

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 58.1-322 and 58.1-402 of the Code of Virginia, relating to Virginia taxable income; subtraction for Peanut Quota Buyout Program payments.

[H 2400]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-322 and 58.1-402 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-322. Virginia taxable income of residents.

A. The Virginia taxable income of a resident individual means his federal adjusted gross income for the taxable year, which excludes combat pay for certain members of the Armed Forces of the United States as provided in § 112 of the Internal Revenue Code, as amended, and with the modifications specified in this section.

B. To the extent excluded from federal adjusted gross income, there shall be added:

1. Interest, less related expenses to the extent not deducted in determining federal 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 Virginia 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. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

4. The amount of a lump sum distribution from a qualified retirement plan, less the minimum distribution allowance and any amount excludable for federal income tax purposes ~~which~~ *that* is excluded from federal adjusted gross income solely by virtue of an individual's election to use the averaging provisions under § 402 of the Internal Revenue Code;

5. through 7. [Repealed.]

8. For taxable years beginning on and after January 1, 1990, and before January 1, 1994, any amount of self-employment tax deduction under § 164 (f) of the Internal Revenue Code; and

9. 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.

C. To the extent included in federal adjusted gross income, there shall be subtracted:

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. [Repealed.]

4. 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.

4a. Through December 31, 2000, the same amount used in computing the federal credit allowed under § 22 of the Internal Revenue Code by a retiree under age ~~sixty-five~~ 65 who qualified for such retirement on the basis of permanent and total disability and who is a qualified individual as defined in § 22 (b) (2) of the Internal Revenue Code; however, any person who claims a deduction under subdivision 5 of subsection D of this section may not also claim a subtraction under this subdivision.

4b. For taxable years beginning on or after January 1, 2001, up to \$20,000 of disability income, as defined in § 22 (c) (2) (B) (iii) of the Internal Revenue Code; however, any person who claims a deduction under subdivision 5 of subsection D of this section may not also claim a subtraction under this subdivision.

5. The amount of any refund or credit for overpayment of income taxes imposed by the Commonwealth or any other taxing jurisdiction.

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 which is foreign source income as defined in § 58.1-302.

8. [Repealed.]

57 9. [Expired.]

58 10. Any amount included therein less than \$600 from a prize awarded by the State Lottery
59 Department.

60 11. The wages or salaries received by any person for active and inactive service in the National
61 Guard of the Commonwealth of Virginia, not to exceed the amount of income derived from ~~thirty-nine~~
62 39 calendar days of such service or \$3,000, whichever amount is less; however, only those persons in
63 the ranks of O3 and below shall be entitled to the deductions specified herein.

64 12. Amounts received by an individual, not to exceed \$1,000 in any taxable year, as a reward for
65 information provided to a law-enforcement official or agency, or to a nonprofit corporation created
66 exclusively to assist such law-enforcement official or agency, in the apprehension and conviction of
67 perpetrators of crimes. This provision shall not apply to the following: an individual who is an employee
68 of, or under contract with, a law-enforcement agency, a victim or the perpetrator of the crime for which
69 the reward was paid, or any person who is compensated for the investigation of crimes or accidents.

70 13. [Repealed.]

71 14. (Expires for taxable years beginning on and after January 1, 2004.) The amount of any qualified
72 agricultural contribution as determined in § 58.1-322.2.

73 15. [Repealed.]

74 16. The amounts of self-employment tax required to be added in computing Virginia taxable income
75 for taxable years beginning on and after January 1, 1990, but before January 1, 1994, pursuant to
76 subdivision B 8 of this section, as follows:

77 a. For taxable years beginning on and after January 1, 1994, and before January 1, 1995, the amount
78 of self-employment tax added to federal adjusted gross income in taxable years beginning on and after
79 January 1, 1990, and before January 1, 1991;

80 b. For taxable years beginning on and after January 1, 1995, and before January 1, 1996, the amount
81 of self-employment tax added to federal adjusted gross income in taxable years beginning on and after
82 January 1, 1991, and before January 1, 1992;

83 c. For taxable years beginning on and after January 1, 1996, and before January 1, 1997, the amount
84 of self-employment tax added to federal adjusted gross income in taxable years beginning on and after
85 January 1, 1992, and before January 1, 1993;

86 d. For taxable years beginning on and after January 1, 1997, and before January 1, 1998, the amount
87 of self-employment tax added to federal adjusted gross income in taxable years beginning on and after
88 January 1, 1993, and before January 1, 1994, and any amount of self-employment tax required to be
89 added back for taxable years beginning on and after January 1, 1990, and before January 1, 1994, which
90 was not subtracted in those taxable years.

