

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact §§ 58.1-334, 58.1-337, 58.1-432, and 58.1-436 of the Code of Virginia,*  
 3 *relating to tax credits of agricultural equipment.*

[S 1163]

Approved

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

7 **1. That §§ 58.1-334, 58.1-337, 58.1-432, and 58.1-436 of the Code of Virginia are amended and**  
 8 **reenacted as follows:**

9 **§ 58.1-334. Tax credit for purchase of conservation tillage equipment.**

10 *A. ~~Any~~ For taxable years beginning before January 1, 2021, any individual shall be allowed a credit*  
 11 *against the tax imposed by § 58.1-320 of an amount equaling 25 percent of all expenditures made for*  
 12 *the purchase and installation of conservation tillage equipment used in agricultural production by the*  
 13 *purchaser. As used in this section the term "conservation tillage equipment" means a planter, drill, or*  
 14 *other equipment used to reduce soil compaction commonly known as a "no-till" planter, drill, or other*  
 15 *equipment used to reduce soil compaction including guidance systems to control traffic patterns that are*  
 16 *designed to minimize disturbance of the soil in planting crops, including such planters, drills, or other*  
 17 *equipment designed to reduce soil compaction which may be attached to equipment already owned by*  
 18 *the taxpayer.*

19 *B. The amount of such credit shall not exceed \$4,000 or the total amount of tax imposed by this*  
 20 *chapter, whichever is less, in the year of purchase. If the amount of such credit exceeds the taxpayer's*  
 21 *tax liability for such tax year, the amount which exceeds the tax liability may be carried over for credit*  
 22 *against the income taxes of such individual in the next five taxable years until the total amount of the*  
 23 *tax credit has been taken.*

24 *C. For purposes of this section, the amount of any credit attributable to the purchase and installation*  
 25 *of conservation tillage equipment by a partnership or electing small business corporation (S corporation)*  
 26 *shall be allocated to the individual partners or shareholders in proportion to their ownership or interest*  
 27 *in the partnership or S corporation.*

28 **§ 58.1-337. Tax credit for purchase of conservation tillage and precision agriculture equipment.**

29 *A. 1. For taxable years beginning on or after January 1, 2021, but before January 1, 2026, any*  
 30 *individual engaged in agricultural production for market who has in place a soil conservation plan*  
 31 *approved by the local soil and water conservation district and is implementing a nutrient management*  
 32 *plan developed by a certified nutrient management planner in accordance with § 10.1-104.2 by the*  
 33 *required tax return filing date of the individual shall be allowed a refundable credit against the tax*  
 34 *imposed by § 58.1-320 of an amount equaling 25 percent of all expenditures made by such individual*  
 35 *for the purchase of equipment certified by the Virginia Soil and Water Conservation Board as reducing*  
 36 *soil compaction such as a "no-till" planter, drill, or other equipment or equipment that provides more*  
 37 *precise pesticide and fertilizer application or injection. For purposes of this section, equipment that*  
 38 *reduces soil compaction includes equipment utilizing guidance systems to control traffic patterns that*  
 39 *are designed to minimize the disturbance of soil in planting crops, including such planters, drills, or*  
 40 *other equipment that may be attached to equipment already owned by the taxpayer.*

41 *2. Virginia Polytechnic Institute and State University and Virginia State University shall provide at*  
 42 *the request of the Virginia Soil and Water Conservation Board technical assistance in determining*  
 43 *appropriate specifications for certified equipment which would provide for more precise pesticide and*  
 44 *fertilizer application to reduce the potential for adverse environmental impacts. The equipment shall be*  
 45 *divided into the following categories:*

- 46 *a. Sprayers for pesticides and liquid fertilizers;*
- 47 *b. Pneumatic fertilizer applicators;*
- 48 *c. Monitors, computer regulators, and height-adjustable booms for sprayers and liquid fertilizer*  
 49 *applicators;*
- 50 *d. Manure applicators;*
- 51 *e. Tramline adapters; and*
- 52 *f. Starter fertilizer banding attachments for planters.*

53 *3. The amount of such credit under this subsection shall not exceed \$17,500 in the year of purchase.*  
 54 *If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess may be*  
 55 *refunded by the Tax Commissioner. Tax credits shall be refunded by the Tax Commissioner on behalf of*  
 56 *the Commonwealth for 100 percent of face value. Tax credits shall be refunded within 90 days after the*

57 *filing date of the income tax return on which the individual applies for the refund.*

58 4. For purposes of this subsection, the amount of any credit attributable to the purchase of  
59 equipment certified by the Virginia Soil and Water Conservation Board as reducing soil compaction or  
60 providing more precise pesticide and fertilizer application or injection by a partnership or electing small  
61 business corporation (S corporation) shall be allocated to the individual partners or shareholders in  
62 proportion to their ownership or interest in the partnership or S corporation.

