

# VIRGINIA INCOME TAX CREDITS

Code Section	Title	Description	Date Enacted	Date Effective	Date Amended	Rationale	Amount of Credits Used		
							2000	2001	2002
Age/Disability/Low-Income									
§ 58.1-339.7	Home Accessibility Features for the Disabled Tax Credit	A credit is provided for an individual who installs or hires someone to install one or more accessibility features in his residence to make it accessible to disabled individuals.	1999	January 1, 2000	N/A	To offset installation costs for accessibility features for the disabled in one’s home	\$7,724	\$10,392	\$7,385
§ 58.1-339.8	Low-Income Taxpayer Tax Credit	This credit was expanded in 2004 to allow individuals to claim a credit equal to the greater of 20% of the federal earned income credit or the current Virginia low-income credit. The Virginia low-income credit provides a nonrefundable individual income tax credit equal to \$300 for each personal and dependent exemption for taxpayers with family Virginia adjusted gross income at or below the federal poverty line.	2000	January 1, 2000	2004	To provide tax relief to low-income taxpayers	\$14,990,923	\$17,146,625	\$19,477,062
§ 58.1-339.9	Rent Reduction Tax Credit	This credit is allowed to individual or corporate owners of rental property who provide a rent reduction to low-income tenants who are over age 62, have a mental or physical disability or have been homeless at any time within the 12 months preceding the lease term. The reduced rent must be at least 15% below the market rate. No credit is allowed unless a rental reduction credit was validly claimed under § 58.1-339 for all or part of December 1999. This credit is available for taxable years through December 31, 2005.	2000	January 1, 2000	N/A	To subsidize reduced rent for the elderly, disabled, and homeless	\$40,423	\$40,438	\$33,894
§ 58.1-435	Low-Income Housing Credit	This credit is allowed to taxpayers who have invested in low-income housing projects in Virginia. In order to qualify, the project must be eligible for the federal low-income housing credit.	1989	January 1, 1990	1990, 1992, 1994, 1996, 2001	To encourage investment in low-income housing units	\$29,044	\$74,348	\$33,109

Code Section	Title	Description	Date Enacted	Date Effective	Date Amended	Rationale	Amount of Credits Used		
							2000	2001	2002
§ 58.1-439.9	Employers of Temporary Assistance to Needy Families (TANF) Recipients Tax Credit	This credit grants businesses that employ 100 or fewer employees a tax credit for hiring Virginia residents receiving Temporary Assistance to Needy Families (TANF) benefits.	1998	January 1, 1999	2002	To encourage businesses to employ low-income individuals	\$1,616	\$1,589	\$882
Agriculture									
§§ 58.1-334 & 58.1-432	Conservation Tillage Equipment Tax Credit	This credit is available to individuals and corporations for the purchase and installation of conservation tillage equipment used in agricultural production. Conservation tillage equipment is a planter or drill designed to minimize soil disturbance when crops are planted.	1985	January 1, 1985	1990	To encourage the use of equipment that minimizes soil disturbance for planting and other purposes	\$250,129	\$200,475	\$189,682
§§ 58.1-337 & 58.1-436	Advanced Technology Pesticide and Fertilizer Application Equipment Tax Credit	This credit is available to individual or corporate purchasers of equipment that is certified as providing more precise pesticide and fertilizer application.	1990	January 1, 1990	1996	To encourage the purchase and use of pesticide and fertilizer application equipment that reduces the potential for adverse environmental impacts	\$153,724	\$163,984	\$95,104
Business/Economic Development									
§ 58.1-339.4	Qualified Equity and Subordinated Debt Investment Tax Credit	This credit is provided for taxpayers making investments in the form of qualified equity and subordinated debt in a qualified small business venture.	1998	January 1, 1999	2004	To encourage investment in start-up businesses	\$1,030,625	\$1,908,503	\$1,723,461
§ 58.1-439	Major Business Facility Job Tax Credit	This credit is provided to qualifying companies for the creation of new, permanent full-time positions in Virginia. This credit will expire on January 1, 2010.	1994	January 1, 1995	1995, 1996, 1997, 1998, 2004	To encourage the development and expansion of businesses within Virginia	\$6,203,500	\$8,004,072	\$8,900,856
§ 58.1-439.4	Day-Care Facility Investment Tax Credit	This credit is available to employers who establish a licensed day-care center in Virginia for the children of the taxpayer's employees. No taxpayer has ever validly claimed this credit.	1996	January 1, 1997	N/A	To encourage the establishment of day-care facilities with the workplace	\$0	\$0	\$0

