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HOUSE BILL NO. 1422

Offered January 22, 2026

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.15, relating to solar energy equipment tax credit.

Patron—McGuire

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 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.15 as follows:

§ 58.1-339.15. Solar energy equipment tax credit.

A. For the purposes of this section:

"Allowable expenses" means costs incurred by a taxpayer for permitting fees, inspection fees, and installation costs associated with the purchase of solar energy equipment.

"Solar energy equipment" means equipment whose primary purpose is to provide for the collection, conversion, storage, or control of solar energy for the purpose of heat production, electricity production, or simultaneous heat and electricity production.

B. For taxable years beginning on and after January 1, 2026, but before January 1, 2031, a taxpayer shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 for amounts paid for the purchase of solar energy equipment and associated allowable expenses. The amount of the credit shall be 15 percent of the cost of such equipment and allowable expenses incurred by the taxpayer in the Commonwealth during the taxable year, up to $1,000. No credit shall be allowed for any purchase or allowable expenses that are not intended for a taxpayer's personal use. To claim this credit, an eligible taxpayer shall submit all receipts for such purchase and associated allowable expenses to the Department.

C. 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 was earned, 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. The aggregate amount of credits allowable under this section shall not exceed $5 million per taxable year. Credits shall be allocated by the Department on a pro rata basis.

D. The Tax Commissioner 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.).

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