



TAX BULLETIN 13-6

Virginia Department of Taxation

MAY 22, 2013

IMPORTANT INFORMATION REGARDING **THE LAND PRESERVATION INCOME TAX CREDIT** **REVISED CAP FOR CALENDAR YEAR 2013**

New Cap Amount

On May 3, 2013, House Bill 1398 (Chapter 798, 2013 Acts of Assembly) became law. This legislation caps the Land Preservation Tax Credit at \$100 million, beginning with the 2013 calendar year.

For Calendar Years 2007 through 2012, the Land Preservation Tax Credit was capped at \$100 million, but was adjusted for inflation based on the consumer price index for all-urban consumers published by the United States Department of Labor (CPI-U). On January 25, 2013, the Department of Taxation ("the Department") published Tax Bulletin 13-1 (Public Document 13-8, 1/25/13), which announced that the indexed tax credit cap for Calendar Year 2013 was \$113,909,000. However, because House Bill 1398 removed the Land Preservation Tax Credit cap's adjustment for inflation, the tax credit cap for Calendar Year 2013 and thereafter has been reduced to \$100 million.

Under legislation enacted by the 2011 General Assembly, the indexed tax credit cap must be increased by the amount of reissued tax credits that were previously issued but subsequently disallowed or invalidated by the Department. Under House Bill 1398, reissued tax credits will not be added to the \$100 million tax credit cap, beginning with the 2013 calendar year.

The following chart depicts the growth in the CPI-U from 2006 through 2012. It also shows the amount of the tax credit 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
2011	8.4%	\$108,424,000
2012	11.05%	\$111,054,000
2013 and thereafter	-	\$100,000,000

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

This Tax Bulletin supersedes Tax Bulletin 13-1 (Public Document 13-8, 1/25/13).