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SENATE BILL NO. 333

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Agriculture, Conservation and Natural Resources on February 3, 2026)

(Patron Prior to Substitute—Senator Hackworth)

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 remediated mine gas tax credit.

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. Electric generation from remediated mine gas.

A. As used in this section:

"Remediated mine gas" means methane gas captured and produced from an underground gob area associated with a mined-out metallurgical coal seam located in the Commonwealth that would otherwise escape into the atmosphere.

"Sequester" or "sequestration" means the use of methane derived from remediated mine gas as a feedstock in a low emission manufacturing process, chemical process, or permanent storage that converts the methane into a durable material or product.

B. For taxable years beginning on and after January 1, 2027, but before January 1, 2032, an eligible taxpayer shall be allowed a one-time nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount up to 30 percent of the total cost to purchase machinery and equipment necessary for the capture of remediated mine gas for beneficial use, and not for flaring or destruction, at one underground metallurgical coal mine in the Commonwealth. The amount of the credit that may be claimed in any single taxable year shall not exceed the eligible taxpayer's liability for taxes imposed by this chapter for such taxable year. No credit shall be carried back to a preceding taxable year. If the amount of the credit allowed under this subsection exceeds the eligible taxpayer's 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 eligible taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

C. For taxable years beginning on and after January 1, 2027, but before January 1, 2045, an eligible taxpayer shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to \$1,500 for each new employee hired whose primary duties involve the capture or sequestration of remediated mine gas.

D. For taxable years beginning on and after January 1, 2027, but before January 1, 2045, an eligible taxpayer shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in an amount equal to \$280 per metric ton of methane of remediated mine gas captured in the Commonwealth and sequestered by an eligible taxpayer during the taxable year.

1. The amount of credits that may be claimed by an eligible taxpayer under this subsection shall not exceed \$6,000,000 in any taxable year.

2. The aggregate amount of credits available under this section for each taxable year shall be \$10,000,000. In the event that approved applications for the credit exceed such aggregate amounts in each taxable year, the Department shall issue the tax credits pro rata based upon the amount of credits approved for each eligible taxpayer.

3. The amount of the credit that may be claimed in any single taxable year shall not exceed the eligible taxpayer's liability for taxes imposed by this chapter for such taxable year. No credit shall be carried back to a preceding taxable year. If the amount of the credit allowed under this section exceeds the eligible taxpayer's 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 eligible taxpayer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner. The credit may only be claimed by one eligible taxpayer for the same captured and sequestered remediated mine methane.

4. For purposes of this subsection, the amount of the credit attributable to a partnership, electing small business corporation (S corporation), or limited liability company shall be allocated to the individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in such business entities.

E. The Department shall compile an annual report on credits claimed in the respective taxable year and shall submit a report by November 1, 2028, and each taxable year thereafter through taxable year 2045, to the Chairs of the House Committee on Appropriations, the House Committee on Finance, and the Senate Committee on Finance and Appropriations. In preparing such report, the Department shall consult and coordinate with the Department of Energy to provide the number of eligible taxpayers applying for and

SENATE SUBSTITUTE

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60 *utilizing the credit, the amount of credits approved, and data on the benefits to the Commonwealth of the*
61 *capture and sequestration of remediated mine methane in the Commonwealth. This information shall be*
62 *reported in summary fashion as appropriate to preserve confidentiality of information.*
63 *F. The Tax Commissioner shall consult with the Department of Energy to develop guidelines for applying*
64 *for and claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of*
65 *the Administrative Process Act (§ 2.2-4000 et seq.).*