Title 32: Taxation and Finance

Chapter 151: INCOME TAXES

§ 5930c. Economic advancement payroll tax credit

A person, upon obtaining the approval of the Vermont economic progress council pursuant to section 5930a of this title, may receive a credit against income tax liability imposed under this chapter equal to a percentage of its increased payroll costs, defined as salaries and wages, excluding any payroll costs attributed to an employee with more than 10 percent ownership interest, including attribution of ownership interests of the employee's spouse, parents, spouse's parents, siblings, and children, within the state of Vermont in the tax year for which the credit is claimed above its costs of salaries and wages from the preceding tax year according to the following schedule:

(1) A person reporting less than $10 million in annual sales in the tax year that the credit is claimed may receive a credit against its income tax liability equal to ten percent of its increased costs of salaries and wages costs in the applicable tax year.

(2) A person that reports annual sales of $10 million or more, but less than $20 million, in the tax year that the credit is claimed may receive a credit against its income tax liability of six to nine percent of its increased costs of salaries and wages in the applicable tax year based on the following proportional, graduated scale:

(A) a nine-percent tax credit for reported sales of $10 million through $12,500,000.00;

(B) an eight-percent tax credit for reported sales of more than $12,500,000.00 through $15 million;

(C) a seven-percent tax credit for reported sales of more than $15 million through $17,500,000.00; and

(D) a six-percent tax credit for reported sales of more than $17,500,000.00 through $20 million.

(3) A person reporting more than $20 million in annual sales in the tax year that the credit is claimed may receive a credit against its income tax equal to five percent of its increased costs of salaries and wages in the applicable tax year.

(4) For a person in its first year of operation, its costs of salaries and wages in the preceding tax year shall be deemed to have been zero. (Added 1997, No. 71 (Adj. Sess.), § 48, eff. March 11, 1998; amended 2003, No. 67, § 16; 2005, No. 184 (Adj. Sess.), § 4, eff. Jan. 1, 2017.)

§ 5930f. Vermont export tax incentive

A person doing business in Vermont and one or more other states, upon obtaining the approval of the Vermont economic progress council pursuant to section 5930a of this title, may receive a credit against its income taxes imposed by this chapter.

(1) For a C corporation, the credit is in an amount equal to the difference between a calculation of its income tax under the formula for apportionment provided in section 5833 of this title and a calculation of its income tax under the formula for apportionment provided in section 5833, except that such calculation shall be determined (i) without regard to that portion of subdivision 5833(a)(3) which provides that sales of property shipped from this state are sales of tangible personal property made in this state; and (ii) by double-weighting the sales factor in subdivision 5833(a)(3).

(2) For persons other than C corporations, the credit is equal to the difference between the amount computed by applying the corporate income tax rates provided in section 5832 of this chapter to the income attributable to Vermont determined using the two apportionment methods set out in subdivision (1) of this section as if the income attributable to Vermont were taxed at the entity level. (Added 1997, No. 71 (Adj. Sess.), § 48, eff. March 11, 1998; amended 1999, No. 49, § 72, eff. June 2, 1999; 2001, No. 138 (Adj. Sess.), § 6, eff. June 21, 2002; 2003, No. 67, § 19; 2005, No. 184 (Adj. Sess.), § 4, eff. Jan. 1, 2017.)

§ 5930g. Capital investment tax credit

A person, upon obtaining the approval of the Vermont economic progress council under section 5930a of this title, may receive a credit against its income taxes imposed by this chapter in an amount equal to five to 10 percent of its total investments within the state of Vermont in plants or facilities and machinery and equipment in the applicable tax year, but only if those investments exceed $150,000.00, according to the following:

(1) A person employing fewer than 150 full-time employees that has obtained the approval of the Vermont economic progress council may receive an income tax credit equal to 10 percent of its investments in plants or facilities and machinery and equipment in the applicable tax year.

(2) A person employing between 150 and 250 full-time employees that has obtained the approval of the Vermont economic progress council may receive an income tax credit of six to nine percent of its investments in plants or facilities and machinery and equipment in the applicable tax year based on the following proportional sliding scale:

(A) a nine percent tax credit for 150-174 full-time employees;

(B) a eight percent tax credit for 175-199 full-time employees;

(C) a seven percent tax credit for 200-224 full-time employees: and

(D) a six percent tax credit for 225-250 full-time employees.

