

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** Kaye Kory

3. **Committee** House Finance

4. **Title** Recyclable Materials Processing Equipment
Tax Credit; Extends Sunset Date

2. **Bill Number** HB 1777

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would extend the sunset date for the Recyclable Materials Processing Equipment Tax Credit from taxable years beginning before January 1, 2015 to taxable years beginning before January 1, 2020.

The effective date of this bill is not specified.

This is a Secretary of Finance bill.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact** (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and is not requesting additional funding.

Revenue Impact

Because the extension of the Recyclable Materials Processing Equipment Tax Credit is assumed in the General Fund revenue forecast, this bill would have no impact on General Fund revenue.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. **Technical amendment necessary:** No.

11. Other comments:

Current Law

The Recyclable Materials Processing Equipment Tax Credit is an individual and corporate income tax credit for purchases made during the taxable year of machinery and equipment used exclusively in or on the premises of manufacturing facilities or plant units that manufacture, process, compound or produce items of tangible personal property from recyclable materials within Virginia for sale. The amount of the credit is equal to 10 percent of a taxpayer's qualifying expenditures, and cannot exceed 40 percent of its Virginia income tax liability for the year.

Proposed Legislation

This bill would extend the sunset date for the Recyclable Materials Processing Equipment Tax Credit from taxable years beginning before January 1, 2015 to taxable years beginning before January 1, 2020.

The effective date of this bill is not specified.

Similar Bills

House Bill 1554 and **Senate Bill 1205** would extend the sunset date for the Recyclable Materials Processing Equipment Tax Credit to taxable years beginning before January 1, 2020, impose a credit cap of \$3 million per fiscal year, and increase the amount of credits that each taxpayer could claim.

cc : Secretary of Finance

Date: 1/22/2015 MTH
HB1777F161