

1 Sec. X. 32 V.S.A. § 5930ii is amended to read:

2 § 5930ii. RESEARCH AND DEVELOPMENT TAX CREDIT

3 (a) A taxpayer of this State shall be eligible for a credit against the tax  
4 imposed under this chapter in an amount equal to ~~27~~ 30 percent of the amount  
5 of the federal tax credit allowed in the taxable year for eligible research and  
6 development expenditures under 26 U.S.C. § 41(a) and which are made within  
7 this State.

8 (b) Any unused credit available under subsection (a) of this section may be  
9 carried forward for up to 10 years.

10 ~~(c) Each year, on or before January 15, the Department of Taxes shall~~  
11 ~~publish a list containing the names of the taxpayers who have claimed a credit~~  
12 ~~under this section during the most recent completed calendar year.~~

13 Sec. Y. 32 V.S.A. chapter 245 is added to read:

14 CHAPTER 245: TAX CREDITS

15 § 11001. ANGEL INVESTOR TAX CREDIT

16 (a) A qualified taxpayer who makes an eligible venture capital investment:

17 (1) may claim a credit against his or her income tax liability imposed  
18 under chapter 151 of this title for 40 percent of the value of each eligible  
19 venture capital investment per qualifying business made during a taxable year;

20 (2) may claim credit in increments of 25 percent of the total credit over  
21 four years; provided that the amount of the credit allowed under this section for

1 any one taxable year may not exceed 50 percent of the taxpayer's income tax  
2 liability for the taxable year before application of the credit; and

3 (3) may carry forward for up to 10 years the value of credit that the  
4 taxpayer could not claim due to the limitations in subdivision (2) of this  
5 subsection.

6 (b)(1) The maximum aggregate investment in any one qualifying business  
7 for which a single qualified investor may receive tax credit under this section is  
8 limited to \$500,000.00 in any three consecutive years.

9 (2) The maximum aggregate investment in any one qualified business  
10 for which all qualified investors may receive tax credit under this section is  
11 limited to \$5,000,000.00.

12 (c)(1) To claim a credit pursuant to this section, a qualified taxpayer shall  
13 submit to the Agency of Commerce and Community Development  
14 documentation and any additional information requested by the Agency  
15 necessary to demonstrate compliance with the requirements of this section.

16 (2) The Agency, upon review and confirmation of the qualified  
17 taxpayer's eligibility for a credit, shall issue a credit certificate to the taxpayer,  
18 who shall file the certificate with the Department of Taxes with his or her State  
19 income tax return for the applicable year.

20 (d) In this section:

1           (1) “At-risk debt” means debt which is not secured, is not guaranteed by  
2           a substantial owner of the business, will not be repaid for at least five years, or  
3           bears a reasonable rate of interest.

4           (2) “Eligible venture capital investment” means up to \$500,000.00 of  
5           total investment by one person, which is equity or at-risk debt investment in  
6           one qualified business, for expenditure by the qualified business on the plant,  
7           equipment, research, and development, or as working capital in Vermont.

8           (3) “Qualified business” means a business that:

9                   (A) has its principal place of business in this State;

10                   (B) had in the year preceding the investment annual gross sales of  
11                   \$3,000,000.00 or less; and

12                   (C)(i) is a manufacturer;

13                   (ii) is engaged in the development or application of advanced  
14                   technologies;

15                   (iii) provides a service that is sold or rendered, or is projected to  
16                   be sold or rendered, predominantly outside of the State;

17                   (iv) brings capital into the State, as determined by the Agency of  
18                   Commerce and Community Development; or

19                   (v) is a visual media production company, as determined by the  
20                   Agency of Commerce and Community Development.

1           (4) “Qualified taxpayer” means a taxpayer who is not a substantial  
2           owner of the qualified business.

3           (5) “Substantial owner” means a person who, after the investment, has  
4           greater than 20 percent ownership interest in the qualified business, including  
5           attribution of ownership interests of the individual’s spouse, parents, spouse’s  
6           parents, siblings, and children; or is a person who is controlled by, or has  
7           actual control of, the qualified business through any combination of ownership  
8           and management.

9           § 11002. MILLENNIAL ENTERPRISE ZONE TAX CREDIT

10           (a) Purpose. The purpose of this section is to create incentives through tax  
11           credits for:

12           (1) creating new, high-paying jobs in information technology and  
13           related fields, including digital networks, robotics, and virtual worlds; and

14           (2) investing capital in research, design, and facilities in these sectors.

15           (b) Designation. The Secretary of Commerce and Community  
16           Development shall have the authority to declare a millennial enterprise zone,  
17           which may be a virtual space or geographical area, or both, where one or more  
18           persons are investing human, intellectual, physical, or economic capital in  
19           building a business in information technology or related fields, including  
20           digital networks, robotics, and virtual worlds.

1        (c) Eligibility criteria. To be eligible for a credit under this section a  
2        person shall:

3                (1) be engaged in a business in a qualifying sector and creating new,  
4        full-time jobs in Vermont; and

5                (2) pay gross wages and benefits to its employees that average at least  
6        150 percent of the Vermont minimum wage.

7        (d) Tax credit.

8                (1) A person shall be eligible for a credit against his or her income tax  
9        liability imposed under chapter 151 of this title for job creation or investment  
10       within a designated millennial enterprise zone in a tax year as follows:

11               (A) five percent of the value of the gross wages and benefits of each  
12       new, full-time job created and maintained for 12 months;

13               (B) 50 percent of the value of capital investment in real or personal  
14       property of the business; and

15               (C) 10 percent of the value of the business's investment in research  
16       and development.

17               (2) The amount of total credit available pursuant to this section shall not  
18       exceed 50 percent of a person's tax liability per taxable year.

19               (3) A person who is eligible for credit but unable to claim the full  
20       amount because of the cap under subdivision (2) of this subsection may carry  
21       forward the value of any unused credit for up to 10 years.

1           (4) Upon application and demonstration that a person meets the criteria  
2           to qualify for credit under this section, the Secretary of Commerce and  
3           Community Development shall issue a tax certificate to the person, who shall  
4           file the certificate with his or her tax return in each year he or she wishes to  
5           claim available credit.

6           (e) The Secretary of Commerce and Community Development shall have  
7           the authority to adopt rules and procedures to implement the provisions of this  
8           section.

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