

Amendments to HB 29

Item 0 #1s

Revenues

Revenues

Language

Language:

Page 1, line 5, after "§ 58.1-301" insert ", § 24.2-304.05, § 24.2-309.2, § 58.1-322.03, § 58.1-332, § 58.1-390.3, and § 58.1-402".

Page 1, line 9, after "Items", insert, "0,77,".

Page 1, line 30, strike "\$32,182,845,537" and insert "\$32,383,745,537".

Page 1, line 30, strike "\$62,843,881,999" and insert "\$63,044,781,999".

Page 1, line 36, strike "\$35,887,599,289" and insert "\$36,088,499,289".

Page 1, line 36, strike "\$72,452,893,032" and insert "\$72,653,793,032".

Page 2, line 9, strike "\$95,441,519,990" and insert "\$95,642,419,990".

Page 2, line 9, strike "\$204,710,925,860" and insert "\$204,911,825,860".

Explanation:

(This amendments makes technical changes to the front page of House Bill 29 and adjusts the resources assumed on the front page to reflect the actions adopted.)

Item 77 #1s

Administration

Department of Elections

Language

Language:

Page 8, line 21, set out item 77, and insert:

"J. Notwithstanding the provisions of § 24.2-948.5, Code of Virginia, the Department shall make a report of its reviews available to the State Board, the Governor, and the General Assembly by December 31 of each year following the election year for the office to which the review pertains and the same shall be posted to the Department's website. The July 1 reporting deadline contained in § 24.2-948.5, Code of Virginia shall no longer apply."

Explanation:

(This amendment extends the reporting deadline for the Department of Elections to audit and review campaign finance reports by five months.)

Item 125 #1s

**Education: Elementary and
Secondary**

FY24-25

FY25-26

Amendments to HB 29

Direct Aid to Public Education

\$0

\$11,122,196 GF

Language:

Page 39, line 53, strike "\$10,743,858,525" and insert "\$10,754,980,721".

Page 40, line 54, strike "\$555,764,263" and insert "\$555,844,420".

Page 41, line 16, strike "\$30,493,269" and insert "\$30,903,928".

Page 41, line 38, strike "\$105,654,849" and insert "\$116,286,229".

Page 42, line 4, strike "\$297,273,294" and insert "\$297,193,134".

Page 42, line 20, strike "\$11,267,424" and insert "\$11,347,584".

Page 54, line 46, strike "\$555,764,263" and insert "\$555,844,420".

Page 54, line 48, strike "\$297,273,294" and insert "\$297,193,134".

Page 56, strike lines 36 through 39, and insert:

"f. Out of the appropriation included in paragraph C.44. of this item, \$397,907 the second year from the Lottery Proceeds Fund is included in the Regional Alternative Education Program funding allocation for a one-time bonus payment equal to \$1,500 on June 1, 2026, for Regional Alternative Education Program instructional and support positions. Any funds appropriated for this purpose may be carried on the books of the program to be appropriated for the same purpose in Fiscal Year 2027."

Page 68, strike lines 13 through 17, and insert:

"j. Out of the appropriation included in paragraph C.44. of this item, \$902,372 the second year from the general fund is provided in the Academic Year Governor's School funding allocation to increase the per pupil amount as an add-on for a bonus payment equal \$1,500 on June 1, 2026, for Academic Year Governor's School instructional and support positions. Any funds appropriated for this purpose may be carried on the books of the program to be appropriated for the same purpose in Fiscal Year 2027."

Page 75, line 17, after "a." and insert "1."

Page 75, line 23, strike "b." and insert "2."

Page 75, strike lines 33 through 47, and insert:

"b.1. Out of this appropriation, \$116,286,229 the second year from the general fund is provided for the state share of a one-time bonus payment of \$1,500 per employee on June 1, 2026, for funded SOQ instructional and support positions. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of this bonus for school divisions that certify to the Department of Education that a bonus of a minimum average of \$1,500 per employee or equivalent action will be provided during the second year or Fiscal Year 2027. School divisions shall have discretion to determine the amount of bonuses per employee to maximize the use of

these funds to promote retention among instructional and support positions in this act.

2. Any funds provided from the appropriation in C.44.b.1 that are unexpended by a locality that has certified that it will provide the bonus during Fiscal Year 2027 shall be carried on the books of the locality to be appropriated to the school division in the following year for the same purpose.

3. Out of this appropriation, \$902,372 the second year from the general fund is provided for the state share of the one-time bonus payment stated in paragraph c. above for Academic Year Governor's Schools and \$397,907 the second year from the Lottery Proceeds Fund is provided for the state share of this bonus payment for Regional Alternative Education Programs. Sufficient funding is provided for the state share of an average \$1,500 bonus per employee based on the most-recently available full-time equivalent positions counts as reported to the Department of Education.

4. The state funds that the school division is eligible to receive shall be matched by the local government based on the composite index of local ability-to-pay. This local match shall be calculated for funded SOQ instructional and support positions using an effective date of June 1, 2026."

Explanation:

(This amendment provides \$117.6 million the second year from the general fund to provide the state share of a \$1,500 bonus per state-recognized SOQ instructional and support position, Regional alternative program position, and Academic Year Governor's School position. These bonuses may be provided in either fiscal year 2026 or fiscal year 2027. This is in lieu of the \$106.5 million proposed in the introduced budget for the state share of a 2% bonus.)

Item 365 #1s

Natural and Historic Resources

Department of Environmental Quality

Language

Language:

Page 191, after line 11, insert:

"R. All agencies or authorities of the Commonwealth with responsibilities identified in § 10.1-1330 of the Code of Virginia, shall take all actions necessary to rejoin the Regional Greenhouse

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Gas Initiative, as defined in § 10.1-1329 of the Code of Virginia, and resume participation therein. Such required actions include (i) repealing or otherwise nullifying the final regulation titled 9VAC5-140, Regulation for Emissions Trading Programs, published in the Virginia Register of Regulations on July 31, 2023, no later than 90 days from the effective date of this act; (ii) reissuing or otherwise reinstating the final regulation titled 9VAC5-140, Regulation for Emissions Trading Programs, published in the Virginia Register of Regulations on August 3, 2020, including any amendments necessary to account for the time such regulation was not in effect, no later than 90 days from the effective date of this act; (iii) no later than January 1, 2027, updating, amending, or revising the regulation to align with the latest Regional Greenhouse Gas Initiative program review and revised model rule; (iv) entering into a contractual agreement with the Regional Greenhouse Gas Initiative, Inc. to rejoin the program, which the Director shall sign, and selling the allowances generated by the reissued regulatory program through auctions run by the Regional Greenhouse Gas Initiative, Inc.; (v) transferring auction proceeds, and any interest thereon, in accordance with subsection B of § 10.1-1330 of Code of Virginia with the responsible agencies disbursing such funds as expeditiously as possible; and (vi) providing annual reporting in accordance with subsection C of § 10.1-1330 of Code of Virginia. Any regulatory actions necessary to effectuate the requirements of this item are hereby exempted from the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia). The Department of Environmental Quality shall complete such regulatory actions without further action by the State Air Pollution Control Board."

Explanation:

(This amendment requires all agencies take actions necessary for the Commonwealth to rejoin the Regional Greenhouse Gas Initiative.)

Item 469 #1s			
Central Appropriations	FY24-25	FY25-26	
Central Appropriations	\$0	(\$7,086,889)	GF

Language:

Page 206, line 3, strike "\$561,153,221" and insert "\$554,066,332".

Page 215, line 25, strike "\$91,928,059" and insert "\$84,841,170".

Page 215, line 29, strike "two percent of their base pay" and insert "\$1,500".

Explanation:

(This amendment modifies the bonus proposed in the introduced budget from 2% of salary to \$1,500.)

Item 469 #2s

Central Appropriations

Central Appropriations

Language

Language:

Page 215, after line 38, insert:

“4. Additionally, the governing authorities of the state institutions of higher education may elect to provide the one-time bonus at any point between June 16, 2026 and September 16, 2026. Any funds provided in this paragraph for employees at state institutions of higher education that have elected to provide the one-time bonus payment after June 30, 2026 shall not revert to the general fund but shall be reappropriated to support the cost of the bonus payment in fiscal year 2027.”

Explanation:

(This amendment provides flexibility for state institutions of higher education regarding the timing of the bonus payment.)

Item C-34 #1s

Transportation

Department of Motor Vehicles

Language

Language:

Page 235, strike lines 24 through 44.

Page 236, strike lines 1 through 5.

Explanation:

(This amendment removes language proposed in the introduced budget regarding the disposition and/or potential relocation of the Department of Motor Vehicles' headquarters.)

Item 4-5.04 #1s

Special Conditions and Restrictions on Expenditures

Goods and Services

Language

Language:

Page 287, line 3, unstrike "or state statute".

Explanation:

(This amendment restores language contained in Chapter 725, 2025 Acts of Assembly, which prohibits any funding in the budget from being used for abortion services unless otherwise

required by federal or state law. The introduced budget eliminated the reference to state law.)

Item 4-14 #1s

Effective Date

Effective Date

Language

Language:

Page 328, after line 34, insert:

"**15. 1.** § 1. The redistricting map for Virginia's representatives to the United States House of Representatives, established by the Supreme Court of Virginia (*In re: Decennial Redistricting Pursuant to The Constitution of Virginia, art. II, §§ 6 to 6-A, and Virginia Code § 30-399*, order (Va. 12/28/2021)) following the 2020 decennial census is hereby repealed and any further use of the voting districts constituting such redistricting map is prohibited.

§ 2. In accordance with § 24.2-304.05 of the Code of Virginia, the district numbers and boundaries of the 11 congressional districts as set out in the fourth enactment are those designated in the block equivalency files and resulting shapefile that is the electronic version of the districts, and those block equivalency files and shapefile shall be controlling in any legal determination of the boundary of such district.

§ 3. All references in the fourth enactment to boundaries of counties and cities and of precincts shall be interpreted to refer to those in existence on April 1, 2021, and as reported by the United States Bureau of the Census in the 2020 Census reports provided pursuant to United States P.L. 94-171, notwithstanding any subsequent changes to the boundaries of those counties, cities, or precincts.

In implementing the congressional districts as set forth in the shapefiles and block equivalency files, the Department of Elections shall be authorized to adjust one or more district boundaries for the purpose of reconciling discrepancies between a locality boundary as represented in the shapefiles and as it is represented in the data provided to the Department of Elections by the localities for legally established precincts. Any reconciliation for such purpose shall be consistent with the written description of the districts set forth in the fourth enactment.

