

HOUSE BILL NO. 760  
AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Finance  
on \_\_\_\_\_)  
(Patron Prior to Substitute—Delegate Runion)

*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 new homes tax credits.*

**Be it enacted by the General Assembly of Virginia:**

9      **1. That the Code of Virginia is amended by adding in Article 13 of Chapter 3 of Title 58.1 a section**  
10     **numbered 58.1-439.12:13 as follows:**

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

**12**      *A. For purposes of this section:*

*"Construction" means the construction of new, single-family residential homes.*

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

**18**        "*Eligible purchaser*" means the first person that purchased a new energy-efficient home or highly energy-  
**19**        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 (i) is certified to meet the requirements of the U.S. Environmental Protection Agency's Energy Star New Homes Program as such program was in effect on January 1, 2026, or any successor program determined by the Administrator of the U.S. Environmental Protection Agency or (ii) is certified to have 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.*

26        "Highly energy-efficient home" means a dwelling unit located in the Commonwealth, the construction of  
27        which is completed during the taxable year, that (i) is certified to meet the requirements of the U.S.  
28        Department of Energy's Efficient New Homes Program as such program was in effect on January 1, 2026, or  
29        any successor program determined by the U.S. Secretary of Energy or (ii) is certified to have a maximum  
30        HERS index, before any onsite power production, of 43 in climate zone 3A, 45 in climate zone 4A, and 47 in  
31        climate zone 5A.

**32** "Home energy rating system" or "HERS" means the energy rating index, as defined in the 2022

33     ANSI/RESNET/ICC 301 Standard for the Calculation and Labeling of the Energy Performance of Dwelling  
34     and Sleeping Units using an Energy Rating Index, developed by the Residential Energy Services Network.

35         B. For taxable years beginning on and after January 1, 2026, but before January 1, 2033, an eligible  
36     contractor shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400  
37     (i) in an amount equal to \$2,500 for each construction of an energy-efficient home and (ii) in an amount  
38     equal to \$5,000 for each construction of a highly energy-efficient home. Any eligible contractor entitled to a  
39     credit under this section may freely transfer an unused but otherwise allowable credit to another taxpayer.  
40     An eligible contractor shall not be allowed to claim more than \$500,000 pursuant to this section in any  
41     taxable year for credits that such contractor has not fully transferred to another taxpayer.

42         C. For taxable years beginning on and after January 1, 2026, but before January 1, 2033, an eligible  
43     purchaser shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400  
44     (i) in an amount equal to \$1,000 for the purchase of an energy-efficient home or (ii) in an amount equal to  
45     \$2,000 for the purchase of a highly energy-efficient home.

46         D. The credit amounts provided under this section shall, beginning on January 1, 2027, and for each year  
47     thereafter, be adjusted annually based on the greater of (i) the change in the United States Average  
48     Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor  
49     Statistics for the U.S. Department of Labor for the previous year, or (ii) zero.

50         E. The amount of the credit that may be claimed in any single taxable year shall not exceed the taxpayer's  
51     liability for taxes imposed by this chapter for that taxable year. If the amount of the credit allowed under this  
52     section exceeds the taxpayer's tax liability for the taxable year in which the credit is claimed, the amount that  
53     exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next  
54     seven taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

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

57         G. The Tax Commissioner shall, in consultation with the Department of Energy, develop guidelines for  
58     claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of the  
59     Administrative Process Act (§ 2.2-4000 et seq.).