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HOUSE BILL NO. 760

Offered January 14, 2026

Prefiled January 13, 2026

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.

Patron—Runion

Committee Referral Pending

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:

"Construction" includes substantial reconstruction and rehabilitation.

"Eligible contractor" means the person that (i) constructed the energy-efficient home or extra-efficient home and owned the home during its construction or (ii) in the case of an energy-efficient home or extra-efficient home that is a manufactured home, the person that produced the home and owned the home during its production.

"Eligible purchaser" means the first person that purchased a new energy-efficient home or extra-efficient home from an eligible contractor.

"Energy-efficient home" means a dwelling unit located in the Commonwealth, the construction of which is completed during the taxable year, that meets (i) the energy-saving requirements of 26 U.S.C. § 45L(c) and is not certified as a zero energy ready home or (ii) a maximum HERS index score, before any onsite power production, of 45 in climate zone 3A, 47 in climate zone 4A, and 51 in climate zone 5A.

"Home energy rating system" or "HERS" means the energy rating index, as defined in the 2022 ANSI/RESNET/ICC 301 Standard for the Calculation and Labeling of the Energy Performance of Dwelling and Sleeping Units using an Energy Rating Index, developed by the Residential Energy Services Network.

"Extra-efficient home" means a dwelling unit located in the Commonwealth, the construction of which is completed during the taxable year, that meets (i) the energy-saving requirements of 26 U.S.C. § 45L(c) and 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 U.S. Secretary of Labor) or (ii) a maximum HERS index, before any onsite power production, of 43 in climate zone 3A, 45 in climate zone 4A, and 47 in climate zone 5A.

B. For taxable years beginning on and after January 1, 2026, but before January 1, 2031, a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 shall be allowed either (i) for the construction of an energy-efficient home in an amount equal to \$2,500 if the taxpayer is an eligible contractor or (ii) for the purchase of such home in an amount equal to \$1,000 if such taxpayer is an eligible purchaser. Either the eligible contractor or the eligible purchaser may claim the credit pursuant to this subsection for any single energy-efficient home, but not both.

C. For taxable years beginning on and after January 1, 2026, but before January 1, 2031, a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 shall be allowed either (i) for the construction of an extra-efficient home in an amount equal to \$5,000 if the taxpayer is an eligible contractor or (ii) for the purchase of such home in an amount equal to \$2,000 if such taxpayer is an eligible purchaser. Either the eligible contractor or the eligible purchaser may claim the credit pursuant to this subsection for any single extra-efficient home, but not both.

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 the 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, neither an eligible purchaser nor an eligible contractor shall be allowed to claim more than \$250,000 pursuant to this section in any taxable year.

E. The aggregate amount of credits allowable under this section shall not exceed \$10 million per taxable year. Credits shall be allocated by the Department on a pro rata basis.

F. The Tax Commissioner shall, in consultation with the Department of Energy, develop guidelines for claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of the

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59 *Administrative Process Act (§ 2.2-4000 et seq.).*