

# VIRGINIA ACTS OF ASSEMBLY -- 1998 SESSION

## CHAPTER 253

*An Act to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 sections numbered 58.1-439.7 and 58.1-439.8 and to repeal § 58.1-445.1 of the Code of Virginia, relating to tax credits for purchases of machinery and equipment for processing recyclable materials.*

[H 554]

Approved April 7, 1998

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Article 13 of Chapter 3 of Title 58.1 sections numbered 58.1-439.7 and 58.1-439.8 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, 2001, a corporation shall be allowed a credit against the tax imposed pursuant to § 58.1-400 in an amount equal to ten 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 corporation shall be entitled to the tax credit under this section. The corporation 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 forty 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 corporation's income taxes in the ten succeeding taxable years until the total credit amount is used.*

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

*§ 58.1-439.8. Alternate tax credit for purchase of machinery and equipment for processing recyclable materials.*

*A. Beginning on and after January 1, 1998, a corporation making an investment of at least \$350 million within the Commonwealth before January 1, 2003, shall be allowed a credit against the tax imposed pursuant to § 58.1-400 in an amount equal to ten 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 corporation shall be entitled to the tax credit under this section. The Department of Business Assistance shall certify that the corporation has made the required investment within the Commonwealth. The Department of Business Assistance shall develop guidelines which define investment for purposes of this credit. The corporation 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 sixty 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 corporation's income taxes in the twenty succeeding taxable years until the total credit amount is used.*

*D. A taxpayer claiming the tax credit provided by § 58.1-439.7 shall not be eligible for the tax credit provided by this section.*

**2. That § 58.1-445.1 of the Code of Virginia is repealed effective December 31, 1998; however, the repeal of this section shall not affect unused credits which may be carried over by the taxpayer in succeeding taxable years.**