



COMMONWEALTH of VIRGINIA

Department of Taxation

January 6, 2025

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee
Post Office Box 700
Portsmouth, Virginia 23705

The Honorable Luke E. Torian
Chair, House Appropriations Committee
4222 Fortuna Plaza, Suite 659
Dumfries, Virginia 22025

The Honorable Vivian E. Watts
Chair, House Finance Committee
8717 Mary Lee Lane
Annandale, Virginia 22003

Dear Chair Lucas, Chair Torian, and Chair Watts:

Pursuant to the third enactment clause of 2018 House Bill 222 (Chapter 802 of the 2018 Acts of Assembly) and Senate Bill 883 (Chapter 801 of the 2018 Acts of Assembly), the Department of Taxation is required to report annually regarding the number of returns processed during the prior fiscal year for eligible companies that claimed a modified method of apportionment under these Acts and the estimated revenue impact of such modified methods of apportionment.

House Bill 222 and Senate Bill 883 allow certain eligible companies operating in qualified localities to apportion Virginia taxable income using modified apportionment factors. To qualify, a corporation or pass-through entity must: (1) not have any existing property or payroll in Virginia as of January 1, 2018; (2) on or after January 1, 2018 but before January 1, 2025, meet minimum capital investment and/or job creation requirements within a qualified locality; (3) be a traded-sector company; and (4) be certified by the Virginia Economic Development Partnership as generating a positive fiscal impact.

According to the Virginia Economic Development Partnership, no taxpayers have yet applied for certification to use certified company apportionment. Therefore, no taxpayers have claimed a modified method of apportionment under this program, and the Department has no information to report at this time regarding this tax incentive.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "James J. Alex".

James J. Alex
Tax Commissioner
Commonwealth of Virginia

C: The Honorable Stephen E. Cummings, Secretary of Finance
Kristin Collins, Deputy Commissioner for Tax Policy and Legislative Affairs