§ 4. The 11 congressional districts are:

First. All of King William County, Spotsylvania County, and the City of Fredericksburg; part of Fairfax County comprised of the Bush Hill Voting District, Forestdale Voting District, Franconia Voting District, Hayfield Voting District, Rose Hill Voting District, Virginia Hills Voting District, Garfield Voting District, Lane Voting District, Villages Voting District, Kingstowne Voting District, Van Dorn Voting District, Clermont Voting District, Huntley Voting District, Island Creek Voting District, Belvedere Voting District, Lincolnia Voting

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District, Plaza Voting District, Parklawn Voting District, Crossroads Voting District, Weyanoke Voting District, Skyline Voting District, Bren Mar Voting District, Newington Voting District, Belvoir Voting District, Lorton Station Voting District, Alban Voting District, Saratoga Voting District, Woodlawn Voting District, and Army Voting District, and parts of the Baileys Voting District, Edsall Voting District, Laurel Hill Voting District, Lorton Voting District, Pinewood Voting District, Pioneer Voting District, Poe Voting District, South County Voting District, and Sydenstricker Voting District; part of Hanover County comprised of the Ashland Voting District, Sliding Hill Voting District, Berkley Voting District, Kersey Creek Voting District, Chickahominy Voting District, Beaverdam Voting District, Blunts Voting District, Wilmington Parish Voting District, Courthouse Voting District, Oak Knoll Voting District, West Hanover Voting District, Oak Hill Voting District, Clay Voting District, Shady Grove Voting District, Atlee Voting District, Cool Spring Voting District, Battlefield Voting District, Cold Harbor Voting District, Black Creek Voting District, Pebble Creek Voting District, Beaverdam Creek Voting District, Rural Point Voting District, Newman Voting District, Studley Voting District, Totopotomoy Voting District, Georgetown Voting District, Laurel Meadow Voting District, Village Voting District, Lee Davis Voting District, Mechanicsville Voting District, Hanover Grove Voting District, Montpelier Voting District, Elmont Voting District, and South Anna Voting District; part of Prince William County comprised of the Saunders Voting District, Marshall Voting District, Coles Voting District, Spriggs Voting District, Hylton Voting District, Penn Voting District, Saratoga Voting District, Rosa Parks Voting District, Pattie Voting District, Washington Reid Voting District, Henderson Voting District, Montclair Voting District, Ashland Voting District, Cardinal Voting District, Cabin Branch Voting District, Lake Ridge Voting District, Occoquan Voting District, Old Bridge Voting District, Rockledge Voting District, Mohican Voting District, Bethel Voting District, Chinn Voting District, Springwoods Voting District, Mc Coart Voting District, Westridge Voting District, York Voting District, Lynnwood Voting District, Antietam Voting District, Dale Voting District, Beville Voting District, Hampton Voting District, Gideon Voting District, Minnieville Voting District, Bel Air Voting District, Kerrydale Voting District, Enterprise Voting District, King Voting District, Fitzgerald Voting District, and Neabsco Voting District, and parts of the Forest Park Voting District, Graham Park Voting District, and Quantico Voting District precincts; and part of Stafford County comprised of the Hartwood Voting District, Rocky Run Voting District, College Voting District, Rock Hill Voting District, Roseville Voting District, Ruby Voting District, Stefaniga Voting District, Griffis Voting District, Barrett Voting District, Grafton Voting District, Falmouth Voting District, Drew Voting District, Gayle Voting District, Ferry Farm Voting District, Chatham Voting District, England Run Voting District, Woodlands Voting District, Whitson Voting District, and Hampton Voting District, and parts of the Courthouse Voting District, Simpson Voting District, and White Oak Voting District precincts.

Second. All of Accomack County, Isle of Wight County, and Northampton County, and the Cities of Suffolk and Virginia Beach; part of the City of Chesapeake comprised of the Bethel Voting District, Camelot Voting District, Churchland Voting District, Crestwood Voting District, Deep Creek Voting District, South Norfolk Recreation Voting District, Oscar Smith Voting District, Georgetown Voting District, B M Williams Voting District, Hickory Grove

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Voting District, Indian Creek Voting District, Indian River Voting District, Jolliff Voting District, E W Chittum Voting District, Fellowship Voting District, Oaklette Voting District, Johnson Park Voting District, Silverwood Voting District, Sunray I Voting District, South Norfolk Voting District, Carver School Voting District, Providence Voting District, Westover Voting District, Taylor Road Voting District, Bailey Creek Voting District, John T West Voting District, Parkways Voting District, Nansemond Voting District, Sunray II Voting District, Jolliff Middle School Voting District, Fairways Voting District, Pughsville Voting District, Georgetown East Voting District, Cypress Voting District, Deep Creek II Voting District, and parts of the Waterway Voting District precinct; and part of Franklin City comprised of Precinct 1-1, Precinct 2-1, and Precinct 6-1, and parts of the Precinct 3-1, Precinct 4-1, and Precinct 5-1 precincts.

Third. All of the Cities of Hampton, Newport News, Norfolk, Poquoson, and Portsmouth; and part of the City of Chesapeake comprised of the Great Bridge Voting District, Greenbrier Voting District, Bells Mill Voting District, Geneva Park Voting District, Gilmerton Voting District, Grassfield Voting District, Norfolk Highlands Voting District, Oak Grove Voting District, St. Julians Voting District, Tanglewood Voting District, Hickory Middle School Voting District, Great Bridge Baptist Church Voting District, Bridgetown Voting District, Lake Drummond Voting District, Pleasant Crossing Voting District, Bells Mill II Voting District, River Walk Voting District, Cooper's Way Voting District, Shipyard Road Voting District, Green Tree Voting District, Expressway Voting District, Clearfield Voting District, Parker Road Voting District, Centerville Voting District, Fentress Voting District, Poplar Branch Voting District, Waterway II Voting District, and parts of the Waterway Voting District precinct.

Fourth. All of Brunswick County, Charles City County, Dinwiddie County, Greensville County, Halifax County, Mecklenburg County, Pittsylvania County, Prince George County, Southampton County, Surry County, and Sussex County, and the Cities of Colonial Heights, Danville, Emporia, Hopewell, Petersburg, and Williamsburg; part of Chesterfield County comprised of the Bellwood Voting District, South Chester Voting District, Enon Voting District, North Chester Voting District, Drewrys Bluff Voting District, Harrowgate Voting District, Wells Voting District, Elizabeth Scott Voting District, Dutch Gap Voting District, Carver Voting District, Ettrick Voting District, Matoaca Voting District, and Longhouse Voting District, and parts of the Iron Bridge Voting District precinct; part of Franklin City comprised of parts of the Precinct 3-1, Precinct 4-1, and Precinct 5-1 precincts; part of Henrico County comprised of the Adams Voting District, Central Gardens Voting District, Fairfield Voting District, Glen Lea Voting District, Maplewood Voting District, Ratcliffe Voting District, Antioch Voting District, Cedar Fork Voting District, Chickahominy Voting District, Donahoe Voting District, Dorey Voting District, Eanes Voting District, Elko Voting District, Highland Springs Voting District, Laburnum Voting District, Mehfoud Voting District, Montrose Voting District, Nine Mile Voting District, Pleasants Voting District, Rolfe Voting District, Sandston Voting District, Sullivans Voting District, Town Hall Voting District, and Whitlocks Voting District; part of James City County comprised of the Berkeley A Voting District, Berkeley B

Voting District, Berkeley C Voting District, Jamestown A Voting District, Jamestown B Voting District, Jamestown C Voting District, Jamestown D Voting District, Powhatan A Voting District, Powhatan B Voting District, Powhatan C Voting District, Powhatan D Voting District, Roberts A Voting District, Roberts B Voting District, Roberts C Voting District, Roberts D Voting District, Berkeley D Part 1 Voting District, and Berkeley D Part 2 Voting District, and parts of the Stonehouse A Voting District, Stonehouse B Voting District, and Stonehouse C Voting District precincts; and part of the City of Richmond comprised of the 206, 207, 208, 213, 214, 305, 306, 310, 402, 413, 501, 503, 504, 505, 508, 509, 510, 602, 604, 607, 609, 610, 701, 702, 703, 705, 706, 707, 708, 802, 806, 810, 811, 812, 814, 902, 903, and 910 precincts, and parts of the 204, 215, 404, and 603 precincts.

Fifth. All of Amelia County, Appomattox County, Campbell County, Charlotte County, Lunenburg County, Nottoway County, and Prince Edward County; part of Buckingham County comprised of the Georgia Creek Voting District, White Hall Voting District, Curdsville Voting District, New Store Voting District, Maysville Voting District, and Wrights Voting District, and parts of the Glenmore Voting District, Gold Hill Voting District, New Canton Voting District, and Slate River Voting District precincts; part of Chesterfield County comprised of the Ecoff Voting District, Iron Bridge North Voting District, Gates Voting District, Beulah Voting District, Bird Voting District, Jacobs Voting District, Falling Creek Voting District, Belmont Voting District, Chippenham Voting District, Meadowbrook Voting District, Salem Church Voting District, Five Forks Voting District, Nash Voting District, St. Lukes Voting District, Southside Voting District, Hopkins Voting District, North Bird Voting District, Ridgedale Voting District, Deer Run Voting District, Winfrees Store Voting District, Beach Voting District, Winterpock Voting District, Cosby Voting District, South Manchester Voting District, Skinquarter Voting District, Tomahawk Voting District, Woolridge Voting District, Bailey Bridge Voting District, Spring Run Voting District, Birkdale Voting District, West Beach Voting District, Magnolia Voting District, Harbour Pointe Voting District, Genito Voting District, Brandermill Voting District, Providence Voting District, La Prade Voting District, Smoketree Voting District, Monacan Voting District, Reams Voting District, Manchester Voting District, Wagstaff Voting District, Swift Creek Voting District, Clover Hill Voting District, Shenandoah Voting District, Crenshaw Voting District, Evergreen Voting District, Evergreen West Voting District, Edgewater Voting District, Huguenot Voting District, Crestwood Voting District, Midlothian Voting District, Robious Voting District, Bon Air Voting District, Greenfield Voting District, Salisbury Voting District, Belgrade Voting District, Cranbeck Voting District, Sycamore Voting District, Black Heath Voting District, Beaufont Voting District, Watkins Voting District, Davis Voting District, Pocoshock Voting District, Roseland Voting District, and Midlothian North Voting District precincts, and part of the Iron Bridge Voting District precinct; part of Cumberland County comprised of the Precinct 2, Precinct 3, Precinct 4, and Precinct 5 precincts; part of Hanover County comprised of the Farrington Voting District and Rockville Voting District; part of Henrico County comprised of the Coalpit Voting District, Dumbarton Voting District, Glen Allen Voting District, Greendale Voting District, Hermitage Voting District, Hungary Creek Voting District, Hunton Voting District, Johnson Voting District, Lakeside Voting District, Longan Voting District, Maude

Trevvett Voting District, Monument Hills Voting District, Staples Mill Voting District, Westwood Voting District, Azalea Voting District, Belmont Voting District, Brookland Voting District, Canterbury Voting District, Chamberlayne Voting District, Greenwood Voting District, Highland Gardens Voting District, Hollybrook Voting District, Hungary Voting District, Longdale Voting District, Moody Voting District, Mountain Voting District, Oakview Voting District, Randolph Voting District, Stratford Hall Voting District, Wilder Voting District, Yellow Tavern Voting District, Essex Village Voting District, Causeway Voting District, Cedarfield Voting District, Innsbrook Voting District, Jackson Davis Voting District, Nuckols Farm Voting District, Pocahontas Voting District, Ridge Voting District, Rivers Edge Voting District, Sadler Voting District, Shady Grove Voting District, Short Pump Voting District, Springfield Voting District, Stoney Run Voting District, Three Chopt Voting District, Tucker Voting District, Colonial Trail Voting District, Quioccasin Voting District, Crestview Voting District, Derbyshire Voting District, Freeman Voting District, Gayton Voting District, Godwin Voting District, Lakewood Voting District, Lauderdale Voting District, Maybeury Voting District, Mooreland Voting District, Pemberton Voting District, Pinchbeck Voting District, Ridgefield Voting District, Rollingwood Voting District, Skipwith Voting District, Spottswood Voting District, Tuckahoe Voting District, Welborne Voting District, and West End Voting District; and part of the City of Richmond comprised of the 101, 102, 104, 105, 106, 111, 112, 113, 114, 115, 203, 301, 302, 303, 304, 307, 308, 309, 409, 410, 412, 414, 415, 606, 908, 909, and 911 precincts, and parts of the 204, 215, 404, and 603 precincts.

