

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 An Act to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section
3 numbered 58.1-339.12, relating to farm wineries and vineyards income tax credit.

[H 1837]

Approved

6 Be it enacted by the General Assembly of Virginia:

7 1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section
8 numbered 58.1-339.12 as follows:

9 § 58.1-339.12. Farm wineries and vineyards tax credit.

10 A. As used in this section, unless the context requires a different meaning:

11 "Qualified capital expenditures" means all expenditures made by the taxpayer for the purchase and
12 installation of barrels, bins, bottling equipment, capsuling equipment, chemicals, corks, crushers and
13 destemmers, dirt, fermenters or other recognized fermentation devices, fertilizer and soil amendments,
14 filters, grape harvesters, grape plants, hoses, irrigation equipment, labeling equipment, poles, posts,
15 presses, pumps, refractometers, refrigeration equipment, seeders, tanks, tractors, vats, weeding and
16 spraying equipment, wine tanks, and wire.

17 "Virginia vineyard" means agricultural lands located in the Commonwealth consisting of at least one
18 contiguous acre dedicated to the growing of grapes that are used or are intended to be used in the
19 production of wine by a Virginia farm winery as well as any plants or other improvements located
20 thereon.

21 "Virginia farm winery" means an establishment located in the Commonwealth that is licensed as a
22 Virginia farm winery pursuant to § 4.1-207.

23 B. For taxable years beginning on and after January 1, 2011, any Virginia farm winery or vineyard
24 shall be entitled to a credit against the tax levied pursuant to § 58.1-320 or 58.1-400 for qualified
25 capital expenditures made in connection with the establishment of new Virginia farm wineries or
26 vineyards and capital improvements made to existing Virginia farm wineries or vineyards. The amount
27 of the credit shall be equal to 25 percent of all qualified capital expenditures.

28 C. The total amount of tax credits available under this section for a calendar year shall not exceed
29 \$250,000. In the event that applications for such credit exceed \$250,000 for any calendar, the
30 Department of Taxation shall allocate the credits on a pro rata basis.

31 D. If the amount of the credit exceeds the taxpayer's tax liability for the tax year, the excess may be
32 carried over for credit against the income taxes of the taxpayer in the next 10 taxable years, or until the
33 total credit amount has been taken, whichever occurs first.

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

38 F. The credit allowed in this section shall not be claimed to the extent the taxpayer has claimed a
39 deduction for the same expenses for federal income tax purposes under § 179 of the Internal Revenue
40 Code, as amended.

ENROLLED

HB1837ER