
VIRGINIA STATE BUDGET

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Bill Order » Part 3: Miscellaneous » Item 3-5.07

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§ 3-5.07 RENEWABLE ENERGY INCOME TAX CREDITS

Notwithstanding any other provision of law, for taxable years beginning on and after January 1, 2009, there shall be allowed a credit against the individual income tax levied under § 58.1-320 and the corporation income tax levied under § 58.1-400 for the purchase and installation of certain renewable energy property placed in service during the taxable year. In no event shall the total amount of credits allowed against the individual income tax exceed \$1 million in any taxable year. In no event shall the total amount of credits allowed against the corporate income tax exceed \$1 million in any taxable year.

a. For purposes of this section:

"Department" means the Virginia Department of Mines, Minerals and Energy.

"Photovoltaic property" means property installed in connection with a structure that uses a solar photovoltaic process to generate electricity and that meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Department.

"Solar water heating property" means property that, when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within the structure and meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Department.

"Renewable energy property" means photovoltaic property, solar water heating property, or wind-powered electrical generator property.

"Wind-powered electrical generator property" means an electrical generating unit located on the individual's or corporation's premises that uses wind as its total source of fuel to offset all or part of the individual's or corporation's own electricity requirements and which meets applicable performance and quality standards as specified by the Department.

b. For purposes of the individual income tax credit, the amount of such credit shall not exceed:

- 1. \$2,000 for each kilowatt of photovoltaic property, not to exceed \$8,000 per system or the total cost of the system, whichever is less;*
- 2. \$1,500 for each kilowatt of wind-powered electrical generators, not to exceed \$6,000 per system or the total cost of the system, whichever is less;*
- 3. \$1,000 for each kilowatt equivalent of solar water heating property, as determined by the Department, not to exceed \$4,000 per system or the total cost of the system, whichever is less.*

c. For purposes of the corporate income tax credit, the amount of such credit shall not exceed:

1. \$2,000 for each kilowatt of photovoltaic property, not to exceed \$20,000 per system or the total cost of the system, whichever is less;

2. \$1,500 for each kilowatt of wind-powered electrical generators, not to exceed \$15,000 per system or the total cost of the system, whichever is less;

3. \$1,000 for each kilowatt equivalent of solar water heating property, as determined by the Department, not to exceed \$10,000 per system or the total cost of the system, whichever is less.

c. Credits shall be granted by the Department on a first-come, first-served basis until the aggregate amount of all tax credits granted under this section to individuals equals \$1,000,000 in a given year and the amount of tax credits granted under this section to corporations equals \$1,000,000.

d. Individuals and corporations seeking to claim any tax credit provided for under this section shall submit an application to the Department for approval of such tax credit. The Department shall establish the guidelines and forms on which the application is to be submitted. The Department shall within fourteen days review such application and shall approve such application upon determining that it meets all guidelines. Actions by the Department relating to the allocation and awarding of credits under this section shall be exempt from the provisions of the Administrative Process Act pursuant to subdivision B 4 of § 2.2-4002.

e. The taxpayer shall submit with his income tax return all documentation as required by the Department of Taxation. Any credit not usable for the taxable year may be carried over the next three taxable years. The amount of the credit allowed pursuant to this section shall not exceed the tax imposed for such taxable year.

f. Any taxpayer entitled to a credit under this section may transfer unused but otherwise allowable credits for use by another taxpayer on Virginia income tax returns. A taxpayer who transfers any amount of the credit in accordance with this section shall file a notification of such transfer to the Department of Taxation in accordance with procedures and forms prescribed by the Tax Commissioner.

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