Sixth. All of Albemarle County, Amherst County, Fluvanna County, and Nelson County, and the Cities of Charlottesville, Harrisonburg, Lynchburg, Radford, Roanoke, Salem, Staunton, and Waynesboro; part of Augusta County comprised of the Crimora Voting District, New Hope Voting District, Weyers Cave Voting District, and Dooms Voting District, and parts of the Verona Voting District and Wilson Voting District precincts; part of Bedford County comprised of the Goodview Elementary School Voting District, Hardy Volunteer Fire Company Voting District, Stewartsville Rescue Squad Voting District, Bedford Christian Church Voting District, Bedford Regional Water Authority Voting District, Riverside Church Voting District, Forest Elementary School Voting District, Thomas Jefferson Elementary School Voting District, Knights of Columbus Building Voting District, Forest Recreation Center Voting District, Big Island Elementary School Voting District, Sedalia Center Voting District, Suck Spring Baptist Church Voting District, Boonsboro Elementary School Voting District, Boonsboro Ruritan Club Voting District, Montvale Elementary School Voting District, Shady Grove Fire Department Voting District, Thaxton Baptist Church #1 Voting District, Bedford Welcome Center Voting District, Goode Volunteer Rescue Squad Voting District, Liberty High School Voting District, Thaxton Baptist Church #2 Voting District, and Bedford Central Library Voting District, and parts of the Bethesda United Methodist Church Voting District, Chamblissburg Baptist Church Voting District, Quaker Baptist Church Voting District, and Staunton River High School Voting District precincts; part of Botetourt County comprised of the Rainbow Forest Voting District and parts of the Blue Ridge Voting District precinct; part of Buckingham County comprised of parts of the Glenmore Voting District and Slate River Voting District precincts; part of Montgomery County comprised of the Precinct A-1, Precinct A-2, Precinct A-3, Precinct B-4,

Precinct E-1, Precinct E-3, Precinct F-1, Precinct F-2, Precinct F-3, Precinct G-1, Precinct G-2, Precinct B-3 Part 1, Precinct B-3 part 2, and Precinct D-3 part 2, and parts of the Precinct B-1, Precinct B-2, Precinct C-1, Precinct C-4, Precinct D-3 part 1, Precinct D-5, and Precinct E-2 precincts; part of Roanoke County comprised of the Catawba Voting District, Mason Valley Voting District, Northside Voting District, Peters Creek Voting District, Bennett Springs Voting District, Wildwood Voting District, Plantation Voting District, Burlington Voting District, Mountain View Voting District, Botetourt Springs Voting District, Orchards Voting District, Hollins Voting District, Windsor Hills Voting District, Garst Mill Voting District, Bonsack Voting District, North Lindenwood Voting District, Penn Forest Voting District, Cave Spring Voting District, Ogden Voting District, and Mount Vernon Voting District, and parts of the Castle Rock Voting District, Glenvar Voting District, Green Hill Voting District, Hunting Hills Voting District, and South Vinton Voting District precincts; and part of Rockingham County comprised of the Port Republic Voting District, Grottoes Voting District, Massanetta Springs Voting District, Cross Keys Voting District, and Crossroads Voting District.

Seventh. All of Culpeper County, Goochland County, Greene County, Louisa County, Madison County, Orange County, and Powhatan County, and the City of Falls Church; part of Arlington County comprised of the Ashton Heights Voting District, Ballston Voting District, Cherrydale Voting District, Wilson Voting District, East Falls Church Voting District, Clarendon Voting District, Lyon Park Voting District, Lyon Village Voting District, Overlee Knolls Voting District, Park Lane Voting District, Rosslyn Voting District, Thrifton Voting District, Westover Voting District, Woodlawn Voting District, Arlington Forest Voting District, Fillmore Voting District, Dominion Hills Voting District, Lexington Voting District, Rock Spring Voting District, Yorktown Voting District, Madison Voting District, Marshall Voting District, Nottingham Voting District, Arlington View Voting District, Ashlawn Voting District, Virginia Square Voting District, Navy League Voting District, Dawson Terrace Voting District, Buckingham Voting District, Central Voting District, AUSA Voting District, Monroe Voting District, Taylor Voting District, and Garfield Park Voting District; part of Augusta County comprised of the Jolivue Voting District, Fort Defiance Voting District, North River Voting District, Mount Solon Voting District, Churchville Fire Station Voting District, Buffalo Gap Voting District, Churchville Elementary Voting District, Craigsville Voting District, Deerfield Voting District, Cedar Green Voting District, and Middlebrook Voting District, and parts of the Greenville Voting District, Stuarts Draft Elementary Voting District, and Verona Voting District precincts; part of Buckingham County comprised of parts of the Gold Hill Voting District and New Canton Voting District precincts; part of Cumberland County comprised of parts of Precinct 1; part of Fairfax County comprised of the Fairview Voting District, Heritage Voting District, Kings Park Voting District, North Springfield Voting District, Ravensworth Voting District, Lake Braddock Voting District, Laurel Voting District, Sideburn Voting District, Signal Hill Voting District, Bonnie Brae Voting District, Burke Centre Voting District, Cardinal Voting District, Keene Mill Voting District, Terra Centre Voting District, Danbury Voting District, Crestwood Voting District, Lynbrook Voting District, Greenspring Voting District, Barcroft Voting District, Bristow Voting District, Glen Forest Voting District, Holmes #1 Voting District, Masonville Voting District, Ravenwood Voting District, Sleepy Hollow

Voting District, Saint Albans Voting District, Westlawn Voting District, Willston Voting District, Columbia Voting District, Hummer Voting District, Brook Hill Voting District, Walnut Hill Voting District, Holmes #2 Voting District, Fort Buffalo Voting District, Graham-Greenway Voting District, Marshall Voting District, Pine Spring Voting District, Shreve Voting District, Timber Lane Voting District, Burke Voting District, Colchester Voting District, Fairfax Station Voting District, Hunt Valley Voting District, Pohick Voting District, Valley Voting District, Woodyard Voting District, Orange Voting District, Cherry Run Voting District, Irving Voting District, White Oaks Voting District, Sangster Voting District, Silverbrook Voting District, West Springfield Voting District, Popes Head Voting District, Parkway Voting District, Fountainhead Voting District, and South Run Voting District, and parts of the Camelot Voting District, Chapel Voting District, Edsall Voting District, Gallows East Voting District, Haycock Voting District, Kilmer Voting District, Pimmit Voting District, Pioneer Voting District, Poe Voting District, Sydenstricker Voting District, Thoreau Voting District, Westhampton Voting District, and Woodburn Voting District precincts; part of Fauquier County comprised of the Catlett Voting District, Lois Voting District, Opal Voting District, Morrisville Voting District, Remington Voting District, Bealeton Voting District, and Springs Valley Voting District; part of Prince William County comprised of the Brentsville Voting District, Buckhall Voting District, Independent Hill Voting District, and Yates Ford Voting District, and parts of the Bennett Voting District, Forest Park Voting District, Lucasville Voting District, and Signal Hill Voting District precincts; and part of Rockingham County comprised of the Singers Glen Voting District, Edom Voting District, Dayton Voting District, Mt Clinton Voting District, Silver Lake Voting District, Keezletown Voting District, Melrose Voting District, West Bridgewater Voting District, Montezuma Voting District, Mt Crawford Voting District, North River Voting District, Ottobine Voting District, East Bridgewater Voting District, Elkton Voting District, Swift Run Voting District, McGaheysville Voting District, South Fork Voting District, and Stony Run Voting District.

Eighth. All of Caroline County, Essex County, Gloucester County, King and Queen County, King George County, Lancaster County, Mathews County, Middlesex County, New Kent County, Northumberland County, Richmond County, Westmoreland County, and York County, and the City of Alexandria; part of Arlington County comprised of the Arlington Voting District, Aurora Hills Voting District, Barcroft Voting District, Crystal City Voting District, Hume Voting District, Columbia Voting District, Fairlington Voting District, Glen Carlyn Voting District, Virginia Highlands Voting District, Abingdon Voting District, Jefferson Voting District, Wakefield Voting District, Glebe Voting District, Oakridge Voting District, Shirlington Voting District, Campbell Voting District, Four Mile Run Voting District, Crystal Plaza Voting District, Gunston Voting District, and Met Park Voting District; part of Fairfax County comprised of the Cameron Voting District, Groveton Voting District, Mount Eagle Voting District, Fairfield Voting District, Hybla Valley Voting District, Belle Haven Voting District, Bellevue Voting District, Bucknell Voting District, Fort Hunt Voting District, Hollin Hall Voting District, Huntington Voting District, Kirkside Voting District, Marlan Voting District, Sherwood Voting District, Stratford Voting District, Waynewood Voting District, Westgate Voting District, Riverside Voting District, Woodley Voting District, Gunston Voting District,

and Grosvenor Voting District, and parts of the Baileys Voting District, Laurel Hill Voting District, Lorton Voting District, Pinewood Voting District, and South County Voting District precincts; part of James City County comprised of parts of the Stonehouse A Voting District, Stonehouse B Voting District, and Stonehouse C Voting District precincts; part of Prince William County comprised of the Dumfries Voting District, Potomac Voting District, Swans Creek Voting District, Triangle Voting District, Williams Voting District, Belmont Voting District, Library Voting District, Lynn Voting District, Porter Voting District, Potomac View Voting District, Rippon Voting District, Kilby Voting District, River Oaks Voting District, Freedom Voting District, Powells Creek Voting District, Grayson Voting District, and Leesylvania Voting District, and parts of the Graham Park Voting District and Quantico Voting District precincts; and part of Stafford County comprised of the Widewater Voting District, Harbour Voting District, Aquia Voting District, Brooke Voting District, and Government Island Voting District, and parts of the Courthouse Voting District, Simpson Voting District, and White Oak Voting District precincts.

Ninth. All of Alleghany County, Bath County, Bland County, Buchanan County, Carroll County, Craig County, Dickenson County, Floyd County, Franklin County, Giles County, Grayson County, Henry County, Highland County, Lee County, Patrick County, Pulaski County, Rockbridge County, Russell County, Scott County, Smyth County, Tazewell County, Washington County, Wise County, Wythe County, and the Cities of Bristol, Buena Vista, Covington, Galax, Lexington, Martinsville, and Norton; part of Augusta County comprised of the Spottswood Voting District, White Hill Voting District, Sherando Voting District, Ridgeview Voting District, Lyndhurst Voting District, and Fishersville Voting District, and parts of the Greenville Voting District, Stuarts Draft Elementary Voting District, and Wilson Voting District precincts; part of Bedford County comprised of the Moneta Elementary School Voting District, Saunders Volunteer Fire Company Voting District, New London Academy Voting District, Huddleston Elementary School Voting District, and Forest Fire Station #2 Voting District, and parts of the Bethesda United Methodist Church Voting District, Chamblissburg Baptist Church Voting District, Quaker Baptist Church Voting District, and Staunton River High School Voting District precincts; part of Botetourt County comprised of the Daleville Voting District, Greenfield Voting District, Buchanan Voting District, Mill Creek Voting District, Eagle Rock Voting District, Fincastle Voting District, Troutville Voting District, and Cloverdale Voting District, and parts of the Blue Ridge Voting District precinct; part of Montgomery County comprised of the Precinct C-2, Precinct C-3, Precinct D-1, Precinct D-2, and Precinct D-4, and parts of the Precinct B-1, Precinct B-2, Precinct C-1, Precinct C-4, Precinct D-3 part 1, Precinct D-5, and Precinct E-2 precincts; and part of Roanoke County comprised of the Bent Mountain Voting District, Poages Mill Voting District, Oak Grove Voting District, South Lindenwood Voting District, North Vinton Voting District, Mount Pleasant Voting District, Cotton Hill Voting District, and Clearbrook Voting District, and parts of the Castle Rock Voting District, Glenvar Voting District, Green Hill Voting District, Hunting Hills Voting District, and South Vinton Voting District precincts.

