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HOUSE BILL NO. 1777

Offered January 14, 2015

Prefiled January 13, 2015

A BILL to amend and reenact § 58.1-439.7 of the Code of Virginia, relating to the Recyclable Materials Processing Equipment Tax Credit; sunset.

Patron—Kory (By Request)

Referred to Committee on Finance

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

A. For taxable years beginning on and after January 1, 1999, but before January 1, ~~2015~~ 2020, a taxpayer shall be allowed a credit against the tax imposed pursuant to Articles 2 (§ 58.1-320 et seq.) and 10 (§ 58.1-400 et seq.) of Chapter 3 of this title, in an amount equal to 10 percent of the purchase price paid during the taxable year for machinery and equipment used exclusively in or on the premises of manufacturing facilities or plant units which manufacture, process, compound, or produce items of tangible personal property from recyclable materials, within the Commonwealth, for sale. For purposes of determining "purchase price paid" under this section, the taxpayer may use the original total capitalized cost of such machinery and equipment, less capitalized interest. The Department of Environmental Quality shall certify that such machinery and equipment are integral to the recycling process before the taxpayer shall be entitled to the tax credit under this section. The taxpayer shall also submit purchase receipts, invoices, and such other documentation as may be necessary to confirm the taxpayer's statement of purchase price paid, with the income tax return to verify the amount of purchase price paid for the recycling machinery and equipment.

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

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

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

INTRODUCED

HB1777