

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 58.1-339.13, relating to tax credit for beneficial hardwood management practices.*

4 [H 1319]

5 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**
8 **section numbered 58.1-339.13 as follows:**9 **§ 58.1-339.13. Reforestation and afforestation tax credit.**10 *A. For the purposes of this section, "eligible expenditures" means direct expenses incurred by a*
11 *taxpayer related to implementing beneficial hardwood management practices pursuant to best practices*
12 *developed by the Department of Forestry.*13 *B. In order to encourage the planting and sustainable growth of hardwood trees, which take longer*
14 *to reach maturity and thus take a longer time for a taxpayer to recoup investment expenses, for taxable*
15 *years beginning on and after January 1, 2022, but before January 1, 2025, a taxpayer shall be allowed*
16 *a nonrefundable credit against the tax levied pursuant to § 58.1-320 for eligible expenditures. The credit*
17 *shall equal the lesser of the eligible expenditures incurred by the taxpayer or \$1,000.*18 *C. The total amount of tax credits available under this section for a taxable year shall not exceed \$1*
19 *million. Approved applications for such credits shall be administered and credits shall be allocated by*
20 *the Department of Forestry on a first-come, first-served basis. In order to claim the credit, the taxpayer*
21 *shall submit a forest management plan to the Department of Forestry for review. After approval of the*
22 *plan, and completion of the implementation of the plan, the Department of Forestry shall certify the*
23 *forest management plan contains beneficial management practices as eligible for the credit. The*
24 *taxpayer shall forward the certification to the Department on forms provided by Department. Approval*
25 *and implementation of a forest management plan shall be completed the same year in which the credit*
26 *is claimed.*27 *D. The amount of the credit that may be claimed in any single taxable year shall not exceed the*
28 *taxpayer's liability for taxes imposed by this chapter for that taxable year. If the amount of the credit*
29 *allowed under this section exceeds the taxpayer's tax liability for the taxable year in which the eligible*
30 *expenditures occurred, the amount that exceeds the tax liability may be carried over for credit against*
31 *the income taxes of the taxpayer in the next five taxable years or until the total amount of the tax credit*
32 *has been taken, whichever is sooner.*33 *E. To the extent that a taxpayer participates in the Hardwood Habitat Incentive Program, the*
34 *taxpayer may claim the credit under this section for any remaining liability after such cost-share.*35 *F. The Tax Commissioner, in coordination with the State Forester, shall develop guidelines for*
36 *claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of the*
37 *Administrative Process Act (§ 2.2-4000 et seq.).*