

18105099D

SENATE BILL NO. 963

Offered January 19, 2018

A *BILL* to amend and reenact § 58.1-322.01 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 3 of Title 58.1 an article numbered 13.4, consisting of sections numbered 58.1-439.29 and 58.1-439.30, relating to tax credits for contributions to the Commonwealth Competitiveness Fund.

 Patron—Ebbin

 Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-322.01 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3 of Title 58.1 an article numbered 13.4, consisting of sections numbered 58.1-439.29 and 58.1-439.30, as follows:

§ 58.1-322.01. Virginia taxable income; additions.

In computing Virginia taxable income pursuant to § 58.1-322, to the extent excluded from federal adjusted gross income, there shall be added:

1. Interest, less related expenses to the extent not deducted in determining federal income, on obligations of any state other than Virginia, or of a political subdivision of any such other state unless created by compact or agreement to which Virginia is a party.

2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax but not from state income taxes.

3. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code.

4. The amount of a lump sum distribution from a qualified retirement plan, less the minimum distribution allowance and any amount excludable for federal income tax purposes that is excluded from federal adjusted gross income solely by virtue of an individual's election to use the averaging provisions under § 402 of the Internal Revenue Code.

5. The amount required to be included in income for the purpose of computing the partial tax on an accumulation distribution pursuant to § 667 of the Internal Revenue Code.

6. For taxable years beginning on and after January 1, 2014, any loss for the taxable year that was deducted as a capital loss for federal income tax purposes by an account holder attributable to such person's first-time home buyer savings account established pursuant to Chapter 32 (§ 55-555 et seq.) of Title 55. For purposes of this subdivision, "account holder" and "first-time home buyer savings account" mean the same as those terms are defined in § 55-555.

7. For taxable years beginning on and after January 1, 2016, to the extent that tax credit is allowed for the same donation pursuant to § 58.1-439.12:12 or 58.1-439.30, any amount claimed as a federal income tax deduction for such donation under § 170 of the Internal Revenue Code, as amended or renumbered.

*Article 13.4.**Commonwealth Competitiveness Fund.***§ 58.1-439.29. Commonwealth Competitiveness Fund.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Commonwealth Competitiveness Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated to the Fund and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used for exclusively public purposes and shall be subject to appropriation by the General Assembly.

B. Ten percent of the amount in the Fund shall be reallocated to the at-risk add-on based on the concentration of children qualifying for the federal Free Lunch Program pursuant to the general appropriation act.

C. For purposes of the Comptroller's preliminary and final annual reports required by § 2.2-813, all deposits to and disbursements from the Fund shall be accounted for as part of the general fund of the state treasury.

§ 58.1-439.30. Commonwealth competitiveness tax credit.

INTRODUCED

SB963

59 *A. For taxable years beginning on and after January 1, 2018, a taxpayer shall be allowed a credit*
60 *against the tax imposed pursuant to this chapter in the amount of 90 percent of his monetary*
61 *contribution to the Commonwealth, to be deposited in the Commonwealth Competitiveness Fund, but*
62 *only if the monetary contribution is made for exclusively public purposes as specified under 26 U.S.C. §*
63 *170. The amount of the credit shall not exceed the total amount of tax imposed by this chapter upon the*
64 *taxpayer for the taxable year.*

65 *B. The Department shall establish procedures for taxpayers to make monetary contributions to the*
66 *Commonwealth Competitiveness Fund and for any taxpayer to obtain from the Department a*
67 *certification for the credit allowed pursuant to this section. The Department shall certify the contribution*
68 *amount eligible for credit within 45 days following the receipt of the contribution.*

69 **2. That the Department of Taxation shall promulgate regulations to implement the provisions of**
70 **this act.**

71 **3. That if a federal agency or federal court issues a generally applicable public ruling, regulation,**
72 **or court decision that is applicable to § 58.1-439.30 of the Code of Virginia, as created by this act,**
73 **and that limits the amount of a contribution allowed as a charitable deduction under 26 U.S.C.**
74 **§ 170, the amount of the credit allowed pursuant to subsection A of § 58.1-439.30 of the Code of**
75 **Virginia, as created by this act, shall be equal to the same amount as determined by such agency**
76 **or court.**