

LD0030482

**HOUSE BILL NO. 1142**

Offered January 25, 1994

*A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.2, establishing an income tax credit for employers who hire displaced defense workers.*

Patrons—Wagner, Behm, Croshaw, Deeds, Forbes, Jones, J.C., Kilgore, McDonnell, Morgan, Purkey, Tata, Wardrup and Wilkins; Senator: Stolle

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.2 as follows:**

*§ 58.1-339.2. Income tax credit for certain employers.*

*A. For all taxable years beginning on or after January 1, 1994, but before January 1, 1997, any taxpayer shall be allowed a credit against the tax imposed by §§ 58.1-320 and 58.1-400 of an amount equal to fifty percent of the wages of any qualified employee. A qualified employee is any Virginia resident who at the time of hiring is categorized as a displaced defense worker by the Virginia Employment Commission.*

*In order to claim the credit, each employer shall document and keep records that the employee met at least one of the above conditions at the time of hiring.*

*B. Any person who is hired under this program (i) shall not have been an employee of the corporation claiming the credit for at least one year prior to the date of hiring, (ii) shall not have been involved in a strike or labor dispute during the unemployed period, (iii) shall not be a relative of any owner of the corporation claiming the credit ("relative" shall be defined as a spouse, child, grandchild, parent or sibling of a owner in the corporation and "owner" shall be defined as any person who owns five percent or more of the corporation's stock), or (iv) shall not own, directly or indirectly, more than fifty percent in value of the outstanding stock of the corporation claiming the credit, and (v) shall have worked for the corporation for at least 1,000 hours of the taxable year for which the corporation is claiming the credit. All employees of corporations that are members of a controlled group are treated as employees for a single employer for the credit. No employer shall qualify for this credit unless the displaced defense worker hired represents an increase in employment level for the employer.*

*C. If the amount of the credit exceeds the corporation's tax liability for such taxable year, the amount which exceeds the tax liability may be carried over for credit against the income taxes of such corporation in the next five taxable years until the total amount of the tax credit has been taken.*

*D. The credit shall pass through to shareholders, partners, and members, respectively, of corporations, partnerships, and limited liability companies, respectively.*

INTRODUCED

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