

Rulings of the Tax Commissioner

Document Number: 10-13
Tax Type: Land Preservation Tax Credit
Brief Description: House Bill 5019 (Chapter 4, Special Session I of 2006) made several changes to the Land Preservation Tax Credit.
Topics: Clarification; Land Preservation Tax Credit
Date Issued: 02/19/2010

TAX BULLETIN 10-2

Virginia Department of Taxation

IMPORTANT INFORMATION REGARDING THE LAND PRESERVATION INCOME TAX CREDIT

February 19, 2010

New Cap Amount

House Bill 5019 (Chapter 4, Special Session I of 2006) made several changes to the Land Preservation Tax Credit. One of these changes established a \$100 million cap on the amount of total credits that may be issued by the Department of Taxation ("TAX") during a calendar year.

In addition, the legislation provided a mechanism by which this cap may be increased because of inflation. Under *Va. Code* § 58.1-512 D 4b, beginning with calendar year 2008, the \$100 million cap must be increased by an amount equal to \$100 million multiplied by the percentage by which the consumer price index for all-urban consumers published by the United States Department of Labor (CPI-U) for the 12-month period ending August 31 of the preceding year exceeds the CPI-U for the 12-month period ending August 31, 2006.

For Calendar Year 2009, the average CPI-U for the 12-month period ending August 31, 2008 increased by approximately 6.6 percent over the average for the 12-month period ending August 31, 2006. Therefore, for calendar year 2009, the cap was \$106,647,000.

Using information obtained from United States Bureau of Labor Statistics, the average CPI-U for the 12-month period ending August 31, 2009 increased by approximately 6.8 percent over the average for the 12-month period ending August 31, 2006. As a result, the cap for the Land Preservation Income Tax Credit will be increased to \$106,845,000 for calendar year 2010.

The following chart depicts the growth in the CPI-U from 2006 through the applicable year for each year that the \$100,000,000 has been increased. It also shows the amount of the cap for each applicable year.

Year	CPI-U Amount Over 2006 Base Year	Cap Amount
2007	-	\$100,000,000
2008	2.29%	\$102,287,000
2009	6.6%	\$106,647,000
2010	6.8%	\$106,845,000

If you have additional questions, please visit our website at www.tax.virginia.gov, or contact the Tax Credit Unit at (804) 786-2992.