Tenth. All of Clarke County, Frederick County, and Loudoun County, and the City of Winchester; parts of Fairfax County comprised of the Floris Voting District, Fox Mill Voting

District, Frying Pan Voting District, McNair Voting District, Herndon #1 Voting District, Herndon #2 Voting District, Clearview Voting District, Herndon #3 Voting District, Hutchison Voting District, Sugarland Voting District, Coates Voting District, Cedar Lake Voting District, Fair Lakes Voting District, Centerpointe Voting District, Greenbriar East Voting District, Greenbriar West Voting District, Brookfield Voting District, Cub Run Voting District, Stonecroft Voting District, Franklin Voting District, Hidden Meadow Voting District, Oak Hill Voting District, London Towne Voting District, Navy Voting District, Rocky Run Voting District, Virginia Run Voting District, Waples Mill Voting District, Stone North Voting District, Chantilly Voting District, Deer Park Voting District, Bull Run Voting District, Armfield Voting District, Poplar Tree Voting District, Lees Corner Voting District, Carson Voting District, and Stone South Voting District, and parts of the Fair Oaks Voting District, Old Mill Voting District, Penderbrook Voting District, Powell Voting District, Spindle Voting District, and Stuart Voting District precincts; and part of Prince William County comprised of the Battlefield Voting District, Bull Run Voting District, Heritage Hunt Voting District, Mountain View Voting District, and Catharpin Voting District, and parts of the Alvey Voting District, Evergreen Voting District, Reagan Voting District, Stonewall Voting District, and Tyler Voting District precincts.

Eleventh. All of Page County, Rappahannock County, Shenandoah County, and Warren County, and the Cities of Fairfax, Manassas, and Manassas Park; part of Fairfax County comprised of the Little Run Voting District, Canterbury Voting District, Olde Creek Voting District, Wakefield Voting District, Woodson Voting District, Villa Voting District, Robinson Voting District, Eagle View Voting District, Monument Voting District, University Voting District, Armstrong Voting District, Flint Hill Voting District, Madison Voting District, Reston #1 Voting District, Reston #2 Voting District, Vienna #1 Voting District, Vienna #2 Voting District, Vienna #4 Voting District, Vienna #6 Voting District, Westbriar Voting District, Dogwood Voting District, Hunters Woods Voting District, Reston #3 Voting District, Glade Voting District, South Lakes Voting District, Hughes Voting District, Wolftrap Voting District, Sunrise Valley Voting District, North Point Voting District, Aldrin Voting District, Cameron Glen Voting District, Colvin Voting District, Chain Bridge Voting District, Chesterbrook Voting District, Churchill Voting District, Cooper Voting District, El Nido Voting District, Great Falls Voting District, Kenmore Voting District, Kirby Voting District, Langley Voting District, Longfellow Voting District, McLean Voting District, Salona #1 Voting District, Westmoreland Voting District, Forestville Voting District, Shouse Voting District, Hickory Voting District, Seneca Voting District, Spring Hill Voting District, Salona #2 Voting District, Ridgelea Voting District, Fairfax Court Voting District, Blake Voting District, Freedom Hill Voting District, Mantua Voting District, Mosby Voting District, Price Voting District, Walker Voting District, Pine Ridge Voting District, Merrifield Voting District, Magarity Voting District, Oakton Voting District, Nottoway Voting District, Tysons Voting District, Oak Marr Voting District, Hunters Branch Voting District, Rotonda Voting District, Newgate Voting District, Willow Springs Voting District, Centre Ridge Voting District, Vale Voting District, Centreville Voting District, Green Trails Voting District, Difficult Run Voting District, and Compton Voting District, and parts of the Camelot Voting District, Chapel Voting District,

Clifton Voting District, Fair Oaks Voting District, Gallows East Voting District, Haycock Voting District, Kilmer Voting District, Old Mill Voting District, Penderbrook Voting District, Pimmit Voting District, Powell Voting District, Spindle Voting District, Stuart Voting District, Thoreau Voting District, Westhampton Voting District, and Woodburn Voting District precincts; part of Fauquier County comprised of the Kettle Run Voting District, Casanova Voting District, Baldwin Ridge Voting District, Courthouse Voting District, Airlie Voting District, Warrenton Voting District, Marshall Voting District, Leeds Voting District, Waterloo Voting District, The Plains Voting District, New Baltimore Voting District, Broad Run Voting District, and Vint Hill Voting District; part of Prince William County comprised of the Cedar Point Voting District, Glenkirk Voting District, Nokesville Voting District, Limestone Voting District, Marsteller Voting District, Victory Voting District, Chris Yung Voting District, Buckland Mills Voting District, Bristow Run Voting District, Burke-Nickens Voting District, Piney Branch Voting District, Ellis Voting District, Yorkshire Voting District, Ben Lomond Voting District, Sudley Voting District, Mullen Voting District, Westgate Part 1 Voting District, and Westgate Part 2 Voting District, and parts of the Alvey Voting District, Bennett Voting District, Evergreen Voting District, Lucasville Voting District, Reagan Voting District, Signal Hill Voting District, Stonewall Voting District, and Tyler Voting District precincts; and part of Rockingham County comprised of the Broadway Voting District, Timberville Voting District, Fulks Run Voting District, Bergton Voting District, Lacey Spring Voting District, Tenth Legion Voting District, Plains Voting District, and Little North Mountain Voting District.

§ 5. The State Board of Elections and the Department of Elections shall immediately implement the voting districts established herein to ensure that the 2026 Congressional elections proceed as scheduled.

2. § 1. The provisions of this act shall apply to the November 3, 2026, general elections for a member of the United States Senate, for members of the United States House of Representatives, for constitutional offices, for members of county and municipal governing bodies and school boards, for mayors, for soil and water conservation directors, for town recorders, and for town treasurers.

§ 2. The date for the primary election to set candidates for the November 3, 2026, general elections shall be Tuesday, August 4, 2026, and not Tuesday, June 16, 2026. There shall be no primary election for the offices specified in § 1 on June 16, 2026.

§ 3. For purposes of § 24.2-516 of the Code of Virginia, the State Board of Elections (the Board) shall inquire of each state party chairman by Monday, February 2, 2026, as to whether a direct primary has been adopted, and the Board must receive notification as provided in § 24.2-516 of the Code of Virginia not later than Tuesday, March 3, 2026.

§ 4. For purposes of § 24.2-522 of the Code of Virginia, candidates for nominations shall file the declaration of candidacy required pursuant to § 24.2-520 of the Code of Virginia, the petitions of qualified voters required pursuant to § 24.2-521 of the Code of Virginia, and receipts indicating the payment of filing fees as required by § 24.2-523 of the Code of Virginia not earlier than noon on March 16, 2026, and not later than 5:00 p.m. on April 2, 2026. For purposes of this section, a candidate for nomination required by law to collect signatures from one or more congressional districts shall collect such signatures from the congressional districts as the districts were constituted as of January 1, 2026.

§ 5. Notwithstanding the provisions of § 4, candidates for nomination for the United States House of Representatives shall file the declaration of candidacy required pursuant to § 24.2-520 of the Code of Virginia, the petitions of qualified voters required pursuant to § 24.2-521 of the Code of Virginia, and receipts indicating the payment of filing fees as required by § 24.2-523 of the Code of Virginia not earlier than noon on May 1, 2026, and not later than 5:00 p.m. on May 25, 2026. For purposes of this section, a signature collected prior to the date that the results of the April 21, 2026, special election are certified shall be accepted and be counted towards the required number of signatures if it is the signature of a qualified voter of the Commonwealth.

§ 6. For purposes of § 24.2-503 of the Code of Virginia, candidates for nominations shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 of the Code of Virginia not later than 5:00 p.m. on April 2, 2026. Any extension of a deadline requested pursuant to § 24.2-503 of the Code of Virginia shall be requested no later than 11:59 p.m. on April 2, 2026, and, if granted, shall be for a period of no more than 48 hours.

§ 7. Notwithstanding the provisions of § 6, candidates for nomination for the United States House of Representatives shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 of the Code of Virginia not later than 5:00 p.m. on May 25, 2026. Any extension of a deadline requested pursuant to § 24.2-503 of the Code of Virginia shall be requested no later than 11:59 p.m. on May 25, 2026, and, if granted, shall be for a period of no more than 48 hours.

§ 8. For purposes of § 24.2-527 of the Code of Virginia, any chairman required to furnish names of candidates for a primary election shall do so no later than April 7, 2026, except that the names of candidates for the primary election for the United States House of Representatives shall be furnished no later than May 27, 2026.

§ 9. For purposes of § 24.2-612 of the Code of Virginia, printed ballots for the August 4, 2026, primary election shall be delivered to the general registrar on or before Thursday, June 18, 2026, and shall be made available for absentee voting on or before Friday, June 19, 2026. For purposes of § 24.2-701.1 of the Code of Virginia, absentee voting in person for the primary election shall be available beginning on Friday, June 19, 2026, and shall continue until 5:00 p.m. on Saturday, August 1, 2026. The deadlines in this section may be extended at the discretion of the Commissioner of Elections.

§ 10. Pursuant to § 24.2-518 of the Code of Virginia, the costs of the primary election held on August 4, 2026, shall be paid for by the treasurer on behalf of the county or city in which such election is held.

§ 11. With respect to candidates nominated by a political party by a method other than a direct primary election, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) the political party nominating such candidate shall do so only within the period beginning April 30, 2026, and ending at 7:00 p.m. on June 16, 2026; (ii) the certification of such candidates required by § 24.2-511 of the Code of Virginia shall be done so not later than Friday, June 19, 2026; and (iii) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 not later than 7:00 p.m. on Tuesday, June 16, 2026.

§ 12. Notwithstanding the provisions of § 11, with respect to candidates for the United States House of Representatives nominated by a political party by a method other than a direct primary election, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) the political party nominating such candidate shall do so only within the period beginning June 12, 2026, and ending at 7:00 p.m. on August 4, 2026; (ii) the certification of such candidates required by § 24.2-511 of the Code of Virginia shall be done so not later than Friday, August 7, 2026; and (iii) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 not later than 7:00 p.m. on Tuesday, August 4, 2026.

§ 13. With respect to independent candidates, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia not later than 7:00 p.m. on Tuesday, June 16, 2026, and (ii) for purposes of §

24.2-507 of the Code of Virginia, such candidates shall file the declaration of candidacy required pursuant to § 24.2-505 of the Code of Virginia and petition of qualified voters required pursuant to § 24.2-506 of the Code of Virginia not later than 7:00 p.m. on Tuesday, June 16, 2026. For purposes of this section, independent candidates required by law to collect signatures from one or more congressional districts shall collect such signatures from the congressional districts as the districts were constituted as of January 1, 2026.

