TO THE HONORABLE SENATE:

The Committee on Finance to which was referred Senate Bill No. 312 entitled “An act relating to a refundable machinery and equipment investment tax credit” respectfully reports that it has considered the same and recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

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

§ 5930ll. MACHINERY AND EQUIPMENT TAX CREDIT

* * *

(c) Amount of credit. Except as limited by subsections (e) and (f) of this section, a qualified taxpayer shall be entitled to claim against its Vermont income tax a credit in an amount equal to ~~ten~~ 10 percent of the total qualified capital expenditures.

(d) Availability of credit.

(1) The credit earned under this section with respect to qualified capital expenditures shall be available to reduce the qualified taxpayer’s Vermont income tax liability for its tax year beginning on or after January 1, 2012, or, if later, the first tax year within which the qualified taxpayer’s aggregate qualified capital expenditures exceed $20,000,000.00. A taxpayer claiming a credit under this subchapter shall submit with the first return on which a credit

is claimed a copy of the qualified taxpayer's certification from the Vermont Economic Progress Council.

(2)(A) The credit may be used in the year earned or carried forward to reduce the qualified taxpayer's Vermont income tax liability in succeeding tax years ending on or before December 31, ~~2030~~ 2037.

(B) Subject to the requirements of subdivision (e)(3) of this section, if the credit earned under this section reduces the qualified taxpayer's Vermont income tax liability in a year by more than 100 percent, the taxpayer may elect to have up to $500,000.00 of the excess credit amount refunded. If a refund election is made under this subdivision (B), any remaining credit amount after the refund shall be carried forward to reduce the qualified taxpayer's Vermont income tax liability in succeeding tax years ending on or before December 31, 2037.

(e) Limitations.

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no event shall the credit reduce the taxpayer's income tax liability below any minimum tax imposed by this chapter.~~ [Repealed.]

(2) The total amount of credit authorized under this section shall be $8,000,000.00, and in no event shall the credit in any one tax year exceed

$1,000,000.00. The credit shall be available on a first-come, first-served basis by certification of the Vermont Economic Progress Council pursuant to subsection (b) of this section.

(3) A refund election made under subdivision (d)(2)(B) of this section shall be subject to the following limitations:

(A) If in the taxable year in which a refund is requested, the qualified taxpayer is in an approved and active Vermont Employment Growth Incentive Program award period, in addition to the refund limitation under subdivision (d)(2)(B) of this section, the refund amount shall be further limited to $25,000.00 per full time equivalent position created in the taxable year that exceeds the taxpayer's target for new qualifying employees in that taxable year.

(B) If in the taxable year in which a refund is requested, the qualified taxpayer is not in an approved and active Vermont Employment Growth Incentive Program award period, in addition to the refund limitation under subdivision (d)(2)(B) of this section, the refund amount shall be further limited to $25,000.00 per full time equivalent position created in the taxable year.

(C) Full-time equivalent positions used to claim a refund under this section shall not count toward an employer's new qualifying employees for purposes of meeting the performance targets during an approved award period under chapter 105 of this title.

(D) The job creation requirements of this subdivision shall be subject to verification by the Vermont Economic Progress Council. Upon request by the Commissioner, the Council shall certify the number of full-time equivalent positions created in the taxable year and the number of positions that exceeds the taxpayer's target for new qualifying employees.

* * *

(g) Reporting.

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

(2) The report shall be filed for each year following the certification until the year following the last year the taxpayer claims the credit to reduce its Vermont income tax liability, or ~~2031~~ 2038, whichever occurs first.

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

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

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

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

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

Sec. H.2 REPEAL

(a) Subchapter 11M of chapter 151 of Title 32 is repealed July 1, ~~2030~~ 2037, and no credit under that section shall be available for any taxable year beginning after June 30, ~~2030~~ 2037.

Sec. 3. EFFECTIVE DATE

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

(Committee vote: ___________)

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Senator _________________

FOR THE COMMITTEE