91 17. For taxable years beginning on and after January 1, 1995, the amount of "qualified research
92 expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not
93 deducted, on account of the provisions of § 280C (c) of the Internal Revenue Code and which shall be
94 available to partners, shareholders of S corporations, and members of limited liability companies to the
95 extent and in the same manner as other deductions may pass through to such partners, shareholders, and
96 members.

97 18. For taxable years beginning on or after January 1, 1995, all military pay and allowances, not
98 otherwise subtracted under this subsection, earned for any month during any part of which such member
99 performed military service in any part of the former Yugoslavia, including the air space above such
100 location or any waters subject to related naval operations, in support of Operation JOINT ENDEAVOR
101 as part of the NATO Peace Keeping Force. Such subtraction shall be available until the taxpayer
102 completes such service.

103 19. For taxable years beginning on and after January 1, 1996, any income received during the taxable
104 year derived from a qualified pension, profit-sharing, or stock bonus plan as described by § 401 of the
105 Internal Revenue Code, an individual retirement account or annuity established under § 408 of the
106 Internal Revenue Code, a deferred compensation plan as defined by § 457 of the Internal Revenue Code,
107 or any federal government retirement program, the contributions to which were deductible from the
108 taxpayer's federal adjusted gross income, but only to the extent the contributions to such plan or
109 program were subject to taxation under the income tax in another state.

110 20. For taxable years beginning on and after January 1, 1997, any income attributable to a
111 distribution of benefits or a refund from a prepaid tuition contract or savings trust account with the
112 Virginia College Savings Plan, created pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23. The
113 subtraction for any income attributable to a refund shall be limited to income attributable to a refund in
114 the event of a beneficiary's death, disability, or receipt of a scholarship.

115 21. For taxable years beginning on or after January 1, 1998, all military pay and allowances, to the
116 extent included in federal adjusted gross income and not otherwise subtracted, deducted or exempted
117 under this section, earned by military personnel while serving by order of the President of the United

118 States with the consent of Congress in a combat zone or qualified hazardous duty area which is treated
119 as a combat zone for federal tax purposes pursuant to § 112 of the Internal Revenue Code.

120 22. For taxable years beginning on or after January 1, 2000, the gain derived from the sale or
121 exchange of real property or the sale or exchange of an easement to real property which results in the
122 real property or the easement thereto being devoted to open-space use, as that term is defined in
123 § 58.1-3230, for a period of time not less than ~~thirty~~ 30 years. To the extent a subtraction is taken in
124 accordance with this subdivision, no tax credit under this chapter for donating land for its preservation
125 shall be allowed for three years following the year in which the subtraction is taken.

126 23. Effective for all taxable years beginning on or after January 1, 2000, \$15,000 of military basic
127 pay for military service personnel on extended active duty for periods in excess of ~~ninety~~ 90 days;
128 however, the subtraction amount shall be reduced dollar-for-dollar by the amount which the taxpayer's
129 military basic pay exceeds \$15,000 and shall be reduced to zero if such military basic pay amount is
130 equal to or exceeds \$30,000.

131 24. Effective for all taxable years beginning on and after January 1, 2000, the first \$15,000 of salary
132 for each federal and state employee whose annual salary is \$15,000 or less.

133 25. Unemployment benefits taxable pursuant to § 85 of the Internal Revenue Code.

134 26. For taxable years beginning on and after January 1, 2001, any amount received as military
135 retirement income by an individual awarded the Congressional Medal of Honor.

136 27. Effective for all taxable years beginning on and after January 1, 1999, income received as a
137 result of (i) the "Master Settlement Agreement," as defined in § 3.1-1106; (ii) the National Tobacco
138 Grower Settlement Trust dated July 19, 1999; and (iii) the Tobacco Loss Assistance Program, pursuant
139 to 7 C.F.R. Part 1464 (Subpart C, §§ 1464.201 through 1464.205), by (a) tobacco farmers; (b) any
140 person holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural
141 Adjustment Act of 1938; or (c) any person having the right to grow tobacco pursuant to such a quota or
142 allotment, but only to the extent that such income has not been subtracted pursuant to subdivision C 18
143 of § 58.1-402.

