

VIRGINIA ACTS OF ASSEMBLY -- 2022 SPECIAL SESSION I

CHAPTER 18

An Act 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 credit for beneficial hardwood management practices.

[H 1319]

Approved August 4, 2022

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. Reforestation and afforestation tax credit.

A. For the purposes of this section, "eligible expenditures" means direct expenses incurred by a taxpayer related to implementing beneficial hardwood management practices pursuant to best practices developed by the Department of Forestry.

B. In order to encourage the planting and sustainable growth of hardwood trees, which take longer to reach maturity and thus take a longer time for a taxpayer to recoup investment expenses, for taxable years beginning on and after January 1, 2022, but before January 1, 2025, a taxpayer shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 for eligible expenditures. The credit shall equal the lesser of the eligible expenditures incurred by the taxpayer or \$1,000.

C. The total amount of tax credits available under this section for a taxable year shall not exceed \$1 million. Approved applications for such credits shall be administered and credits shall be allocated by the Department of Forestry on a first-come, first-served basis. In order to claim the credit, the taxpayer shall submit a forest management plan to the Department of Forestry for review. After approval of the plan, and completion of the implementation of the plan, the Department of Forestry shall certify the forest management plan contains beneficial management practices as eligible for the credit. The taxpayer shall forward the certification to the Department on forms provided by the Department. Approval and implementation of a forest management plan shall be completed the same year in which the credit is claimed.

D. The amount of the credit that may be claimed in any single taxable year shall not exceed the taxpayer's liability for taxes imposed by this chapter for that taxable year. If the amount of the credit allowed under this section exceeds the taxpayer's tax liability for the taxable year in which the eligible expenditures occurred, the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

E. To the extent that a taxpayer participates in the Hardwood Habitat Incentive Program, the taxpayer may claim the credit under this section for any remaining liability after such cost-share.

F. The Tax Commissioner, in coordination with the State Forester, shall develop guidelines for claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).