



COMMONWEALTH of VIRGINIA

Department of Taxation

October 22, 2019

To: The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

Dear Chairmen:

Pursuant to the third enactment clause of 2017 House Bill 2074 (Chapter 762 of the Acts of Assembly), the Department of Taxation ("the Department") is required to report annually regarding the number of registrations and certifications of Virginia venture capital accounts.

Virginia allows an individual and corporate income tax subtraction for income attributable to an investment in a Virginia venture capital account made on or after January 1, 2018, but before December 31, 2023. In order to be certified as a Virginia venture capital account, an investment fund is required to first register with the Department by submitting an application indicating that it intends to invest at least 50 percent of the capital committed to its fund in qualified portfolio companies and currently employs at least one investor who has at least four years of professional experience in venture capital investment or substantially equivalent experience. An investment fund that has registered with the Department and has invested at least 50 percent of the capital committed to its fund in qualified portfolio companies may submit an application to the Department for certification as a Virginia venture capital account.

For Taxable Year 2018, the Department received no applications under this program.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "CMB", written over a circular stamp.

Craig M. Burns
Tax Commissioner

C: The Honorable Aubrey L. Layne Jr, Secretary of Finance
William J. White, Assistant Commissioner for Tax Policy