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HOUSE BILL NO. 2416

Offered January 10, 2001

Prefiled January 10, 2001

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.11 and by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:1 relating to individual and corporate income tax credits.

Patron—Morgan

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 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.11 and by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:1 as follows:

§ 58.1-339.11. Solar energy tax credit.

A. For taxable years beginning on and after January 1, 2002, an individual shall be entitled to a credit against the tax imposed pursuant to § 58.1-320 for the costs of solar energy property placed in service for income-producing purposes during the taxable year. The credit allowed under this section shall be in an amount equal to thirty-five percent of the total installed cost of the solar energy property but shall not exceed \$250,000 per taxpayer.

For purposes of this section, "solar energy property" means equipment that uses solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distilling, desalinating, detoxifying, or producing industrial or commercial process heat. The term also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.

B. The total amount of tax credits granted to all taxpayers under this section and under § 58.1-439.12:1 for each fiscal year shall not exceed \$10,000,000. The Tax Commissioner shall promulgate regulations in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.) providing for the allocation of credits among taxpayers requesting credits in the event that the amount of credits for which requests are made exceeds the available amount of credits in any year.

C. The amount of the credit allowed pursuant to this section shall not exceed the tax imposed for such taxable year. Any credit not usable for the taxable year may be carried over for credit by the taxpayer until the earlier of (i) the full amount of the credit is used or (ii) the expiration of the fifth taxable year after the taxable year in which the property is placed in service. If a taxpayer that is subject to the tax limitation imposed pursuant to this subsection is allowed another credit pursuant to any other section of the Code of Virginia, or has a credit carryover from a preceding taxable year, such taxpayer shall be considered to have first utilized any credit allowed that does not have a carryover provision, and then any credit that is carried forward from a preceding taxable year, prior to the utilization of any credit allowed pursuant to this section.

D. A taxpayer who claims the credit pursuant to this section may not use the costs of such solar energy property as the basis for claiming any other credit or grant provided under the Code of Virginia.

§ 58.1-439.12:1. Solar energy tax credit.

A. For taxable years beginning on and after January 1, 2002, a corporation shall be entitled to a credit against the tax imposed pursuant to § 58.1-400 for the costs of solar energy property placed in service for income-producing purposes during the taxable year. The credit allowed under this section shall be in an amount equal to thirty-five percent of the total installed cost of solar energy property but shall not exceed \$250,000 per taxpayer.

For purposes of this section, "solar energy property" means equipment that uses solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distilling, desalinating, detoxifying, or producing industrial or commercial process heat. The term also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.

B. The total amount of tax credits granted to all taxpayers under this section and under § 58.1-339.11 for each fiscal year shall not exceed \$10,000,000. The Tax Commissioner shall promulgate regulations in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.) providing for the allocation of credits among taxpayers requesting credits in the event that the amount of credits for which requests are made exceeds the available amount of credits in any year.

C. The amount of the credit allowed pursuant to this section shall not exceed the tax imposed for

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59 *such taxable year. Any credit not usable for the taxable year may be carried over for credit by the*
60 *corporation until the earlier of (i) the full amount of the credit is used or (ii) the expiration of the fifth*
61 *taxable year after the taxable year in which the property is placed in service. If a corporation that is*
62 *subject to the tax limitation imposed pursuant to this subsection is allowed another credit pursuant to*
63 *any other section of the Code of Virginia, or has a credit carryover from a preceding taxable year, such*
64 *corporation shall be considered to have first utilized any credit allowed that does not have a carryover*
65 *provision, and then any credit that is carried forward from a preceding taxable year, prior to the*
66 *utilization of any credit allowed pursuant to this section.*

67 *D. A corporation that claims the credit pursuant to this section may not use the costs of such solar*
68 *energy property as the basis for claiming any other credit or grant provided under the Code of Virginia.*
69 **2. That the Tax Commissioner shall promulgate regulations in accordance with the Administrative**
70 **Process Act (§ 9-6.14:1 et seq.) for purposes of carrying out the provisions of this Act.**