144 28. For taxable years beginning on and after January 1, 2000, items of income attributable to,
145 derived from or in any way related to (i) assets stolen from, hidden from or otherwise lost by an
146 individual who was a victim or target of Nazi persecution or (ii) damages, reparations, or other
147 consideration received by a victim or target of Nazi persecution to compensate such individual for
148 performing labor against his will under the threat of death, during World War II and its prelude and
149 direct aftermath. This subtraction shall not apply to assets acquired with such items of income or with
150 the proceeds from the sale of assets stolen from, hidden from or otherwise lost to, during World War II
151 and its prelude and direct aftermath, a victim or target of Nazi persecution. The provisions of this
152 subdivision shall only apply to an individual who was the first recipient of such items of income and
153 who was a victim or target of Nazi persecution, or a spouse, widow, widower, or child or stepchild of
154 such victim.

155 "Victim or target of Nazi persecution" means any individual persecuted or targeted for persecution by
156 the Nazi regime who had assets stolen from, hidden from or otherwise lost as a result of any act or
157 omission in any way relating to (i) the Holocaust; (ii) World War II and its prelude and direct
158 aftermath; (iii) transactions with or actions of the Nazi regime; (iv) treatment of refugees fleeing Nazi
159 persecution; or (v) the holding of such assets by entities or persons in the Swiss Confederation during
160 World War II and its prelude and aftermath. A victim or target of Nazi persecution shall also include
161 any individual forced into labor against his will, under the threat of death, during World War II and its
162 prelude and direct aftermath. As used in this subdivision, "Nazi regime" means the country of Nazi
163 Germany, areas occupied by Nazi Germany, those European countries allied with Nazi Germany, or any
164 other neutral European country or area in Europe under the influence or threat of Nazi invasion.

165 29. For taxable years beginning on and after January 1, 2002, any gain recognized as a result of
166 the Peanut Quota Buyout Program of the Farm Security And Rural Investment Act of 2002 pursuant to
167 7 C.F.R. Part 1412 (Subpart A, §§ 1412.1 through 1412.11b) as follows: a. If the payment is received in
168 installment payments pursuant to 7 C.F.R. § 1412.7(a)(2), then the entire gain recognized may be
169 subtracted. b. If the payment is received in a single payment pursuant to 7 C.F.R. § 1412.7(a)(3), then
170 20 percent of the recognized gain may be subtracted. The taxpayer may then deduct an equal amount in
171 each of the four succeeding taxable years.

172 D. In computing Virginia taxable income there shall be deducted from federal adjusted gross income:

173 1. a. The amount allowable for itemized deductions for federal income tax purposes where the
174 taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the
175 amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted
176 on such federal return and increased by an amount which, when added to the amount deducted under
177 § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for
178 such purposes at a rate of ~~eighteen cents~~ \$.18 per mile; or

179 b. Two thousand dollars for taxable years beginning January 1, 1987, through December 31, 1987;
 180 \$2,700 for taxable years beginning January 1, 1988, through December 31, 1988; and \$5,000 for
 181 married persons (one-half of such amounts in the case of a married individual filing a separate return);
 182 and \$3,000 for single individuals for taxable years beginning on and after January 1, 1989; provided that
 183 the taxpayer has not itemized deductions for the taxable year on his federal income tax return. For
 184 purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for
 185 the taxable year may compute the deduction only with respect to earned income.

186 2. a. A deduction in the amount of \$700 for taxable years beginning January 1, 1987, through
 187 December 31, 1987, and \$800 for taxable years beginning on and after January 1, 1988, for each
 188 personal exemption allowable to the taxpayer for federal income tax purposes. For taxable years
 189 beginning on and after January 1, 1987, each blind or aged taxpayer as defined under § 63 (f) of the
 190 Internal Revenue Code shall be entitled to an additional personal exemption.

191 b. An additional deduction of \$200 for taxable years beginning January 1, 1987, through December
 192 31, 1987, for each blind or aged taxpayer as defined under § 63 (f) of the Internal Revenue Code. The
 193 additional deduction for blind or aged taxpayers allowed under this subdivision and the additional
 194 personal exemption allowed to blind or aged taxpayers under subdivision 2 a of this subsection shall be
 195 allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income
 196 tax purposes.

