identify the costs at that time.

## Revenue Impact

This bill would reduce General Fund revenues to the extent that businesses claim the credit. It would result in an unknown revenue loss beginning as early as FY 2012, with a significant unknown revenue loss in FY 2013 and later fiscal years. Any revenue impact in FY 2012 would depend on whether the bill is enacted early enough for companies to adjust their estimated payments based on qualifying projects.

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

Department of Taxation

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

### **11. Other comments:**

#### Proposed Legislation

This bill would create a nonrefundable corporate income tax credit for any corporation that invests at least \$250,000 to open a satellite office or operation in a Virginia locality that reduces the commute of at least 10 current employees to five miles or less. The amount of the credit would be \$250,000. No taxpayer would be eligible for more than one \$250,000 credit per taxable year.

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#### Similar Legislation

**House Bill 149** and **Senate Bill 61** would reduce the corporate income tax rate for certain businesses that open a satellite office or operation in a Virginia locality with a population of 200,000 or fewer.

cc : Secretary of Finance

Date: 2/2/2012 KLC  
SB178F161