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HOUSE BILL NO. 1917

Offered January 11, 2017

Prefiled January 10, 2017

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 tax credits for capital investment in energy production in coalfield localities.*

 Patron—Morefield

 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 as follows:

§ 58.1-439.12:13. Virginia coalfield energy production tax credit.

A. As used in this section:

"Capital investment" means (i) any expenditure for the construction or improvement of an energy production facility or (ii) the cost of machinery, tools, and equipment used at an energy production facility and directly related to energy production.

"Coalfield region" means the Counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise and the City of Norton.

"Energy production facility" means a facility that has the primary purpose of producing energy for sale, including but not limited to biomass, coal, geothermal, hydroelectric, natural gas, nuclear, oil, solar, or wind energy.

B. For taxable years beginning on and after January 1, 2017, but before January 1, 2022, any person who makes a capital investment in an energy production facility located in the coalfield region shall be eligible to earn a credit against any tax due under Article 2 (§ 58.1-320 et seq.) or Article 10 (§ 58.1-400 et seq.), Chapter 12 (§ 58.1-1200 et seq.), Chapter 25 (§ 58.1-2500 et seq.), or Article 2 (§ 58.1-2620) of Chapter 26 in an amount equal to 25 percent of the investment. The credit may be applied only when the energy production facility is operational or producing energy for sale.

C. The amount of the credit shall not exceed the person's tax liability pursuant to Article 2 (§ 58.1-320 et seq.) or Article 10 (§ 58.1-400 et seq.), Chapter 12 (§ 58.1-1200 et seq.), Chapter 25 (§ 58.1-2500 et seq.), or Article 2 (§ 58.1-2620 et seq.) of Chapter 26, as applicable, for the taxable year for which the credit is claimed. Any credit not usable for the taxable year for which the credit was first allowed may be carried over for credit against the taxes imposed upon the person pursuant to Article 2 (§ 58.1-320 et seq.) or Article 10 (§ 58.1-400 et seq.), Chapter 12 (§ 58.1-1200 et seq.), Chapter 25 (§ 58.1-2500 et seq.), or Article 2 (§ 58.1-2620 et seq.) of Chapter 26, as applicable, in the next five succeeding taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

D. The amount of any 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.

E. The Department shall not issue more than \$7.3 million in credits under this section during any fiscal year. The Department shall develop procedures to allocate credits equitably in the event that applications for credits exceed \$7.3 million for the fiscal year.

INTRODUCED

HB1917