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HOUSE BILL NO. 405

Offered January 14, 2026

Prefiled January 12, 2026

A *BILL to amend the Code of Virginia by adding in Chapter 3 of Title 58.1 an article numbered 3.1, consisting of sections numbered 58.1-339.15, 58.1-339.16, and 58.1-339.17, relating to Health Insurance Premium Stabilization Tax Credit Act.*

Patron—Reid

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 3 of Title 58.1 an article numbered 3.1, consisting of sections numbered 58.1-339.15, 58.1-339.16, and 58.1-339.17, as follows:

*Article 3.1.**Health Insurance Premium Stabilization Tax Credit Act.***§ 58.1-339.15. Definitions.**

As used in this article, unless the context requires a different meaning:

"Certifiable premium" means the amount certified by the Division pursuant to § 58.1-339.16, for which a qualified taxpayer is allowed to claim a tax credit pursuant to § 58.1-339.17 for the taxable year.

"Commission" means the State Corporation Commission.

"Coverage month" means a month during which a qualified taxpayer is enrolled in a qualified health plan.

"Division" means the Health Benefit Exchange, a division within the Commission through which it administers the Exchange.

"Exchange" means, as the context requires, either (i) the Division or (ii) the Virginia Health Benefit Exchange established pursuant to the provisions of Chapter 65 (§ 38.2-6500 et seq.) of Title 38.2 and in accordance with § 1311(b) of the Federal Act, through which qualified health plans and qualified dental plans are made available to qualified individuals through the American Health Benefit Exchange and to qualified employers through the Small Business Health Options Program (SHOP) Exchange. "Exchange," when referring to the Virginia Health Benefit Exchange, collectively refers to both the American Health Benefit Exchange and the SHOP Exchange.

"Federal Act" means the federal Patient Protection and Affordable Care Act, P.L. 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, P.L. 111-152, and as it may further be amended, and regulations issued thereunder.

"Poverty guidelines" means the poverty guidelines of the 48 contiguous states and the District of Columbia updated annually in the Federal Register by the U.S. Department of Health and Human Services under the authority of § 673(2) of the federal Omnibus Budget Reconciliation Act of 1981, P.L. 97-35.

"Qualified health plan" means a health benefit plan that has in effect a certification that the plan meets the criteria for certification described in § 1311(c) of the Federal Act and § 38.2-6506.

"Qualified taxpayer" means a taxpayer that during the taxable year (i) was enrolled in a qualified health plan through the Exchange and (ii) had a Virginia adjusted gross income in excess of 400 percent of the poverty guidelines.

"Rating area" means the rating area established in accordance with § 300gg of the Federal Act.

"Silver plan" means a qualified health plan that is identified as a silver-level plan as described in subdivision 4 of § 38.2-6505, is offered through the Exchange, and provides self-coverage and family coverage options.

§ 58.1-339.16. State Corporation Commission to certify credit amounts.

A. The Division shall determine each qualifying taxpayer's certifiable premium for each taxable year in which such taxpayer may claim a tax credit pursuant to § 58.1-339.17.

B. A qualifying taxpayer's certifiable premium, with respect to any taxable year, shall be the sum of each coverage month's premium balance across all coverage months for such taxable year.

C. A qualifying taxpayer's coverage month premium balance, with respect to any coverage month, shall be equal to the lesser of:

1. The monthly premium for a qualified health plan in which such qualifying taxpayer and any covered spouse or dependent is enrolled through the Exchange; or

2. The difference, if any, between (i) the monthly premium that would apply if each individual covered under the qualified health plan as described in subdivision 1 were covered by the second lowest cost silver plan of the individual market in the rating area in which such taxpayer resides and (ii) an amount equal to

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59 8.5 percent of such taxpayer's Virginia adjusted gross income divided by 12.

60 D. The Division shall annually report to the Department each qualifying taxpayer's certifiable premium
61 for each taxable year.

62 **§ 58.1-339.17. Health insurance premium stabilization tax credit.**

63 A. For taxable years beginning on and after January 1, 2026, but before January 1, 2031, a qualified
64 taxpayer shall be allowed a refundable credit against the tax levied pursuant to § 58.1-320 in an amount
65 equal to such taxpayer's certifiable premium. Any qualified taxpayer that is married and enrolled in the same
66 qualified health plan as his spouse, if filing separately, may only be allowed to claim 50 percent of such
67 certifiable premium.

68 B. If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess shall be
69 refunded by the Tax Commissioner on behalf of the Commonwealth for 100 percent of face value within 90
70 days after the filing date of the income tax return on which the individual applies for the refund.

71 C. The Tax Commissioner, in consultation with the Division, shall develop guidelines for claiming the
72 credit provided by this article. Such guidelines shall be exempt from the provisions of the Administrative
73 Process Act (§ 2.2-4000 et seq.).