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

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

203 5. Effective for all taxable years beginning on or after January 1, 1996, a deduction in the amount of
 204 \$12,000 for taxpayers age ~~sixty-five~~ 65 or older, or \$6,000 for taxpayers age ~~sixty-two~~ 62 through
 205 ~~sixty-four~~ 64.

206 6. For taxable years beginning on and after January 1, 1997, the amount an individual pays as a fee
 207 for an initial screening to become a possible bone marrow donor, if (i) the individual is not reimbursed
 208 for such fee or (ii) the individual has not claimed a deduction for the payment of such fee on his federal
 209 income tax return.

210 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
 211 during the taxable year for a prepaid tuition contract or savings trust account entered into with the
 212 Virginia College Savings Plan, pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23. Except as
 213 provided in subdivision 7 c, the amount deducted on any individual income tax return in any taxable
 214 year shall be limited to \$2,000 per prepaid tuition contract or savings trust account. No deduction shall
 215 be allowed pursuant to this section if such payments or contributions are deducted on the purchaser's or
 216 contributor's federal income tax return. If the purchase price or annual contribution to a savings trust
 217 account exceeds \$2,000, the remainder may be carried forward and subtracted in future taxable years
 218 until the purchase price or savings trust contribution has been fully deducted; however, except as
 219 provided in subdivision 7 c, in no event shall the amount deducted in any taxable year exceed \$2,000
 220 per contract or savings trust account. Notwithstanding the statute of limitations on assessments contained
 221 in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year or years in
 222 which distributions or refunds are made for any reason other than (i) to pay qualified higher education
 223 expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death, disability, or
 224 receipt of a scholarship. For the purposes of this subdivision, the term "purchaser" or "contributor"
 225 means the person shown as such on the records of the Virginia College Savings Plan as of December 31
 226 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or savings trust
 227 account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition
 228 contract or savings trust account, including, but not limited to, carryover and recapture of deductions.

229 b. The amount paid for a prepaid tuition contract during taxable years beginning on or after January
 230 1, 1996, but before January 1, 1998, shall be deducted in taxable years beginning on or after January 1,
 231 1998, and shall be subject to the limitations set out in subdivision 7 a.

232 c. A purchaser of a prepaid tuition contract or contributor to a savings trust account who has attained
 233 age ~~seventy~~ 70 shall not be subject to the limitation that the amount of the deduction not exceed \$2,000
 234 per prepaid tuition contract or savings trust account in any taxable year. Such taxpayer shall be allowed
 235 a deduction for the full amount paid for the contract or contributed to a savings trust account, less any
 236 amounts previously deducted. If a prepaid tuition contract was purchased by such taxpayer during
 237 taxable years beginning on or after January 1, 1996, but before January 1, 1998, such taxpayer may take
 238 the deduction for the full amount paid during such years, less any amounts previously deducted with
 239 respect to such payments, in taxable year 1999 or by filing an amended return for taxable year 1998.

240 8. For taxable years beginning on and after January 1, 2000, the total amount an individual actually
 241 contributed in funds to the Virginia Public School Construction Grants Program and Fund, established in
 242 Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided the individual has not claimed a deduction for
 243 such amount on his federal income tax return.

244 9. For taxable years beginning on and after January 1, 1999, an amount equal to ~~twenty~~ 20 percent
 245 of the tuition costs incurred by an individual employed as a primary or secondary school teacher
 246 licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend continuing teacher
 247 education courses that are required as a condition of employment; however, the deduction provided by
 248 this subsection shall be available only if (i) the individual is not reimbursed for such tuition costs and
 249 (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal
 250 income tax return.

251 10. For taxable years beginning on and after January 1, 2000, the amount an individual pays
 252 annually in premiums for ~~long~~ long-term health care insurance, provided the individual has not claimed
 253 a deduction for federal income tax purposes.

254 E. There shall be added to or subtracted from federal adjusted gross income, as the case may be, the
 255 individual's share, as beneficiary of an estate or trust, of the Virginia fiduciary adjustment determined
 256 under § 58.1-361.

257 F. There shall be added or subtracted, as the case may be, the amounts provided in § 58.1-315 as
 258 transitional modifications.

