

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 58.1-439.7 of the Code of Virginia, relating to tax credits for*
3 *machinery and equipment used in the process of producing goods from recyclable materials.*

4 [S 870]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 58.1-439.7 of the Code of Virginia is amended and reenacted as follows:**8 § 58.1-439.7. Tax credit for purchase of machinery and equipment for processing recyclable
9 materials.

10 A. For taxable years beginning on and after January 1, 1999, but before January 1, 2007 2015, a
11 ~~corporation~~ taxpayer shall be allowed a credit against the tax imposed pursuant to ~~§ 58.1-400~~ Articles 2
12 (§ 58.1-320 *et seq.*) and 10 (§ 58.1-400 *et seq.*) of Chapter 3 of this title, in an amount equal to 10
13 percent of the purchase price paid during the taxable year for machinery and equipment used exclusively
14 in or on the premises of manufacturing facilities or plant units which manufacture, process, compound,
15 or produce items of tangible personal property from recyclable materials, within the Commonwealth, for
16 sale. For purposes of determining "purchase price paid" under this section, the taxpayer may use the
17 original total capitalized cost of such machinery and equipment, less capitalized interest. The Department
18 of Environmental Quality shall certify that such machinery and equipment are integral to the recycling
19 process before the ~~corporation~~ taxpayer shall be entitled to the tax credit under this section. The
20 ~~corporation~~ taxpayer shall also submit purchase receipts, invoices, and such other documentation as may
21 be necessary to confirm the taxpayer's statement of purchase price paid, with the income tax return to
22 verify the amount of purchase price paid for the recycling machinery and equipment.

23 B. The total credit allowed under this section in any taxable year shall not exceed 40 percent of the
24 Virginia income tax liability of such taxpayer.

25 C. Any tax credit not used for the taxable year in which the purchase price on recycling machinery
26 and equipment was paid may be carried over for credit against the ~~corporation's~~ taxpayer's income taxes
27 in the 10 succeeding taxable years until the total credit amount is used.

28 D. A taxpayer claiming the tax credit provided by § 58.1-439.8 shall not be eligible for the tax credit
29 provided by this section.

30 E. *In the event a corporation converts to a partnership, limited liability company, or electing small*
31 *business corporation (S corporation), such business entity shall be entitled to any unused credits of the*
32 *corporation. Credits earned by a partnership, limited liability company, electing small business*
33 *corporation (S corporation), or a predecessor corporation entitled to such credits, shall be allocated to*
34 *the individual partners, members, or shareholders, respectively, in proportion to their ownership or*
35 *interest in such business entities.*

36 **2. That the provisions of this act amending the sunset date shall be effective for taxable years**
37 **beginning on or after January 1, 2007. The remaining provisions of this act shall be effective for**
38 **taxable years beginning on or after January 1, 2008.**

ENROLLED

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