



# COMMONWEALTH of VIRGINIA

*Department of Taxation*

November 1, 2022

The Honorable Janet D. Howell  
Co-Chair, Senate Finance and Appropriations Committee

The Honorable, George L. Barker  
Co-Chair, Senate Finance and Appropriations Committee

The Honorable Barry D. Knight  
Chairman, House Appropriations Committee

The Honorable Roxann L. Robinson  
Chairman, House Finance Committee

During the 2019 Session, the General Assembly enacted House Bill 2003 (Chapter 699 of the *Acts of Assembly*), which required the Department of Taxation (“the Department”) to publish an annual report regarding the Major Business Facility Job Tax Credit. This report must include the location of sites used for major business facilities for which a credit was claimed; the North American Industry Classification System (“NAICS”) codes used for the major business facilities for which a credit was claimed; the number of qualified full time employees for whom a credit was claimed; and the total cost to the Commonwealth's General Fund of the credits claimed. The report is to be published for taxable years beginning on or after January 1, 2019 and must include information for the 12-month period ending on the preceding December 31. The Department is publishing this report to provide data pertaining to Taxable Year 2020 Major Business Facility Job Tax Credits.

## **Background Regarding the Major Business Facility Job Tax Credit**

Under *Va. Code* § 58.1-439, Virginia allows individuals, estates, trusts and corporations to claim the Major Business Facility Job Tax Credit against their Virginia income tax. Taxpayers may also apply these credits against their Virginia bank franchise tax and certain license taxes. The credit is available to businesses that have establish a new facility, or expand an existing facility in Virginia. The credit amount is \$1,000 per new job created in excess of the qualifying threshold amount. The threshold amount is generally 50 new jobs, but may be lowered to 25 new jobs if the new jobs are located in designated Enterprise Zones, or areas the Virginia Economic Development Authority has identified as economically distressed. The credit is earned over a two-year period and the employment level must be maintained for a minimum of six years. The amount of credit allowed cannot exceed the tax imposed in any taxable year. Any credit not used in the taxable year the credit was allowed may be carried forward for the next ten succeeding taxable years.

## **Information Regarding Taxable Year 2020 Credits**

The Department issued a total of \$3.13 million in Major Business Facility Tax Credits to taxpayers for Taxable Year 2020. Because the credit is issued for a two-year period beginning with the year after the establishment or expansion of a major business facility, this amount

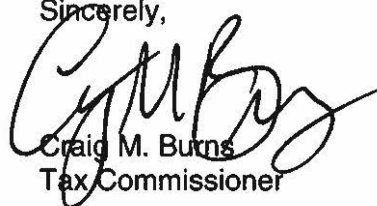
includes credits for major business facilities established or expanded during Taxable Years 2018 and 2019.

The credits issued for Taxable Year 2020 accounted for 6,263 qualified full-time employees. The credit was issued to facilities located in nine different localities, and by facilities with six different NAICS codes, as shown below:

<b>Taxable Year 2020 Major Business Facility Job Tax Credits</b>	
<b>Locations</b>	<b>NAICS Codes</b>
The Localities of Alexandria, Arlington, Chesapeake, Chesterfield, Fairfax, Frederick, Goochland, Henrico, and Richmond	Other Food Manufacturing (311900)
	Offices of Other Holding Companies (551112)
	Wholesale Trade (424210)
	All Other General Merchandise Stores (452319)
	Information (511210)
	Real Estate and Rental and Leasing (531390)

The General Fund revenue impact of the Major Business Facility Tax Credit for credits claimed on Taxable Year 2020 returns processed during Calendar Year 2021 was \$843,335. This amount includes the amount of credit issued by the Department for Taxable Year 2020 and also includes amounts carried over from prior taxable years under the Major Business Facility Tax Credit's ten-year carryover. It does not include credits issued for Taxable Year 2020 that could not be applied against tax liability on the Taxable Year 2020 return and, therefore, will be carried over to future taxable years. It also does not include credits claimed on returns processed after Calendar Year 2021.

Please contact me if you have any questions.

Sincerely,  
  
Craig M. Burns  
Tax Commissioner

C: The Honorable Stephen E. Cummings, Secretary of Finance  
Kristin Collins, Assistant Commissioner for Tax Policy