

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend and reenact § 58.1-339.7 of the Code of Virginia, relating to the livable home tax
2 credit.

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

4 **1. That § 58.1-339.7 of the Code of Virginia is amended and reenacted as follows:**

5 § 58.1-339.7. Livable Home Tax Credit.

6 A. For taxable years beginning on and after January 1, 2000, any taxpayer who purchases a new
7 residence or retrofits or hires someone to retrofit an existing residence, provided that such new residence
8 or the retrofitting of such existing residence is designed to improve accessibility, provide universal
9 visitability, and meets the eligibility requirements established by guidelines developed by the
10 Department of Housing and Community Development, shall be allowed a credit against the tax imposed
11 pursuant to § 58.1-320 of an amount equal to \$500, or \$2,000 for taxable years beginning on or after
12 January 1, 2010, for such new residence or 25 percent of the total amount spent for the retrofitting of
13 such existing residence. For taxable years beginning on or after January 1, 2010, the 25 percent shall
14 increase to 50 percent. The amount of the credit allowed for the retrofitting of an existing residence shall
15 not exceed \$500, or \$2,000 for taxable years beginning on or after January 1, 2010. Such a credit shall
16 require application by the taxpayer as provided in subsection C. For purposes of this section, the
17 purchase of a new residence means a transaction involving the first sale of a residence or dwelling. The
18 provisions of this subsection shall not be applicable for taxable years beginning on or after January 1,
19 2011.

20 ~~B. In no event, however, shall the credit allowed under subsection A exceed the total amount of~~
21 ~~tax imposed by this chapter in the year in which such purchase or retrofitting is completed. If the amount~~
22 ~~of the credit exceeds the taxpayer's tax liability for such tax year, the amount that exceeds such liability~~
23 ~~may be carried over for credit by the taxpayer in the next five taxable years until the total amount of the~~
24 ~~tax credit has been taken. For taxable years beginning on or after January 1, 2011, an individual shall be~~
25 ~~allowed a credit against the tax imposed by § 58.1-320 for a portion of the total purchase price paid by~~

26 him for a new residence or the total amount expended by him to retrofit an existing residence, provided
27 that the new residence or the retrofitting of the existing residence is designed to improve accessibility,
28 provide universal visitability, and meets the eligibility requirements established by guidelines developed
29 by the Department of Housing and Community Development. In addition, a real estate developer shall
30 be allowed a credit against the tax imposed by § 58.1-320 or 58.1-400 for a portion of the total amount it
31 expended in constructing a new residential structure or unit or retrofitting or renovating an existing
32 residential structure or unit, provided that the new residential structure or unit or the retrofitting or
33 renovating of the existing residential structure or unit is designed to improve accessibility, provide
34 universal visitability, and meets the eligibility requirements established by guidelines developed by the
35 Department of Housing and Community Development.

36 The credit shall be allowed for the taxable year in which the residence has been purchased or
37 construction, retrofitting, or renovation of the residence or residential structure or unit has been
38 completed. The credit allowed under this section shall not exceed (i) \$5,000 for the purchase of each
39 new residence or the construction of each new residential structure or unit or (ii) 50 percent of the total
40 amount expended, but not to exceed \$5,000, for the retrofitting or renovation of each existing residence
41 or residential structure or unit.

42 No credit shall be allowed under this section for the purchase, construction, retrofitting, or
43 renovation of residential rental property.

44 C. Eligible taxpayers shall apply for the credit by making application to the Department of
45 Housing and Community Development. The Department of Housing and Community Development shall
46 issue a certification for an approved application to the taxpayer. The taxpayer shall attach the
47 certification to the ~~individual~~ applicable income tax return. The total amount of tax credits granted under
48 this section for any ~~taxable~~ fiscal year shall not exceed \$1 million. In each year, the Department of
49 Housing and Community Development shall allocate \$500,000 in tax credits for the purchase or
50 construction of new residences and \$500,000 in tax credits for the retrofitting or renovation of existing
51 residences or residential structures or units. If the amount of tax credits approved in a fiscal year for the
52 purchase or construction of new residences is less than \$500,000, the Director of the Department of

53 Housing and Community Development shall allocate the remaining balance of such tax credits for the
54 retrofitting or renovation of existing residences or residential structures or units. If the amount of tax
55 credits approved in a fiscal year for the retrofitting or renovation of existing residences or residential
56 structures or units is less than \$500,000, the Director of the Department of Housing and Community
57 Development shall allocate the remaining balance of such tax credits for the purchase or construction of
58 a new residences. In the event applications for the tax credit exceed the ~~\$1 million~~ amount allocated by
59 the Director for the fiscal year, the Department of Housing and Community Development shall
60 apportion the money by dividing the ~~\$1 million~~ by the total amount of tax credits applied for to
61 determine the percentage each taxpayer shall receive issue the tax credits pro rata based upon the
62 amount of tax credit approved for each taxpayer and the amount of tax credits allocated by the Director.

63 In no case shall the Director issue any tax credits relating to transactions or dealings between
64 affiliated entities. In no case shall the Director issue any tax credits more than once to the same or
65 different persons relating to the same retrofitting, renovation, or construction project.

66 D. In no case shall the amount of credit taken by a taxpayer pursuant to this section exceed the
67 taxpayer's income tax liability for the taxable year. If the amount of credit allowed for the taxable year in
68 which the residence has been purchased or construction, retrofitting, or renovation of the residence or
69 residential structure or unit has been completed exceeds the taxpayer's income tax liability imposed for
70 such taxable year, then the amount that exceeds the tax liability may be carried over for credit against
71 the income taxes of such taxpayer in the next seven taxable years or until the total amount of the tax
72 credit issued has been taken, whichever is sooner. Credits granted to a partnership, limited liability
73 company, or electing small business corporation (S corporation) shall be allocated to the individual
74 partners, members, or shareholders, respectively, in proportion to their ownership or interest in such
75 business entities.

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