

1 S.312

2 Introduced by Senators Beck, Ingalls and Morley

3 Referred to Committee on

4 Date:

5 Subject: Taxation; income tax; tax credits; machinery and equipment

6 investment tax credit

7 Statement of purpose of bill as introduced: This bill proposes to change the
8 corporate income tax credit for investment in machinery and equipment from a
9 nonrefundable credit into a refundable credit and terminate the limitations on
10 how much it can reduce income tax liability in a year. The bill extends the
11 sunset for the credit from 2030 to 2034.

12 An act relating to a refundable machinery and equipment investment tax
13 credit

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. 32 V.S.A. § 5930ll is amended to read:

16 § 5930ll. MACHINERY AND EQUIPMENT TAX CREDIT

17 * * *

18 (c) Amount of credit. Except as limited by subsections (e) and (f) of this
19 section, a qualified taxpayer shall be entitled to claim against its Vermont

1 income tax a credit in an amount equal to ~~ten~~ 10 percent of the total qualified
2 capital expenditures.

3 (d) Availability of credit.

4 (1) The credit earned under this section with respect to qualified capital
5 expenditures shall be available to reduce the qualified taxpayer's Vermont
6 income tax liability for its tax year beginning on or after January 1, 2012, or, if
7 later, the first tax year within which the qualified taxpayer's aggregate
8 qualified capital expenditures exceed \$20,000,000.00. A taxpayer claiming a
9 credit under this subchapter shall submit with the first return on which a credit
10 is claimed a copy of the qualified taxpayer's certification from the Vermont
11 Economic Progress Council.

12 (2)(A) The credit may be used in the year earned or carried forward to
13 reduce the qualified taxpayer's Vermont income tax liability in succeeding tax
14 years ending on or before December 31, ~~2030~~ 2034.

15 (B) If the credit earned under this section reduces the qualified
16 taxpayer's Vermont income tax liability in a year by more than 100 percent,
17 the taxpayer may elect to have up to \$500,000.00 of the excess credit amount
18 refunded. If a refund election is made under this subdivision (B), any
19 remaining credit amount after the refund shall be carried forward to reduce the
20 qualified taxpayer's Vermont income tax liability in succeeding tax years
21 ending on or before December 31, 2034.

1 (e) Limitations.

2 (1) ~~The credit earned under this section, either alone or in combination~~
3 ~~with any other credit allowed by this chapter, may not be applied to reduce the~~
4 ~~qualified taxpayer's Vermont income tax liability in any one year by more than~~
5 ~~80 percent, and in no event shall the credit reduce the taxpayer's income tax~~
6 ~~liability below any minimum tax imposed by this chapter. [Repealed.]~~

7 (2) The total amount of credit authorized under this section shall be
8 \$8,000,000.00, and in no event shall the credit in any one tax year exceed
9 \$1,000,000.00. The credit shall be available on a first-come, first-served basis
10 by certification of the Vermont Economic Progress Council pursuant to
11 subsection (b) of this section.

12 * * *

13 (g) Reporting.

14 (1) Any qualified taxpayer who has been certified under subsection (b)
15 of this section shall file a report with the Vermont Economic Progress Council
16 on a form prescribed by the Council for this purpose and provide a copy of the
17 report to the Commissioner of Taxes.

18 (2) The report shall be filed for each year following the certification
19 until the year following the last year the taxpayer claims the credit to reduce its
20 Vermont income tax liability, or ~~2034~~ 2035, whichever occurs first.

1 (3) The report shall be filed by the due date of the taxpayer's tax return,
2 including extensions, in each year for activity the previous calendar year and
3 include, at a minimum:

4 (A) the number of full-time jobs in each quarter and the average
5 number of hours worked per week;

6 (B) the level of qualifying capital investments made if reporting on a
7 year within an investment period; and

8 (C) the amount of tax credit earned and applied during the previous
9 calendar year.

10 Sec. 2. 2010 Acts and Resolves No. 156, Sec. H.2, as amended by 2024 Acts
11 and Resolves, No. 144, Sec. 17, is further amended to read:

12 Sec. H.2 REPEAL

13 (a) Subchapter 11M of chapter 151 of Title 32 is repealed July 1, ~~2030~~
14 2034, and no credit under that section shall be available for any taxable year
15 beginning after June 30, ~~2030~~ 2034.

16 Sec. 3. EFFECTIVE DATE

17 This act shall take effect on January 1, 2027, and apply to taxable years
18 beginning on and after January 1, 2027.