§ 14. Notwithstanding the provisions of § 13, with respect to independent candidates for the United States House of Representatives, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia not later than 7:00 p.m. on Tuesday, August 4, 2026, and (ii) for purposes of § 24.2-507 of the Code of Virginia, such candidates shall file the declaration of candidacy required pursuant to § 24.2-505 of the Code of Virginia and petition of qualified voters required pursuant to § 24.2-506 of the Code of Virginia not later than 7:00 p.m. on Tuesday, August 4, 2026. For purposes of this section, a signature collected prior to the date that the results of the April 21, 2026, special election are certified shall be accepted and be counted towards the required number of signatures if it is the signature of a qualified voter of the Commonwealth.

§ 15. For purposes of § 24.2-612 of the Code of Virginia, printed ballots for the November 3, 2026, general election shall be delivered to the general registrar on or before Thursday, September 17, 2026, and shall be made available for absentee voting on or before Friday, September 18, 2026, and shall continue until 5:00 p.m. on Saturday, October 31, 2026. The deadlines in this section may be extended at the discretion of the Commissioner of Elections.

§ 16. The Department of Elections shall develop instructions to implement the provisions of this act.

3. That §§ 24.2-304.05 and 24.2-309.2 of the Code of Virginia are amended and reenacted as follows:

§ 24.2-304.05. Legal boundaries of congressional and state legislative districts.

A. There shall be 11 Virginia members of the United States House of Representatives elected from 11 congressional districts, and each district is entitled to one representative. The district numbers and boundaries of the 11 congressional districts shall be those designated in the block equivalency file and resulting shapefile that is the electronic version of the districts established (i) pursuant to Article II, § 6-A of the Constitution of Virginia and Chapter 62 (§ 30-391 et seq.) of Title 30 or (ii) by the General Assembly between January 1, 2025, and October 31, 2030,

pursuant to Article II, § 6 of the Constitution of Virginia.

B. There shall be 40 members of the Senate of Virginia elected from 40 senate districts, and each district is entitled to representation by one senator. The district numbers and boundaries of the 40 senate districts shall be those designated in the block equivalency file and resulting shapefile that is the electronic version of the districts established pursuant to Article II, § 6-A of the Constitution of Virginia and Chapter 62 (§ 30-391 et seq.) of Title 30.

C. There shall be 100 members of the House of Delegates elected from 100 House of Delegates districts and each district is entitled to representation by one delegate. The district numbers and boundaries of the 100 House of Delegates districts shall be those designated in the block equivalency file and resulting shapefile that is the electronic version of the districts established pursuant to Article II, § 6-A of the Constitution of Virginia and Chapter 62 (§ 30-391 et seq.) of Title 30.

D. The block equivalency files and shapefiles for a congressional, senate, or House of Delegates district shall be controlling in any legal determination of the boundary of such district.

§ 24.2-309.2. Election precincts; prohibiting precinct changes for specified period of time.

No county, city, or town shall create, divide, abolish, or consolidate any precincts, or otherwise change the boundaries of any precinct, effective during the period from February 1, 2019 2026, to ~~May 15, 2021~~ June 19, 2026, except as (i) provided by law upon a change in the boundaries of the county, city, or town, (ii) the result of a court order, (iii) the result of a change in the form of government, or (iv) the result of an increase or decrease in the number of local election districts other than at-large districts. Any ordinance required to comply with the requirements of § 24.2-307 shall be adopted on or before February 1, 2019 2026.

If a change in the boundaries of a precinct is required pursuant to clause (i), (ii), (iii), or (iv), the county, city, or town shall comply with the applicable requirements of law, including §§ 24.2-304.3 and 30-395, and send copies of the ordered or enacted changes to the State Board of Elections and the Division of Legislative Services.

This section shall not prohibit any county, city, or town from adopting an ordinance revising precinct boundaries after January 1, 2021 2026. However, no revisions in precinct boundaries shall be implemented in the conduct of elections prior to ~~May 15, 2021~~ June 19, 2026.

4. That the provisions of § 24.2-304.04 of the Code of Virginia shall not be applicable to any congressional district established by the General Assembly between January 1, 2025, and October 31, 2030, pursuant to Article II, Section 6 of the Constitution of Virginia.

5. That the whole number of persons reported in the 2020 federal decennial census by the United States Bureau of the Census, as adjusted to reallocate prison populations in accordance with § 24.2-314 of the Code of Virginia, shall be the basis for determining district populations for any congressional district established by the General Assembly between January 1, 2025, and October 31, 2030, pursuant to Article II, Section 6 of the Constitution of Virginia.

6. That for purposes of complying with § 24.2-307 of the Code of Virginia and the requirement that each precinct be wholly contained within a single congressional district, the governing body of each county and city shall amend its precinct boundaries to be consistent with the congressional districts modified pursuant to Article II, Section 6 of the Constitution of Virginia no later than April 1, 2027.

7. That the provisions of Chapter 62 (§ 30-391 et seq.) of Title 30 of the Code of Virginia shall not be applicable to any congressional district established between January 1, 2025, and October 31, 2030, in accordance with Article II, Section 6 of the Constitution of Virginia.

8. That, notwithstanding any provision of law, special or general, no special election shall be ordered by any authority to be held in any locality between April 22, 2026, and June 10, 2026.

9. That, if amendments to the Constitution of Virginia authorizing the General Assembly to modify congressional districts by amending Section 6 of Article II and amending the Schedule by adding a section numbered 6 are approved by a majority of those voting on the amendments at the special election on April 21, 2026, the provisions of the first, fourth, fifth, sixth, and seventh enactments and the provisions of § 24.2-304.05 of the Code of Virginia, as amended by the third enactment of this act, shall become effective immediately upon the certification of the results of such special election by the State Board of Elections.

10. That the provisions of the second and eighth enactments and the provisions of § 24.2-309.2 of the Code of Virginia, as amended by the third enactment of this act, shall have no

expiration date.

11. That this act is effective on its passage as provided in § 1-214 of the Code of Virginia."

Page 328, line 35, strike "**15.**" and insert "**16.**".

Page 328, line 36, strike "**16.**" and insert "**17.**".

Page 328, line 36, after "**twelfth**" strike "**and**" and after "**thirteenth**" insert "**, and fifteenth**".

Page 328, line 38, strike "**17.**" and insert "**18.**".

Explanation:

(This amendment establishes the boundaries of Virginia's Congressional Districts.)

Item 4-14 #2s

Effective Date

Effective Date

Language

Language:

Page 327 strike lines 7 through 50.

Page 328, strike lines 1 through 28, and insert.

"13. That §§ 58.1-301, 58.1-322.03, 58.1-332, 58.1-390.3, and 58.1-402 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-301. Conformity to Internal Revenue Code.

A. Any term used in this chapter shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required.

B. Any reference in this chapter to the laws of the United States relating to federal income taxes shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes *as they existed on December 31, 2025, and any amendment thereafter that extends the expiration date of a federal tax provision to which Virginia conforms or has previously conformed*, except for:

Amendments to HB 29

1. The special depreciation allowance for certain property provided for under §§ 168(k), 168(l), 168(m), 168(n), 1400L, and 1400N of the Internal Revenue Code;
2. The carry-back of certain net operating losses for five years under § 172(b)(1)(H) of the Internal Revenue Code;
3. The original issue discount on applicable high yield discount obligations under § 163(e)(5)(F) of the Internal Revenue Code;
4. The deferral of certain income under § 108(i) of the Internal Revenue Code. For Virginia income tax purposes, income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument" (as defined under § 108(i) of the Internal Revenue Code) reacquired in the taxable year shall be fully included in the taxpayer's Virginia taxable income for the taxable year, unless the taxpayer elects to include such income in the taxpayer's Virginia taxable income ratably over a three-taxable-year period beginning with taxable year 2009 for transactions completed in taxable year 2009, or over a three-taxable-year period beginning with taxable year 2010 for transactions completed in taxable year 2010 on or before April 21, 2010. For purposes of such election, all other provisions of § 108(i) of the Internal Revenue Code shall apply mutatis mutandis. No other deferral shall be allowed for income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument";
5. ~~For taxable years beginning on and after January 1, 2019, the suspension of the overall limitation on itemized deductions under § 68(f) of the Internal Revenue Code~~ *The limitation on itemized deductions, which shall be the limitation contained in § 68 of the Internal Revenue Code as it existed before the passage of the federal Budget Reconciliation Act, P.L. 119-21 (2025), and without regard to § 68(f) of the Internal Revenue Code;*
6. For taxable years beginning on and after January 1, 2017, but before January 1, 2018, and for taxable years beginning on and after January 1, 2019, the 7.5 percent of federal adjusted gross income threshold set forth in § 213(a) of the Internal Revenue Code that is used for purposes of computing the deduction allowed for expenses for medical care pursuant to § 213 of the Internal Revenue Code. For such taxable years, the threshold utilized for Virginia income tax purposes to compute the deduction allowed for expenses for medical care pursuant to § 213 of the Internal Revenue Code shall be 10 percent of federal adjusted gross income;
7. The provisions of §§ 2303(a) and 2303(b) of the federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (2020), related to the net operating loss limitation and carryback;
8. The provisions of § 2304(a) of the federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (2020), related to a loss limitation applicable to taxpayers other than corporations;
9. The provisions of § 2306 of the federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (2020), related to the limitation on business interest;

10. For taxable years beginning before January 1, 2021, the provisions of §§ 276(a), 276(b)(2), 276(b)(3), 278(a)(2), 278(a)(3), 278(b)(2), 278(b)(3), 278(c)(2), 278(c)(3), 278(d)(2), and 278(d)(3) of the federal Consolidated Appropriations Act, P.L. 116-260 (2020), and §§ 9672(2), 9672(3), 9673(2), and 9673(3) of the federal American Rescue Plan Act, P.L. 117-2 (2021) related to deductions, tax attributes, and basis increases for certain loan forgiveness and other business financial assistance; ~~and~~

11. ~~a. (1) Any amendment enacted on or after January 1, 2023, with a projected impact that would increase or decrease general fund revenues by greater than \$15 million in the fiscal year in which the amendment was enacted or any of the succeeding four fiscal years. The provisions of this subdivision shall not apply to any amendment to federal income tax law that is either subsequently adopted by the General Assembly or a federal tax extender as defined in subdivision b.~~

~~(2) All amendments enacted on or after January 1, 2023, and occurring between adjournment sine die of the previous regular session of the General Assembly and the first day of the subsequent regular session of the General Assembly if the cumulative projected impact of such amendments would increase or decrease general fund revenues by greater than \$75 million in the fiscal year in which the amendments were enacted or any of the succeeding four fiscal years. The provisions of this subdivision shall not apply to any amendment to federal income tax law that is (i) subsequently adopted by the General Assembly, (ii) a federal tax extender as defined in subdivision b, or (iii) enacted before the date on which the cumulative projected impact is met. However, any amendment conformed to pursuant to clause (iii) shall be included in the calculation of the \$75 million threshold for purposes of determining whether such threshold has been met.~~

~~(3) Beginning January 1, 2024, the threshold provided by subdivision (1) shall be adjusted annually based on the preceding change in the Chained Consumer Price Index for All Urban Consumers (C-CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor or any successor index for the previous year.~~

~~b. For purposes of this subdivision 11, "amendment" means a single amendment to federal income tax law or a group of such amendments enacted in the same act of Congress that collectively surpass the threshold impact, and "federal tax extender" means an amendment to federal tax law that extends the expiration date of a federal tax provision to which Virginia conforms or has previously conformed.~~

~~c. The Secretary of Finance, in consultation with the Chairmen of the Senate Committee on Finance and Appropriations and the House Committees on Appropriations and Finance, shall be responsible for determining whether the criteria of subdivision a are met.~~

~~d. The Secretary of Finance shall annually provide a report on or before November 15 of each year on the fiscal impact of amendments to federal income tax law occurring since the adjournment sine die of the preceding regular session of the General Assembly to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committees on~~

~~Appropriations and Finance. The Secretary of Finance shall also provide updates to the same Chairmen on any further amendments to federal income tax law occurring between submission of the required report and the first day of the subsequent regular session of the General Assembly. The provisions of § 70302 of the federal Budget Reconciliation Act, P.L. 119-21 (2025), relating to the expensing and amortization of research and experimental expenditures. Such research and experimental expenditures shall continue to be subject to the applicable amortization period; and~~

12. The provisions of § 70306 of the federal Budget Reconciliation Act, P.L. 119-21 (2025), relating to the increased dollar limitations for expensing of certain depreciable business assets.

