

**DEPARTMENT OF TAXATION**  
**2012 Fiscal Impact Statement**

1. **Patron** Charles W. Carrico, Sr.

2. **Bill Number** SB 609

3. **Committee** Passed House and Senate

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Coalfield employment enhancement tax credit; extends sunset date

**Second House:**

☐ In Committee

☐ Substitute

☒ Enrolled

**5. Summary/Purpose:**

This bill would extend the sunset date for the Coalfield Employment Enhancement Tax Credit from taxable years beginning before January 1, 2015 to taxable years beginning before January 1, 2017.

The effective date of this bill is not specified.

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 revenue impact, as the revenue forecast generally assumes that expiring credits will be extended. Coalfield credits may currently be earned through Taxable Year 2014. The credit may be claimed in the third taxable year following the taxable year in which the credit is earned and allowed. Accordingly, credits earned in Taxable Year 2014 would be claimed when the return for Taxable Year 2017 is filed in Fiscal Year 2018. Under this bill, credits earned in Taxable Years 2015 and 2016 would be claimed when returns for Taxable Years 2019 and 2020 are filed in Fiscal Years 2020 and 2021.

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

Department of Taxation

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

**11. Other comments:**

Coalfield Employment Enhancement Tax Credit

The Coalfield Employment Enhancement Tax Credit provides a credit against any tax imposed by the Commonwealth to Virginia producers of coal and coal methane gas. Two credits are available for coal mining, one for underground mines and another for surface mined coal. For coal mined underground, the credit amount varies according to the seam thickness mined. The credit is equal to \$2.00 per ton for a seam thickness of 36 inches or less and \$1.00 per ton for a seam thickness greater than 36 inches. Seam thickness is certified by the Department of Mines, Minerals and Energy. A credit of \$0.40 per ton is permitted for coal mined by surface mining methods. Also available is a credit for coal methane gas producers of \$0.01 per million BTU's of gas produced.

The credit is claimed in the third taxable year following the taxable year in which the credit was earned and allowed. To the extent the credit exceeds income tax liability, the excess is refundable up to 85 percent of the face value of the credit. The remaining 15 percent is deposited in a regional fund administered by the Coalfield Economic Development Authority.

The Coalfield Employment Enhancement Tax Credit is currently available for taxable years beginning on or after January 1, 1996 but before January 1, 2015.

Proposal

This bill would extend the sunset date for the Coalfield Employment Enhancement Tax Credit from taxable years beginning before January 1, 2015 to taxable years beginning before January 1, 2017.

The effective date of this bill is not specified.

Similar Legislation

**House Bill 1192** is substantively identical to this bill.

cc : Secretary of Finance

Date: 2/27/2012 KLC  
SB609FER161