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**HOUSE BILL NO. 2514**

Offered January 13, 2025

Prefiled January 8, 2025

*A BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:13, relating to income tax credit; advertising in local newspapers and media.*

Patron—Lopez

Referred to Committee on Finance

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

**1. That the Code of Virginia is amended by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:13:**

**§ 58.1-439.12:13. Tax credit for advertising in local newspapers and media.**

*A. For purposes of this section:*

*"Eligible small business" means any business whose average number of full-time employees during such taxable year was fewer than 50 and that incurred qualified local media advertising expenses during such taxable year.*

*"Local radio or television station" means any broadcast radio or television station licensed by the Federal Communications Commission to serve a local community.*

*"Qualified local media advertising expenses" means amounts paid or incurred by an eligible small business in the ordinary course of a trade or business for advertising in a local newspaper of general circulation or in a broadcast of a local radio or television station during a taxable year.*

*B. For taxable years beginning on and after January 1, 2025, but before January 1, 2030, an eligible small business may claim a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 for qualified local media advertising expenses paid or incurred during such taxable year. The amount of the credit shall be (i) for the first taxable year in which the credit is claimed, the lesser of 80 percent of the actual amounts paid or incurred for qualified local media advertising expenses during such taxable year or \$4,000 and (ii) in subsequent taxable years in which the credit is claimed, the lesser of 50 percent of the actual amounts paid or incurred for qualified local media advertising expenses during such taxable year or \$2,000. The credit may only be claimed for the taxable year in which the qualified local media advertising expenses were incurred.*

*C. The total amount of tax credits available under this section for a taxable year shall not exceed \$10 million. In the event that applications for such credits exceed \$10 million for any taxable year, the Department shall allocate the credits on a pro rata basis.*

*D. The amount of the credit that may be claimed in any single taxable year shall not exceed the total amount of tax imposed by this chapter for that taxable year. If the amount of the credit allowed under this section exceeds the taxpayer's tax liability for the taxable year in which the eligible small business incurred qualified local media advertising expenses, the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.*

*E. For purposes of this section, the amount of the credit attributable to a partnership, electing small business corporation (S corporation), or limited liability company shall be allocated to the individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in such business entities.*

*F. The Tax Commissioner shall develop guidelines for applying for and claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).*