

**2015 SESSION**  
**(HB1879)**

**GOVERNOR'S VETO**

**Pursuant to Article V, Section 6, of the Constitution of Virginia, I veto House Bill 1879, which would extend both the ability to claim and to allocate the coal employment and production incentive tax credit and the allowance of the coalfield employment enhancement tax credit by two years without any meaningful reform.**

**In January 2012, the Joint Legislative Audit and Review Commission (“JLARC”) published its final report, *Review of the Effectiveness of Virginia Tax Preferences*, Senate Document No. 4. In JLARC’s report, it found that tax preferences collectively reduced annual taxpayers’ liability by approximately \$12.5 billion. It also found that the effectiveness of tax preferences designed to promote specific activities appeared to be mixed. The purpose of these two tax credits was to slow the decline of coal production and employment. Due to both coal production and coal employment declining at the same or even faster rates than predicted had the credits not been enacted, JLARC’s report concluded that the economic activity had not moved in the desired direction and that the credits had not achieved their goal.**

**Specifically, from 1988 until 2014, coal mine operators, electricity generators and other coal-related companies have claimed over \$573 million in tax credits. However during the same period, the number of coal miners in Virginia has declined from 11,106 to 3,600. The extension of these tax credits without meaningful reform is inconsistent with these findings.**

**Each day, I work tirelessly to build a new Virginia economy and ensure that Virginia is the number one place to do business. In order to attract new jobs, I must assure business leaders that Virginia has both fair tax policies and is the best choice for employees and their families. The effective and efficient use of revenues raised by these tax policies is an essential part of that assurance. Given the findings of the JLARC study and the lack of meaningful reform in the face of these findings, I believe it would be unwise for me to sign this legislation.**

**Accordingly, I veto this bill.**

**GOVERNOR'S RECOMMENDATION**

**1. Line 38, enrolled, after after**

**strike**

**~~July 1, 2016~~**

**insert**

**July 1, 2016**

**2. Line 38, enrolled, after ~~2016~~**

**strike**

***January 1, 2019***

**3. Line 53, enrolled, after before January 1,**

**strike**

**~~2017~~**

**insert**

**2017**

**4. Line 53, enrolled, after ~~2017~~**

**strike**

**2019**

**5. Line 71, enrolled, after *January 1,***

**strike**

**2019**

**insert**

**2017**