C. The Department of Taxation is hereby authorized to develop procedures or guidelines for implementation of the provisions of this section, which procedures or guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

§ 58.1-322.03. Virginia taxable income; deductions.

In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from Virginia adjusted gross income as defined in § 58.1-321:

1. a. The amount allowable for itemized deductions for federal income tax purposes where the taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on such federal return and increased by an amount that, when added to the amount deducted under § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes at a rate of 18 cents per mile; or

b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2027, \$3,000 for single individuals and \$6,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before January 1, 2022, \$4,500 for single individuals and \$9,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (iii) for taxable years beginning on and after January 1, 2022, but before January 1, 2024, \$8,000 for single individuals and \$16,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (iv) for taxable years beginning on and after January 1, 2024, but before January 1, 2025, \$8,500 for single individuals and \$17,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); and (v) for taxable years beginning on and after January 1, 2025, but before January 1, 2027, \$8,750 for single individuals and \$17,500 for married persons (one-half of such amounts in the case of a married individual filing a separate return). For purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for the taxable year may compute the deduction only with respect to earned income.

2. a. A deduction in the amount of \$930 for each personal exemption allowable to the taxpayer

for federal income tax purposes.

b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be entitled to an additional personal exemption in the amount of \$800.

The additional deduction for blind or aged taxpayers allowed under this subdivision shall be allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income tax purposes.

3. A deduction equal to the amount of employment-related expenses upon which the federal credit is based under § 21 of the Internal Revenue Code for expenses for household and dependent care services necessary for gainful employment.

4. An additional \$1,000 deduction for each child residing for the entire taxable year in a home under permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim the child as a personal exemption under § 151 of the Internal Revenue Code.

5. a. A deduction in the amount of \$12,000 for individuals born on or before January 1, 1939.

b. A deduction in the amount of \$12,000 for individuals born after January 1, 1939, who have attained the age of 65. This deduction shall be reduced by \$1 for every \$1 that the taxpayer's adjusted federal adjusted gross income exceeds \$50,000 for single taxpayers or \$75,000 for married taxpayers. For married taxpayers filing separately, the deduction shall be reduced by \$1 for every \$1 that the total combined adjusted federal adjusted gross income of both spouses exceeds \$75,000.

For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal adjusted gross income minus any benefits received under Title II of the Social Security Act and other benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as amended.

6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction for the payment of such fee on his federal income tax return.

7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed during the taxable year for a prepaid tuition contract or college savings trust account entered into with the Commonwealth Savers Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to \$4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal income tax return. If the purchase price or annual contribution to a college savings trust account exceeds \$4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in no event shall the amount deducted in any taxable year exceed \$4,000 per contract or college savings trust account. Notwithstanding the statute of limitations

on assessments contained in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the Commonwealth Savers Plan as of December 31 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited to, carryover and recapture of deductions.

b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$4,000 per prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a deduction for the full amount paid for the contract or contributed to a college savings trust account, less any amounts previously deducted.

8. The total amount an individual actually contributed in funds to the Virginia Public School Construction Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided that the individual has not claimed a deduction for such amount on his federal income tax return.

9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a primary or secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend continuing teacher education courses that are required as a condition of employment; however, the deduction provided by this subdivision shall be available only if (i) the individual is not reimbursed for such tuition costs and (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal income tax return.

10. The amount an individual pays annually in premiums for long-term health care insurance, provided that the individual has not claimed a deduction for federal income tax purposes, or, for taxable years beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and after January 1, 2014, no such deduction for long-term health care insurance premiums paid by the individual during the taxable year shall be allowed if the individual has claimed a federal income tax deduction for such taxable year for long-term health care insurance premiums paid by him.

11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses, as provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

a. If the payment is received in installment payments, then the recognized gain may be subtracted in the taxable year immediately following the year in which the installment payment is received.

b. If the payment is received in a single payment, then 10 percent of the recognized gain may be subtracted in the taxable year immediately following the year in which the single payment is received. The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et seq.), not to exceed \$500 in each taxable year, in purchasing for his own use the following items of tangible personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of 85; and (x) programmable thermostats.

13. The lesser of \$5,000 or the amount actually paid by a living donor of an organ or other living tissue for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such donation, provided that the donor has not taken a medical deduction in accordance with the provisions of § 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in which the donation is made or the taxable year in which the 12-month period expires.

14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older with earned income of at least \$20,000 for the year and federal adjusted gross income not in excess of \$30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income" means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20

percent of such disallowed business interest;

b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of such disallowed business interest;

c. For taxable years beginning on and after January 1, 2024, but before January 1, 2025, 50 percent of such disallowed business interest; *and*

d. *For taxable years beginning on and after January 1, 2025, 20 percent of such disallowed business interest.*

For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j) of the Internal Revenue Code.

16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal Revenue Code.

17. For taxable years beginning before January 1, 2021, up to \$100,000 of the amount that is not deductible when computing federal adjusted gross income solely on account of the portion of subdivision B 10 of § 58.1-301 related to Paycheck Protection Program loans.

18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, *and for taxable years beginning on and after January 1, 2026*, the lesser of \$500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide serving accredited public or private primary and secondary school students in Virginia, and "qualifying expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year for participation in professional development courses and the purchase of books, supplies, computer equipment (including related software and services), other educational and teaching equipment, and supplementary materials used directly in that individual's service to students as an eligible educator, provided that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal income tax return for such taxable year.

19. For taxable years beginning on and after January 1, 2026, the amount paid or cost incurred for installing a qualifying upgrade required to interconnect a triggering project. No deduction shall be allowed under this section for a taxpayer who has claimed a deduction under subsection I of § 58.1-402 for the same amount paid or cost incurred to install such qualifying upgrade.

For purposes of this subdivision, "qualifying upgrade" and "triggering project" have the same meanings as provided for those terms in § 56-596.5.

§ 58.1-332. Credits for taxes paid other states.

A. Whenever a Virginia resident has become liable to another state for income tax on any earned or business income or any gain on the sale of a capital asset (within the meaning of § 1221 of the Internal Revenue Code), not including an asset used in a trade or business, to the extent that such gain is included in federal adjusted gross income, for the taxable year, derived from sources outside the Commonwealth and subject to taxation under this chapter, the amount of such tax payable by him shall, upon proof of such payment, be credited on the taxpayer's return with the income tax so paid to the other state.

However, no franchise tax, license tax, excise tax, unincorporated business tax, occupation tax or any tax characterized as such by the taxing jurisdiction, although applied to earned or business income, shall qualify for a credit under this section, nor shall any tax which, if characterized as an income tax or a commuter tax, would be illegal and unauthorized under such other state's controlling or enabling legislation qualify for a credit under this section.

The credit allowable under this section shall not exceed: (i) such proportion of the income tax otherwise payable by him under this chapter as his income upon which the tax imposed by the other state was computed bears to his Virginia taxable income upon which the tax imposed by this Commonwealth was computed or (ii) the income tax otherwise payable under this chapter in the event that the income upon which the tax imposed by the other state is computed is less than the Virginia taxable income upon which the tax imposed by this Commonwealth is computed and all income derived from sources outside the Commonwealth and subject to taxation under this chapter is earned income or business income reported on federal form Schedule C from a single state contiguous to Virginia. The credit provided for by this section shall not be granted to a resident individual when the laws of another state, under which the income in question is subject to tax assessment, provide a credit to such resident individual substantially similar to that granted by subsection B of this section.

B. Whenever a nonresident individual of this Commonwealth has become liable to the state where he resides for income tax upon his Virginia taxable income for the taxable year, derived from Virginia sources and subject to taxation under this chapter, the amount of such tax payable under this chapter shall be credited with such proportion of the tax so payable by him to the state where he resides, upon proof of such payment, as his income subject to taxation under this chapter bears to his entire income upon which the tax so payable to such other state was imposed. The credit, however, shall be allowed only if the laws of such state: (i) grant a substantially similar credit to residents of Virginia subject to income tax under such laws or (ii) impose a tax upon the income of its residents derived from Virginia sources and exempt from taxation the income of residents of this Commonwealth. No credit shall be allowed against the amount of the tax on any income taxable under this chapter which is exempt from taxation under the laws of such other state.

C. 1. For purposes of this section, the amount of any state income tax paid by an electing small business corporation (S corporation) shall be deemed to have been paid by its individual shareholders in proportion to their ownership of the stock of such corporation.

2. For taxable years beginning on and after January 1, 2021, ~~but before January 1, 2026,~~ for

purposes of this section, the amount of any state income tax paid by a pass-through entity under a law of another state substantially similar to § 58.1-390.3 shall be deemed to have been paid by its individual owners in proportion to their ownership.

§ 58.1-390.3. Elective income tax on pass-through entities.

A. 1. For taxable years beginning on and after January 1, 2021, but before January 1, 2022, a pass-through entity may make an election, in a format and according to such requirements and procedures to be established by the Department, to pay the tax levied by this section at the entity level for the taxable year. Such election shall be made on or before a date to be determined by the Department, which shall be set no earlier than one year after the extended due date for filing the applicable return. Notwithstanding §§ 58.1-1812 and 58.1-1833, no interest shall accrue on underpayments or overpayments solely attributable to such election.

2. For taxable years beginning on and after January 1, 2022, ~~but before January 1, 2027~~, a pass-through entity may make an annual election, on its timely filed return pursuant to § 58.1-392, to pay the tax levied by this section at the entity level for the taxable period covered by such return. Such election shall be made on or before the due date for filing the applicable return, including any extensions that have been granted.

B. A tax at the rate of 5.75 percent is hereby annually imposed on the Virginia taxable income, as calculated pursuant to § 58.1-391 but taking into account only the pro rata or distributive share of each item of income, gain, loss, or deduction attributable to eligible owners, for each taxable year of every pass-through entity that makes the election provided under subsection A.

C. In computing the tax imposed by this section, the pro rata or distributive share of the Virginia taxable income of each nonresident eligible owner shall be limited to income that is attributable to Virginia sources and shall be subject to the modifications to income as described in §§ 58.1-322.01 through 58.1-322.04.

D. A pass-through entity that elects to pay the tax levied by subsection B shall be eligible for all credits, deductions, or other adjustments to taxable income under § 58.1-391, provided that a pass-through entity's taxable income shall be adjusted to eliminate any federal deduction for state and local income taxes.