Code Section	Title	Description	Date Enacted	Date Effective	Date Amended	Rationale	Amount of Credits Used		
							2000	2001	2002
§ 58.1-439.6	Worker Retraining Tax Credit	This credit is offered to employers for all expenditures paid for eligible worker retraining for qualified full-time employees.	1997	January 1, 1999	N/A	To encourage employers to retrain employees	*	\$9,457	\$3,085
§ 58.1-439.12:01	Cigarettes Manufactured and Exported Tax Credit	This credit is available to corporations that export cigarettes manufactured in Virginia. The amount of the credit depends on the amount by which the taxpayer's exports in the taxable year exceed its exports in the 2004 taxable year. This credit is effective for taxable years beginning prior to January 1, 2016.	2004	January 1, 2006	N/A	To encourage cigarette manufacturers to retain their shipping volume in Virginia	Not In Effect	Not In Effect	Not In Effect
§ 58.1-439.13	Investment in Technology Industries in Tobacco-Dependent Localities Tax Credit	This credit is available to taxpayers who make a qualified investment in an information technology or biotechnology company located in a tobacco dependent locality. This credit is funded by the Tobacco Indemnification and Community Revitalization Fund and is available for taxable years beginning before January 1, 2010.	2000	January 1, 2000	N/A	To attract technology industries to tobacco-dependent localities	Credit not Funded by the Tobacco Indemnification and Community Revitalization Fund		
§ 58.1-439.14	Research and Development Activity Occurring in Tobacco-Dependent Localities Tax Credit	This credit is allowed for qualified research expenses in the area of advanced computing, advanced materials, biotechnology, electronic device technology, environmental technology, medical device technology or other technology field occurring at the taxpayer's place of business in a tobacco-dependent locality. This credit is funded by the Tobacco Indemnification and Community Revitalization Fund and is available for taxable years beginning before January 1, 2010.	2000	January 1, 2000	N/A	To attract industries engaging in research and development to tobacco-dependent localities	Credit not Funded by the Tobacco Indemnification and Community Revitalization Fund		
§ 59.1-280	Enterprise Zone Business Tax Credit	A qualified business firm can claim this credit, which is equal to a percentage of its annual tax liability for a period of 10 years. This credit expires on July 1, 2005.	1982	July 1, 1982	1983, 1988, 1992, 1995, 1996, 1997, 1998, 2003	To stimulate the growth of businesses in certain areas of Virginia.	\$1,597,643	\$1,613,787	\$2,301,945

Code Section	Title	Description	Date Enacted	Date Effective	Date Amended	Rationale	Amount of Credits Used		
							2000	2001	2002
§ 59.1-280.1	Enterprise Zone Real Property Investment Tax Credit	This credit is available to owners or tenants of real property located in an enterprise zone who rehabilitate or expand the property in order to assist the conduct of a trade or business by the owner or tenant within the enterprise zone. This credit expires on July 1, 2005.	1995	July 1, 1995	1997, 1998	To encourage the rehabilitation of property through the establishment of a business in certain areas of Virginia	\$1,170,382	\$1,743,191	\$2,275,083
Charity									
§§ 63.2-2000 - 63.2-2006	Neighborhood Assistance Tax Credit	This credit is for business firms and individuals who contribute to approved neighborhood assistance organizations.	1981	July 1, 1982	1982, 1984, 1986, 1989, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004	To encourage business firms and individuals to make donations to neighborhood organizations.	\$3,729,505	\$4,574,478	\$4,385,937
Coal									
§ 58.1-433.1	Coal Employment and Production Incentive Tax Credit	This credit is available to those taxpayers who produce electricity for self-consumption or for sale and who purchase and consume coal mined in Virginia.	1999	January 1, 2001	2000	To maintain the current employment levels in Virginia's coal industry	Not In Effect	\$0	\$0
§ 58.1-439.2	Coalfield Employment Enhancement Tax Credit	This credit is provided to any taxpayer who has an economic interest in coal mined in Virginia or who produces coalbed methane in Virginia. This credit is effective for taxable years prior to January 1, 2008.	1995	January 1, 1996	1996, 1999, 2000	To maintain the current employment levels in Virginia's coal industry	\$10,060,388	\$18,167,719	\$18,918,266
Environment/Conservation									
§ 58.1-339.2	Historic Rehabilitation Tax Credit	This credit is based upon the eligible expenses incurred in rehabilitating a "certified historic structure" in Virginia.	1996	January 1, 1997	1998, 1999, 2000	To encourage the restoration of certified historic structures	\$14,723,947	\$17,658,489	\$23,196,899