63 ~~Any~~ B. 1. For taxable years beginning before January 1, 2021, any individual engaged in  
64 agricultural production for market who has in place a nutrient management plan approved by the local  
65 ~~Soil and Water Conservation District~~ soil and water conservation district by the required tax return  
66 filing date of the individual shall be allowed a credit against the tax imposed by § 58.1-320 of an  
67 amount equaling ~~twenty-five~~ 25 percent of all expenditures made by such individual for the purchase of  
68 equipment certified by the Virginia Soil and Water Conservation Board as providing more precise  
69 pesticide and fertilizer application. Virginia Polytechnic Institute and State University and Virginia State  
70 University shall provide at the request of the Virginia Soil and Water Conservation Board technical  
71 assistance in determining appropriate specifications for certified equipment which would provide for  
72 more precise pesticide and fertilizer application to reduce the potential for adverse environmental  
73 impacts. The equipment shall be divided into the following categories:

- 74 1- a. Sprayers for pesticides and liquid fertilizers;
- 75 2- b. Pneumatic fertilizer applicators;
- 76 3- c. Monitors, computer regulators, and ~~height adjustable~~ height-adjustable booms for sprayers and
- 77 liquid fertilizer applicators;
- 78 4- d. Manure applicators;
- 79 5- e. Tramline adapters; and
- 80 6- f. Starter fertilizer banding attachments for planters.

81 B- 2. The amount of such credit *under subdivision 1* shall not exceed \$3,750 or the total amount of  
82 the tax imposed by this chapter, whichever is less, in the year of purchase. If the amount of such credit  
83 exceeds the taxpayer's tax liability for such taxable year, the amount which exceeds the tax liability may  
84 be carried over for credit against the income taxes of such individual in the next five taxable years until  
85 the total amount of the tax credit has been taken.

86 C- 3. For purposes of this ~~section~~ subsection, the amount of any credit attributable to the purchase of  
87 equipment certified by the Virginia Soil and Water Conservation Board as providing more precise  
88 pesticide and fertilizer application by a partnership or electing small business corporation (S corporation)  
89 shall be allocated to the individual partners or shareholders in proportion to their ownership or interest  
90 in the partnership or S corporation.

91 **§ 58.1-432. Tax credit for purchase of conservation tillage equipment.**

92 A. ~~Any~~ For taxable years beginning before January 1, 2021, any corporation shall be allowed a  
93 credit against the tax imposed by § 58.1-400 of an amount equaling 25 percent of all expenditures made  
94 for the purchase and installation of conservation tillage equipment used in agricultural production by the  
95 purchaser. As used in this section, the term "conservation tillage equipment" means a planter, drill, or  
96 other equipment used to reduce soil compaction commonly known as a "no-till" planter, drill, or other  
97 equipment used to reduce soil compaction including guidance systems to control traffic patterns that are  
98 designed to minimize disturbance of the soil in planting crops, including such planters, drills, or other  
99 equipment used to reduce soil compaction which may be attached to equipment already owned by the  
100 taxpayer.

101 B. The amount of such credit shall not exceed \$4,000 or the total amount of tax imposed by this  
102 chapter, whichever is less, in the year of purchase. If the amount of such credit exceeds the taxpayer's  
103 tax liability for such tax year, the amount which exceeds such tax liability may be carried over for credit  
104 against income taxes in the next five taxable years until the total amount of the tax credit has been  
105 taken.

106 C. For purposes of this section, the amount of any credit attributable to the purchase and installation  
107 of conservation tillage equipment by a partnership or electing small business corporation (S corporation)  
108 shall be allocated to the individual partners or shareholders in proportion to their ownership or interest  
109 in the partnership or S corporation.