E. Any person that is subject to the tax imposed under § 58.1-320 or 58.1-360 and is an eligible owner of a pass-through entity making the election pursuant to this section shall be entitled to a credit against the tax imposed, provided that taxable income has been adjusted to add back any deduction for state and local income taxes paid by the pass-through entity. Such credit shall be in an amount equal to such person's pro rata share of the tax paid under this section by any pass-through entity of which such person is an owner. If the amount of the credit allowed pursuant to this subsection exceeds such person's tax liability for the tax imposed under § 58.1-320 or 58.1-360, as applicable, such excess shall be treated as an overpayment and refundable pursuant to § 58.1-499.

F. If any pass-through entity makes an election pursuant to this section, the Department shall assess and collect tax, interest, and penalties as if such tax is a corporate income tax imposed

pursuant to the provisions of Article 10 (§ 58.1-400 et seq.).

G. The Department shall develop and make publicly available guidelines implementing the provisions of this section and the credit authorized by subdivision C 2 of § 58.1-332.

§ 58.1-402. Virginia taxable income.

A. For purposes of this article, Virginia taxable income for a taxable year means the federal taxable income and any other income taxable to the corporation under federal law for such year of a corporation adjusted as provided in subsections B, C, D, E, G, H, and I.

For a regulated investment company and a real estate investment trust, such term means the "investment company taxable income" and "real estate investment trust taxable income," respectively, to which shall be added in each case any amount of capital gains and any other income taxable to the corporation under federal law which shall be further adjusted as provided in subsections B, C, D, E, G, H, and I.

B. There shall be added to the extent excluded from federal taxable income:

1. Interest, less related expenses to the extent not deducted in determining federal taxable income, on obligations of any state other than Virginia, or of a political subdivision of any such other state unless created by compact or agreement to which the Commonwealth is a party;

2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission or instrumentality of the United States, which the laws of the United States exempt from federal income tax but not from state income taxes;

3. [Repealed.]

4. The amount of any net income taxes and other taxes, including franchise and excise taxes, which are based on, measured by, or computed with reference to net income, imposed by the Commonwealth or any other taxing jurisdiction, to the extent deducted in determining federal taxable income;

5. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

6. [Repealed.]

7. The amount required to be included in income for the purpose of computing the partial tax on an accumulation distribution pursuant to § 667 of the Internal Revenue Code;

8. a. For taxable years beginning on and after January 1, 2004, the amount of any intangible expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with one or more related members to the extent such expenses and costs were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall not be required for any portion of the intangible expenses and costs if one of the following applies:

(1) The corresponding item of income received by the related member is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government that has entered into a comprehensive tax treaty with the United States government;

(2) The related member derives at least one-third of its gross revenues from the licensing of intangible property to parties who are not related members, and the transaction giving rise to the expenses and costs between the corporation and the related member was made at rates and terms comparable to the rates and terms of agreements that the related member has entered into with parties who are not related members for the licensing of intangible property; or

(3) The corporation can establish to the satisfaction of the Tax Commissioner that the intangible expenses and costs meet both of the following: (i) the related member during the same taxable year directly or indirectly paid, accrued or incurred such portion to a person who is not a related member, and (ii) the transaction giving rise to the intangible expenses and costs between the corporation and the related member did not have as a principal purpose the avoidance of any portion of the tax due under this chapter.

b. A corporation required to add to its federal taxable income intangible expenses and costs pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such taxable year including tax upon any amount of intangible expenses and costs required to be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions between the corporation and a related member or members that resulted in the corporation's taxable income being increased, as required under subdivision a, for such intangible expenses and costs.

If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing evidence, that the transaction or transactions between the corporation and a related member or members resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than the avoidance or reduction of the tax due under this chapter, the Tax Commissioner shall permit the corporation to file an amended return. For purposes of such amended return, the requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance or reduction of the tax due under this chapter. Such amended return shall be filed by the corporation within one year of the written permission granted by the Tax Commissioner and any refund of the tax imposed under this article shall include interest at a rate equal to the rate of interest established under § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of such amended return, any related member of the corporation that subtracted from taxable income amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that portion of such amounts for which the corporation has filed an amended return pursuant to this subdivision. In addition, for such transactions identified by the Tax Commissioner herein by which he has been satisfied by clear and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax returns for subsequent taxable years to deduct the

related intangible expenses and costs without making the adjustment under subdivision a.

The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon payment of such fee.

No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be maintained in any court of this Commonwealth.

c. Nothing in subdivision B 8 shall be construed to limit or negate the Department's authority under § 58.1-446;

9. a. For taxable years beginning on and after January 1, 2004, the amount of any interest expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with one or more related members to the extent such expenses and costs were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall not be required for any portion of the interest expenses and costs, if:

- (1) The related member has substantial business operations relating to interest-generating activities, in which the related member pays expenses for at least five full-time employees who maintain, manage, defend or are otherwise responsible for operations or administration relating to the interest-generating activities; and
- (2) The interest expenses and costs are not directly or indirectly for, related to or in connection with the direct or indirect acquisition, maintenance, management, sale, exchange, or disposition of intangible property; and
- (3) The transaction giving rise to the expenses and costs between the corporation and the related member has a valid business purpose other than the avoidance or reduction of taxation and payments between the parties are made at arm's length rates and terms; and
- (4) One of the following applies:
 - (i) The corresponding item of income received by the related member is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government that has entered into a comprehensive tax treaty with the United States government;
 - (ii) Payments arise pursuant to a pre-existing contract entered into when the parties were not related members provided the payments continue to be made at arm's length rates and terms;
 - (iii) The related member engages in transactions with parties other than related members that generate revenue in excess of \$2 million annually; or
 - (iv) The transaction giving rise to the interest payments between the corporation and a related member was done at arm's length rates and terms and meets any of the following: (a) the related member uses funds that are borrowed from a party other than a related member or that are paid, incurred or passed-through to a person who is not a related member; (b) the debt is part of a

regular and systematic funds management or portfolio investment activity conducted by the related member, whereby the funds of two or more related members are aggregated for the purpose of achieving economies of scale, the internal financing of the active business operations of members, or the benefit of centralized management of funds; (c) financing the expansion of the business operations; or (d) restructuring the debt of related members, or the pass-through of acquisition-related indebtedness to related members.

b. A corporation required to add to its federal taxable income interest expenses and costs pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such taxable year including tax upon any amount of interest expenses and costs required to be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions between the corporation and a related member or members that resulted in the corporation's taxable income being increased, as required under subdivision a, for such interest expenses and costs.

If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing evidence, that the transaction or transactions between the corporation and a related member or members resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the related payments between the parties were made at arm's length rates and terms, the Tax Commissioner shall permit the corporation to file an amended return. For purposes of such amended return, the requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the related payments between the parties were made at arm's length rates and terms. Such amended return shall be filed by the corporation within one year of the written permission granted by the Tax Commissioner and any refund of the tax imposed under this article shall include interest at a rate equal to the rate of interest established under § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of such amended return, any related member of the corporation that subtracted from taxable income amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that portion of such amounts for which the corporation has filed an amended return pursuant to this subdivision. In addition, for such transactions identified by the Tax Commissioner herein by which he has been satisfied by clear and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax returns for subsequent taxable years to deduct the related interest expenses and costs without making the adjustment under subdivision a.

The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon payment of such fee.

No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be maintained in any court of this Commonwealth.

c. Nothing in subdivision B 9 shall be construed to limit or negate the Department's authority under § 58.1-446.

d. For purposes of subdivision B 9:

"Arm's-length rates and terms" means that (i) two or more related members enter into a written agreement for the transaction, (ii) such agreement is of a duration and contains payment terms substantially similar to those that the related member would be able to obtain from an unrelated entity, (iii) the interest is at or below the applicable federal rate compounded annually for debt instruments under § 1274(d) of the Internal Revenue Code that was in effect at the time of the agreement, and (iv) the borrower or payor adheres to the payment terms of the agreement governing the transaction or any amendments thereto.

"Valid business purpose" means one or more business purposes that alone or in combination constitute the motivation for some business activity or transaction, which activity or transaction improves, apart from tax effects, the economic position of the taxpayer, as further defined by regulation.

10. a. For taxable years beginning on and after January 1, 2009, the amount of dividends deductible under §§ 561 and 857 of the Internal Revenue Code by a Captive Real Estate Investment Trust (REIT). For purposes of this subdivision, a REIT is a Captive REIT if:

- (1) It is not regularly traded on an established securities market;
- (2) More than 50 percent of the voting power or value of beneficial interests or shares of which, at any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single entity that is (i) a corporation or an association taxable as a corporation under the Internal Revenue Code; and (ii) not exempt from federal income tax pursuant to § 501(a) of the Internal Revenue Code; and
- (3) More than 25 percent of its income consists of rents from real property as defined in § 856(d) of the Internal Revenue Code.

b. For purposes of applying the ownership test of subdivision 10 a (2), the following entities shall not be considered a corporation or an association taxable as a corporation:

- (1) Any REIT that is not treated as a Captive REIT;
- (2) Any REIT subsidiary under § 856 of the Internal Revenue Code other than a qualified REIT subsidiary of a Captive REIT;
- (3) Any Listed Australian Property Trust, or an entity organized as a trust, provided that a Listed Australian Property Trust owns or controls, directly or indirectly, 75 percent or more of the voting or value of the beneficial interests or shares of such trust; and
- (4) Any Qualified Foreign Entity.

c. For purposes of subdivision B 10, the constructive ownership rules prescribed under § 318(a) of the Internal Revenue Code, as modified by § 856(d)(5) of the Internal Revenue Code, shall

apply in determining the ownership of stock, assets, or net profits of any person.

d. For purposes of subdivision B 10:

"Listed Australian Property Trust" means an Australian unit trust registered as a Management Investment Scheme, pursuant to the Australian Corporations Act, in which the principal class of units is listed on a recognized stock exchange in Australia and is regularly traded on an established securities market.

"Qualified Foreign Entity" means a corporation, trust, association or partnership organized outside the laws of the United States and that satisfies all of the following criteria:

- (1) At least 75 percent of the entity's total asset value at the close of its taxable year is represented by real estate assets, as defined in § 856(c)(5)(B) of the Internal Revenue Code, thereby including shares or certificates of beneficial interest in any REIT, cash and cash equivalents, and U.S. Government securities;
- (2) The entity is not subject to a tax on amounts distributed to its beneficial owners, or is exempt from entity level tax;
- (3) The entity distributes, on an annual basis, at least 85 percent of its taxable income, as computed in the jurisdiction in which it is organized, to the holders of its shares or certificates of beneficial interest;
- (4) The shares or certificates of beneficial interest of such entity are regularly traded on an established securities market or, if not so traded, not more than 10 percent of the voting power or value in such entity is held directly, indirectly, or constructively by a single entity or individual; and
- (5) The entity is organized in a country that has a tax treaty with the United States.

e. For taxable years beginning on or after January 1, 2016, for purposes of subdivision B 10, any voting power or value of the beneficial interests or shares in a REIT that is held in a segregated asset account of a life insurance corporation as described in § 817 of the Internal Revenue Code shall not be taken into consideration when determining if such REIT is a Captive REIT.

11. For taxable years beginning on or after January 1, 2016, to the extent that tax credit is allowed for the same donation pursuant to § 58.1-439.12:12, any amount claimed as a federal income tax deduction for such donation under § 170 of the Internal Revenue Code, as amended or renumbered.