259 § 58.1-402. Virginia taxable income.

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

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

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

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

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

275 3. [Repealed.]

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

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

280 6. The amount of employee stock ownership credit carry-over deducted by the corporation in
 281 computing federal taxable income under § 404 (i) of the Internal Revenue Code;

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

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

286 1. Income derived from obligations, or on the sale or exchange of obligations, of the United States
 287 and on obligations or securities of any authority, commission or instrumentality of the United States to
 288 the extent exempt from state income taxes under the laws of the United States including, but not limited
 289 to, stocks, bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes,
 290 interest on equipment purchase contracts, or interest on other normal business transactions.

291 2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth
 292 or of any political subdivision or instrumentality of this Commonwealth.

293 3. Dividends upon stock in any domestic international sales corporation, as defined by § 992 of the
 294 Internal Revenue Code, ~~fifty~~ 50 percent or more of the income of which was assessable for the
 295 preceding year, or the last year in which such corporation has income, under the provisions of the
 296 income tax laws of the Commonwealth.

297 4. The amount of any refund or credit for overpayment of income taxes imposed by this
 298 Commonwealth or any other taxing jurisdiction.

299 5. Any amount included therein by the operation of the provisions of § 78 of the Internal Revenue
 300 Code (foreign dividend gross-up).

301 6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not
302 deducted for federal purposes on account of the provisions of § 280C (a) of the Internal Revenue Code.

303 7. Any amount included therein by the operation of § 951 of the Internal Revenue Code (subpart F
304 income).

305 8. Any amount included therein which is foreign source income as defined in § 58.1-302.

306 9. [Repealed.]

307 10. The amount of any dividends received from corporations in which the taxpaying corporation
308 owns ~~fifty~~ 50 percent or more of the voting stock.

309 11. [Repealed.]

310 12. [Expired.]

311 13. (Expires for taxable years beginning on and after January 1, 2004.) The amount of any qualified
312 agricultural contribution as determined in § 58.1-322.2.

313 14. For taxable years beginning on or after January 1, 1995, the amount for "qualified research
314 expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not
315 deducted, on account of the provisions of § 280C (c) of the Internal Revenue Code.

316 15. For taxable years beginning on or after January 1, 2000, the total amount actually contributed in
317 funds to the Virginia Public School Construction Grants Program and Fund established in Chapter 11.1
318 (§ 22.1-175.1 et seq.) of Title 22.1.

319 16. For taxable years beginning on or after January 1, 2000, the gain derived from the sale or
320 exchange of real property or the sale or exchange of an easement to real property which results in the
321 real property or the easement thereto being devoted to open-space use, as that term is defined in
322 § 58.1-3230, for a period of time not less than ~~thirty~~ 30 years. To the extent a subtraction is taken in
323 accordance with this subdivision, no tax credit under this chapter for donating land for its preservation
324 shall be allowed for three years following the year in which the subtraction is taken.

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

327 18. For taxable years beginning on and after January 1, 1999, income received as a result of (i) the
328 "Master Settlement Agreement," as defined in § 3.1-1106; (ii) the National Tobacco Grower Settlement
329 Trust dated July 19, 1999; and (iii) the Tobacco Loss Assistance Program, pursuant to 7 C.F.R. Part
330 1464 (Subpart C, §§ 1464.201 through 1464.205), by (a) tobacco farming businesses; (b) any business
331 holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural
332 Adjustment Act of 1938; or (c) any business having the right to grow tobacco pursuant to such a quota
333 allotment.

334 19. *For taxable years beginning on and after January 1, 2002, any gain recognized as a result of*
335 *the Peanut Quota Buyout Program of the Farm Security And Rural Investment Act of 2002 pursuant to*
336 *7 C.F.R. Part 1412 (Subpart A, §§ 1412.1 through 1412.11b) as follows:*

337 *a. If the payment is received in installment payments pursuant to 7 C.F.R. § 1412.7(a)(2), then the*
338 *entire gain recognized may be subtracted.*

339 *b. If the payment is received in a single payment pursuant to 7 C.F.R. § 1412.7(a)(3), then 20*
340 *percent of the recognized gain may be subtracted. The taxpayer may then deduct an equal amount in*
341 *each of the four succeeding taxable years.*

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

344 **2. That an emergency exists and this act is in force from its passage.**