110 **§ 58.1-436. Tax credit for purchase of conservation tillage and precision agricultural application**  
111 **equipment.**

112 A. 1. For taxable years beginning on or after January 1, 2021, but before January 1, 2026, any  
113 corporation engaged in agricultural production for market which has in place a soil conservation plan  
114 approved by the local soil and water conservation district and is implementing a nutrient management  
115 plan developed by a certified nutrient management planner in accordance with § 10.1-104.2 by the  
116 required tax return filing date of the corporation shall be allowed a refundable credit against the tax  
117 imposed by § 58.1-400 in an amount equaling 25 percent of all expenditures made by such corporation

for the purchase of equipment certified by the Virginia Soil and Water Conservation Board as reducing soil compaction such as a "no-till" planter, drill, or other equipment or equipment that provides more precise pesticide and fertilizer application or injection. For purposes of this section, equipment that reduces soil compaction includes equipment utilizing guidance systems to control traffic patterns that are designed to minimize the disturbance of soil in planting crops, including such planters, drills, or other equipment that may be attached to equipment already owned by the taxpayer.

2. Virginia Polytechnic Institute and State University and Virginia State University shall provide at the request of the Virginia Soil and Water Conservation Board technical assistance in determining appropriate specifications for certified equipment which would provide for more precise pesticide and fertilizer application to reduce the potential for adverse environmental impacts. The equipment shall be divided into the following categories:

- a. Sprayers for pesticides and liquid fertilizers;
- b. Pneumatic fertilizer applicators;
- c. Monitors, computer regulators, and height-adjustable booms for sprayers and liquid fertilizer applicators;
- d. Manure applicators;
- e. Tramline adapters; and
- f. Starter fertilizer banding attachments for planters.

3. The amount of such credit under this subsection shall not exceed \$17,500 in the year of purchase. If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess shall be refunded by the Tax Commissioner. Tax credits shall be refunded by the Tax Commissioner on behalf of the Commonwealth for 100 percent of face value. Tax credits shall be refunded within 90 days after the filing date of the income tax return on which the taxpayer applies for the refund.

4. For purposes of this subsection, the amount of any credit attributable to the purchase of equipment certified by the Virginia Soil and Water Conservation Board as reducing soil compaction or providing more precise pesticide and fertilizer application or injection by a partnership or S corporation shall be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

~~Any~~ B. 1. For taxable years beginning before January 1, 2021, any corporation engaged in agricultural production for market which has in place a nutrient management plan approved by the local Soil and Water Conservation District soil and water conservation district by the required tax return filing date of the corporation shall be allowed a credit against the tax imposed by § 58.1-400 of an amount equaling ~~twenty-five~~ 25 percent of all expenditures made by such corporation for the purchase of equipment certified by the Virginia Soil and Water Conservation Board as providing more precise pesticide and fertilizer application. Virginia Polytechnic Institute and State University and Virginia State University shall provide at the request of the Virginia Soil and Water Conservation Board technical assistance in determining appropriate specifications for certified equipment which would provide for more precise pesticide and fertilizer application to reduce the potential for adverse environmental impacts. The equipment shall be divided into the following categories:

- ~~1.~~ a. Sprayers for pesticides and liquid fertilizers;
- ~~2.~~ b. Pneumatic fertilizer applicators;
- ~~3.~~ c. Monitors, computer regulators, and height adjustable booms for sprayers and liquid fertilizer applicators;
- ~~4.~~ d. Manure applicators;
- ~~5.~~ e. Tramline adapters; and
- ~~6.~~ f. Starter fertilizer banding attachments for planters.

~~B.~~ 2. The amount of such credit under subdivision 1 shall not exceed \$3,750 or the total amount of the tax imposed by this chapter, whichever is less, in the year of purchase. If the amount of such credit exceeds the taxpayer's tax liability for such taxable year, the amount which exceeds the tax liability may be carried over for credit against the income taxes of such corporation in the next five taxable years until the total amount of the tax credit has been taken. Credits granted to a partnership or electing small business corporation (S corporation) shall be passed through to the partners or shareholders, respectively.

~~C.~~ 3. For purposes of this subsection, the amount of any credit attributable to the purchase of equipment certified by the Virginia Soil and Water Conservation Board as providing more precise pesticide and fertilizer application by a partnership or S corporation shall be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

**2. That the provisions of this act shall become effective only for taxable years beginning on and after January 1, 2021.**