C. There shall be subtracted to the extent included in and not otherwise subtracted from federal taxable income:

1. Income derived from obligations, or on the sale or exchange of obligations, of the United States and on obligations or securities of any authority, commission or instrumentality of the United States to the extent exempt from state income taxes under the laws of the United States including, but not limited to, stocks, bonds, treasury bills, and treasury notes, but not including

- interest on refunds of federal taxes, interest on equipment purchase contracts, or interest on other normal business transactions.
2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth or of any political subdivision or instrumentality of this Commonwealth.
 3. Dividends upon stock in any domestic international sales corporation, as defined by § 992 of the Internal Revenue Code, 50 percent or more of the income of which was assessable for the preceding year, or the last year in which such corporation has income, under the provisions of the income tax laws of the Commonwealth.
 4. The amount of any refund or credit for overpayment of income taxes imposed by this Commonwealth or any other taxing jurisdiction.
 5. Any amount included therein by the operation of the provisions of § 78 of the Internal Revenue Code (foreign dividend gross-up).
 6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not deducted for federal purposes on account of the provisions of § 280C(a) of the Internal Revenue Code.
 7. Any amount included therein by the operation of § 951 of the Internal Revenue Code (subpart F income) or, for taxable years beginning on and after January 1, 2018, § 951A of the Internal Revenue Code (~~Global Intangible Low-Taxed~~ *Net Controlled Foreign Corporation Tested Income*).
 8. Any amount included therein which is foreign source income as defined in § 58.1-302.
 9. [Repealed.]
 10. The amount of any dividends received from corporations in which the taxpaying corporation owns 50 percent or more of the voting stock.
 11. [Repealed.]
 - 12, 13. [Expired.]
 14. For taxable years beginning on or after January 1, 1995, the amount for "qualified research expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not deducted, on account of the provisions of § 280C(c) of the Internal Revenue Code.
 15. For taxable years beginning on or after January 1, 2000, the total amount actually contributed in funds to the Virginia Public School Construction Grants Program and Fund established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1.
 16. For taxable years beginning on or after January 1, 2000, but before January 1, 2015, the gain derived from the sale or exchange of real property or the sale or exchange of an easement to real property which results in the real property or the easement thereto being devoted to open-space use, as that term is defined in § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in accordance with this subdivision, no tax credit under this chapter

for donating land for its preservation shall be allowed for three years following the year in which the subtraction is taken.

17. For taxable years beginning on and after January 1, 2001, any amount included therein with respect to § 58.1-440.1.

18. For taxable years beginning on and after January 1, 1999, income received as a result of (i) the "Master Settlement Agreement," as defined in § 3.2-3100; and (ii) the National Tobacco Grower Settlement Trust dated July 19, 1999, by (a) tobacco farming businesses; (b) any business holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural Adjustment Act of 1938; or (c) any business having the right to grow tobacco pursuant to such a quota allotment.

19, 20. [Repealed.]

21. For taxable years beginning on and after January 1, 2004, any amount of intangible expenses and costs or interest expenses and costs added to the federal taxable income of a corporation pursuant to subdivision B 8 or B 9 shall be subtracted from the federal taxable income of the related member that received such amount if such related member is subject to Virginia income tax on the same amount.

22. For taxable years beginning on and after January 1, 2009, any gain recognized from the sale of launch services to space flight participants, as defined in 49 U.S.C. § 70102, or launch services intended to provide individuals the training or experience of a launch, without performing an actual launch. To qualify for a deduction under this subdivision, launch services must be performed in Virginia or originate from an airport or spaceport in Virginia.

23. For taxable years beginning on and after January 1, 2009, any gain recognized as a result of resupply services contracts for delivering payload, as defined in 49 U.S.C. § 70102, entered into with the Commercial Orbital Transportation Services division of the National Aeronautics and Space Administration or other space flight entity, as defined in § 8.01-227.8, and launched from an airport or spaceport in Virginia.

24. For taxable years beginning on or after January 1, 2011, any income taxed as a long-term capital gain for federal income tax purposes, or any income taxed as investment services partnership interest income (otherwise known as investment partnership carried interest income) for federal income tax purposes. To qualify for a subtraction under this subdivision, such income must be attributable to an investment in a "qualified business," as defined in § 58.1-339.4, or in any other technology business approved by the Secretary of Administration, provided the business has its principal office or facility in the Commonwealth and less than \$3 million in annual revenues in the fiscal year prior to the investment. To qualify for a subtraction under this subdivision, the investment must be made between the dates of April 1, 2010, and June 30, 2020. No taxpayer who has claimed a tax credit for an investment in a "qualified business" under § 58.1-339.4 shall be eligible for the subtraction under this subdivision for an investment in the same business.

25. a. Income, including investment services partnership interest income (otherwise known as

investment partnership carried interest income), attributable to an investment in a Virginia venture capital account. To qualify for a subtraction under this subdivision, the investment shall be made on or after January 1, 2018, but before December 31, 2023. No subtraction shall be allowed under this subdivision for an investment in a company that is owned or operated by an affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has claimed a subtraction under subdivision C 24 for the same investment.

b. As used in this subdivision 25:

"Qualified portfolio company" means a company that (i) has its principal place of business in the Commonwealth; (ii) has a primary purpose of production, sale, research, or development of a product or service other than the management or investment of capital; and (iii) provides equity in the company to the Virginia venture capital account in exchange for a capital investment. "Qualified portfolio company" does not include a company that is an individual or sole proprietorship.

"Virginia venture capital account" means an investment fund that has been certified by the Department as a Virginia venture capital account. In order to be certified as a Virginia venture capital account, the operator of the investment fund shall register the investment fund with the Department prior to December 31, 2023, (i) indicating that it intends to invest at least 50 percent of the capital committed to its fund in qualified portfolio companies and (ii) providing documentation that it employs at least one investor who has at least four years of professional experience in venture capital investment or substantially equivalent experience. "Substantially equivalent experience" includes, but is not limited to, an undergraduate degree from an accredited college or university in economics, finance, or a similar field of study. The Department may require an investment fund to provide documentation of the investor's training, education, or experience as deemed necessary by the Department to determine substantial equivalency. If the Department determines that the investment fund employs at least one investor with the experience set forth herein, the Department shall certify the investment fund as a Virginia venture capital account at such time as the investment fund actually invests at least 50 percent of the capital committed to its fund in qualified portfolio companies.

26. a. Income attributable to an investment in a Virginia real estate investment trust. To qualify for a subtraction under this subdivision, the investment shall be made on or after January 1, 2019, but before December 31, 2024. No subtraction shall be allowed for an investment in a trust that is managed by an affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has claimed a subtraction under subdivision C 24 or 25 for the same investment.

b. As used in this subdivision 26:

"Distressed" means satisfying the criteria applicable to a locality described in subdivision E 2 of § 2.2-115.

"Double distressed" means satisfying the criteria applicable to a locality described in subdivision E 3 of § 2.2-115.

"Virginia real estate investment trust" means a real estate investment trust, as defined in 26 U.S.C. § 856, that has been certified by the Department as a Virginia real estate investment trust. In order to be certified as a Virginia real estate investment trust, the trustee shall register the trust with the Department prior to December 31, 2024, indicating that it intends to invest at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed. If the Department determines that the trust satisfies the preceding criteria, the Department shall certify the trust as a Virginia real estate investment trust at such time as the trust actually invests at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed.

27. For taxable years beginning on and after January 1, 2019, any gain recognized from the taking of real property by condemnation proceedings.

28. For taxable years beginning before January 1, 2021, up to \$100,000 of all grant funds received by the taxpayer under the Rebuild Virginia program established by the Governor and administered by the Department of Small Business and Supplier Diversity.

D. For taxable years beginning on and after January 1, 2006, there shall be subtracted from federal taxable income contract payments to a producer of quota tobacco or a tobacco quota holder as provided under the American Jobs Creation Act of 2004 (P.L. 108-357) as follows:

1. If the payment is received in installment payments, then the recognized gain, including any gain recognized in taxable year 2005, may be subtracted in the taxable year immediately following the year in which the installment payment is received.

2. If the payment is received in a single payment, then 10 percent of the recognized gain may be subtracted in the taxable year immediately following the year in which the single payment is received. The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

E. Adjustments to federal taxable income shall be made to reflect the transitional modifications provided in § 58.1-315.

F. Notwithstanding any other provision of law, the income from any disposition of real property which is held by the taxpayer for sale to customers in the ordinary course of the taxpayer's trade or business, as defined in § 453(1)(1)(B) of the Internal Revenue Code, of property made on or after January 1, 2009, may, at the election of the taxpayer, be recognized under the installment method described under § 453 of the Internal Revenue Code, provided that (i) the election relating to the dealer disposition of the property has been made on or before the due date prescribed by law (including extensions) for filing the taxpayer's return of the tax imposed under this chapter for the taxable year in which the disposition occurs, and (ii) the dealer disposition is in accordance with restrictions or conditions established by the Department, which shall be set forth in guidelines developed by the Department. Along with such restrictions or conditions, the guidelines shall also address the recapture of such income under certain circumstances. The development of the guidelines shall be exempt from the Administrative

Process Act (§ 2.2-4000 et seq.).

G. There shall be deducted to the extent included in and not otherwise subtracted from federal taxable income a percentage of the business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code in the amount of:

1. ~~20~~ *Twenty* percent for taxable years beginning on and after January 1, 2018, but before January 1, 2022;
2. ~~30~~ *Thirty* percent for taxable years beginning on and after January 1, 2022, but before January 1, 2024; ~~and~~
3. ~~50~~ *Fifty* percent for taxable years beginning on and after January 1, 2024 , *but before January 1, 2025; and*
4. *Twenty percent for taxable years beginning on and after January 1, 2025.*

For purposes of subsection G, "business interest" means the same as that term is defined under § 163(j) of the Internal Revenue Code.

H. For taxable years beginning before January 1, 2021, there shall be deducted to the extent not otherwise subtracted from federal taxable income up to \$100,000 of the amount that is not deductible when computing federal taxable income solely on account of the portion of subdivision B 10 of § 58.1-301 related to Paycheck Protection Program loans.

I. For taxable years beginning on and after January 1, 2026, there shall be deducted the amount paid or cost incurred for installing a qualifying upgrade required to interconnect a triggering project. No deduction shall be allowed under this section for a taxpayer who has claimed a deduction under subdivision 19 of § 58.1-322.03 for the same amount paid or cost incurred to install such qualifying upgrade.

For purposes of this subsection, "qualifying upgrade" and "triggering project" have the same meanings as provided for those terms in § 56-596.5."

Page 328, line 29, strike "13."and insert "14."

Page 328, strike line 34 and insert"

"15. That the provisions of the thirteenth enactment shall prevail over any conflicting provisions of the eleventh and twelfth enactments of Chapter 725 of the Acts of Assembly of 2025 notwithstanding § 4-13.00 of Chapter 725 of the Acts of Assembly of 2025, which shall not be applicable with respect to any such conflict."

Page 328, line 35, strike "15." and insert "16."

Page 328, line 36, strike "16." and insert "17."

Page 328, line 36, strike "and".

Page 328, line 36, after "thirteenth", insert "fourteenth, fifteenth, and sixteenth".

Page 328, line 38, strike "17."and insert "18".

Explanation:

(This amendment strikes language included the introduced budget regarding conforming Virginia's Tax Code to to the majority of the federal provisions adopted in H.R. 1 and includes provisions eliminating Virginia's rolling conformity. Striking the tax conformity language included in the introduced budget results in increased general fund revenues of \$200.9 million in FY 2026.)
