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HOUSE BILL NO. 1891

Offered January 11, 2017

Prefiled January 10, 2017

A *BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13, relating to tax credits for geothermal heat pump property expenditures.*

Patrons—Hugo and Sullivan

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 58.1-339.13 as follows:

§ 58.1-339.13. Geothermal heat pump property expenditure tax credit.

A. As used in this section, "geothermal heat pump property expenditure" means any expenditure for equipment that uses the ground or groundwater as a thermal energy source to heat a residence or as a thermal energy sink to cool a residence. "Geothermal heat pump property expenditure" includes expenditures for labor costs related to the onsite preparation, assembly, or original installation of geothermal heat pump property and expenditures for piping or wiring to interconnect such property to the dwelling unit.

B. For taxable years beginning on or after January 1, 2017, but before January 1, 2022, any person who makes a geothermal heat pump property expenditure shall be allowed a credit against the tax imposed by § 58.1-320 in an amount equal to 25 percent of the expenditure.

C. This credit shall not be claimed unless the geothermal heat pump property (i) is installed on or in connection with a residence located in Virginia and used as a residence by the taxpayer and (ii) meets or exceeds the federal Energy Star efficiency requirements which are in effect at the time that the person makes the expenditure.

D. The amount of the credit claimed by a taxpayer in a taxable year shall not exceed the lesser of (i) 50 percent of the tax imposed under this chapter or (ii) \$2,500. Any credit not usable for the taxable year for which the credit was first allowed to be claimed may be carried over for credit against the tax imposed by § 58.1-320 in the next 10 succeeding taxable years or until the total amount of the credit has been taken, whichever is sooner.

E. In addition to the limits imposed under subsection C, the total credit claimed by a taxpayer for geothermal heat pump property at a single residence may not exceed 25 percent of the total cost of geothermal heat pump property at such residence. In no case shall the total credit claimed by a taxpayer for geothermal heat pump property at a single residence exceed \$10,000.

F. The Department shall not issue more than \$10 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 \$10 million for the fiscal year.

INTRODUCED

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