Code Section	Title	Description	Date Enacted	Date Effective	Date Amended	Rationale	Amount of Credits Used		
							2000	2001	2002
§ 58.1-339.3	Agricultural Best Management Practices Tax Credit	A tax credit is provided for persons engaged in agricultural production based on the costs associated with implementing “agricultural best management practices,” which provide improved water quality in Virginia’s streams, rivers and the Chesapeake Bay.	1996	January 1, 1998	N/A	To reduce pollution and promote water conservation through management practices approved by Virginia Soil and Water Conservation Board	\$525,317	\$479,014	\$528,324
§§ 58.1-339.10 & 58.1-439.12	Riparian Forest Buffer Protection for Waterways Tax Credit	This credit is available for any individual or corporate taxpayer who owns land abutting a waterway on which timber is harvested and who does not harvest the timber on certain portions of the land near the waterway.	2000	January 1, 2000	N/A	To encourage taxpayers to forego the harvesting of timber on land that is adjacent to a waterway	\$20,740	\$59,595	\$47,387
§ 58.1-438.1	Vehicle Emissions Testing Equipment Tax Credit	This credit is available for the purchase or lease of enhanced vehicle emissions testing equipment in localities that have a mandatory enhanced vehicle emissions program or in localities that are adjacent to such a locality.	1997	The credit is available for any equipment purchased or leased after December 31, 1996	1998	To reduce the cost of vehicle emissions testing equipment in localities that require emissions tests	\$77,944	\$86,548	\$75,444
§ 58.1-438.1	Clean Fuel Vehicle and Certain Refueling Property Tax Credit	This credit is allowed for purchases of electric vehicles, vehicles that operate on alternative fuels and refueling property related to the operation of these vehicles.	1993	January 1, 1993	1994, 1995	To reduce pollution by encouraging the purchase of clean fuel vehicles and equipment	\$11,505	\$32,020	\$80,849
§ 58.1-439.1	Clean Fuel Vehicle Job Creation Tax Credit	This credit is allowed for each job created in Virginia to manufacture clean fuel vehicles or convert conventionally fueled vehicles to run on clean fuel. Jobs created to manufacture clean fuel vehicle components are also eligible for the credit. This credit is effective for taxable years through December 31, 2006.	1995	January 1, 1996	N/A	To attract businesses that manufacture clean fuel vehicles	\$0	\$0	\$0

Code Section	Title	Description	Date Enacted	Date Effective	Date Amended	Rationale	Amount of Credits Used		
							2000	2001	2002
§ 58.1-439.7	Recyclable Materials Processing Equipment Tax Credit	This tax credit is allowed to corporations for the purchase of machinery and equipment used in facilities in Virginia that manufacture, process, compound or produce items of tangible personal property from recyclable materials for sale. This credit will expire on January 1, 2007.	1998	January 1, 1998	2001, 2004	To attract businesses engaged in the use of recycling equipment	\$200,035	\$58,862	\$54,473
§ 58.1-439.10	Purchase of Waste Motor Oil Burning Equipment Tax Credit	This credit is for Virginia taxpayers who operate a business facility within Virginia, accept waste motor oil from the public and purchase equipment used exclusively for burning waste motor oil at the business facility.	1998	January 1, 1999	N/A	To encourage businesses to accept waste motor oil	\$124,560	\$140,792	\$125,645
§ 58.1-512	Land Preservation Tax Credit	This credit is for individuals or corporations donating land for conservation and preservation purposes. A taxpayer who has earned this credit may transfer it for use by another taxpayer on Virginia income tax returns.	1999	January 1, 2000	2002	To supplement land conservation programs and to encourage the preservation of Virginia's natural resources.	\$2,216,991	\$3,501,694	\$4,985,817
Other									
§ 58.1-332.1	Taxes Paid to a Foreign Country on Retirement Income Tax Credit	Individuals may claim a credit for income taxes paid to a foreign country on pension or retirement income derived from employment in a foreign country. The retirement income must be included in Virginia taxable income on the income tax return to which this credit is applied.	1998	January 1, 1998	N/A	To prevent the double taxation of foreign retirement income by Virginia and a foreign country	\$67,445	\$74,831	\$88,403
§ 58.1-339.6	Political Candidate Contribution Tax Credit	This credit is offered to individuals for the amount contributed to a candidate in one or more primary, special or general elections for local or state office held in the Commonwealth in the taxable year in which the contributions are made.	1999	January 1, 2000	N/A	To encourage Virginians to give money to candidates running for local or statewide office in Virginia	\$177,531	\$279,273	\$252,854

\* Due to the small number of returns, we are unable to disclose the exact amount of credit taken.