(3) A person employing more than 250 full-time employees that has obtained the approval of the Vermont economic progress council may receive an income tax credit equal to five percent of its investments in plants or facilities and machinery and equipment in the applicable tax year.

(4) A person is not required to acquire an ownership interest with its investment to be eligible to receive an income tax credit under this section, provided the Vermont economic progress council has approved a long-term capital lease as an investment eligible to receive an income tax credit, and the person's investment has been made in the form of a long-term capital lease that meets the lease accounting criteria established by Financial Accounting Standard No. 13 as promulgated by the Financial Accounting Standards Board. The person's investment shall be the present value, at the time the lease is executed, of the minimum lease payments over the period of the lease, excluding executory costs, as outlined in the Financial Accounting Standard No. 13. (Added 1997, No. 71 (Adj. Sess.), § 48, eff. March 11, 1998; amended 1999, No. 159 (Adj. Sess.), § 13, eff. May 29, 2000; 2001, No. 138 (Adj. Sess.), § 7, eff. June 21, 2002; 2003, No. 67, § 20; 2005, No. 184 (Adj. Sess.), § 4, ef

f. Jan. 1, 2017.)

§ 5930k. High-tech growth incentives

(a) For purposes of this section, "high-tech business" means a business whose activity in Vermont is certified by the commissioner of economic development to be exclusively in design, development, or manufacture of:

(1) Computer hardware or software, and information and communication technologies, such as high-level software languages, graphics hardware and software, speech and optical character recognition, high-volume information storage and retrieval, and data compression.

(2) Electronic devices involving microelectronics, semiconductors, electronic equipment and instrumentation; radio frequency, microwave and millimeter electronics; optical and optic-electrical devices; and data and digital communication and imaging devices.

(3) Medical devices, including medical, surgical or dental equipment, and excluding pharmaceutical products.

(4) Energy technology involving sources other than fossil fuels.

(5) Electric vehicles which draw propulsion energy only from an on-board source of electrical energy, alternative fuel vehicles, or hybrid vehicles which draw propulsion energy from both a consumable fuel and a rechargeable energy storage system.

(b) A high-tech business may request approval of not more than three of the following incentives provided in this chapter: sections 5930c (payroll tax), 5930d (research and development), 5930f (export incentive), 5930g (investment tax credit, but limited to investments in plants or facilities), and 5930k(c) (high-tech credit growth incentives).

(c) A high-tech business, upon obtaining the approval of the Vermont Economic Progress Council pursuant to section 5930a of this title, shall be entitled to the following set of tax benefits as one of its three incentives:

(1) Machinery and equipment. A credit of up to $100,000.00 per year against the income tax liability imposed under this chapter in an amount up to six percent (as determined under the cost-benefit analysis for the applicant) of its total investments within the state of Vermont during the period approved by the Vermont Economic Progress Council, in machinery and equipment,

excluding expenditures for renovation of existing facilities to provide cable, fiber or telecommunications access.

(2) Technology infrastructure. A credit against the income tax liability imposed under this chapter in an amount up to six percent (as determined under the cost-benefit analysis for the applicant) of its total investments within the state of Vermont during the period approved by the Vermont Economic Progress Council, in renovation of existing facilities to provide cable, fiber or telecommunications access.

(3) Workforce development. A credit against the income tax liability imposed under this chapter in an amount equal to that allowed under section 5930e of this chapter, except that award of a credit under this subdivision shall not be limited to industrial manufacturing entities.

(4) Sales and use tax exemption for approved personal computers and software under subdivision 9741(47) of this title.

(d) Incentives under this section shall be subject to provisions of this subchapter, including authorization limits, reporting requirements, and application, cost-benefit analysis and approval requirements under section 5930a of this chapter. (Added 2001, No. 138 (Adj. Sess.), § 4, eff. June 21, 2002; amended 2003, No. 67, § 23; 2005, No. 184 (Adj. Sess.), § 4, eff. Jan. 1, 2017.)