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HOUSE BILL NO. 2086

Offered January 13, 2025

Prefiled January 7, 2025

A *BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:13, relating to income tax; energy efficient homes tax credits.*

Patrons—Shin, Maldonado and Runion

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 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12:13 as follows:

§ 58.1-439.12:13. Energy efficient homes tax credit.

A. For purposes of this section:

"Eligible contractor" means a licensed contractor, as defined in § 54.1-1100 that (i) constructed the qualified new energy efficient home or zero energy ready home that was acquired by an individual from such eligible contractor for use as a primary residence during the taxable year or (ii) in the case of a qualified new energy efficient home that is a manufactured home, produced such home.

"Qualified new energy efficient home" means a dwelling unit (i) located in the Commonwealth, (ii) the construction of which is substantially completed during the taxable year, and (iii) that meets the energy saving requirements of 26 U.S.C. § 45L(c)(2).

"Zero energy ready home" means a dwelling unit (i) located in the Commonwealth, (ii) the construction of which is substantially completed during any taxable year, (iii) that meets the energy saving requirements of 26 U.S.C. § 45L(c), and (iii) is certified as a zero energy ready home under the zero energy ready home program of the U.S. Department of Energy as such program was in effect on January 1, 2023, or any successor program determined by the federal Secretary of Labor.

B. For taxable years beginning on and after January 1, 2025, but before January 1, 2030, an eligible contractor shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to \$1,000 for the construction of a qualified new energy efficient home.

C. For taxable years beginning on and after January 1, 2025, but before January 1, 2030, an eligible contractor shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to \$2,000 for the construction of a zero energy ready home.

D. Only one credit may be claimed per dwelling unit pursuant to this section. 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 credit is claimed, 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. However, an eligible contractor shall not be allowed to claim more than \$250,000 pursuant to this section in any taxable year.

E. The Tax Commissioner, in consultation with the Virginia Department of Energy, 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.).

INTRODUCED

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