

No. 44. An act relating to the recently deployed veteran tax credit.

(H.275)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. chapter 151, subchapter 11N is added to read:

Subchapter 11N. Recently Deployed Veteran

Tax Credit

§ 5930nn. RECENTLY DEPLOYED VETERAN TAX CREDIT

(a) A qualified employer shall be eligible for a nonrefundable credit against the income tax liability imposed under this chapter in an amount equal to \$2,000.00 for each new full-time employee hired after the passage of this act but on or before December 31, 2012 for a position, the majority of the duties of which are at a business location within Vermont.

(b) A recently deployed veteran shall be eligible for a nonrefundable credit against the income tax liability imposed under this chapter in an amount up to a total of \$2,000.00 for expenses associated with one start-up business in which the recently deployed veteran holds at least a 50-percent ownership interest. A credit under this subsection may only be taken for a business started after the passage of this act but on or before December 31, 2012, that is located within Vermont, and that shows a net profit of at least \$3,000.00 for the year in which the credit is taken.

(c) A credit earned under this section shall be claimed in the tax year following the new full-time employee's date of hire, or in the tax year

following the date that the start-up business was created, and may be carried forward one year.

(d) In this section:

(1) “Expense associated with a start-up business” means the following expenses:

(A) expenses associated with the development of a business plan;

(B) professional services associated with the formation of the business (e.g., attorney and accounting services);

(C) an analysis or survey of potential markets, products, labor supply, or transportation facilities;

(D) advertisements for the opening of the business;

(E) salaries and wages for employees who are being trained and their instructors;

(F) travel and other necessary costs for securing prospective distributors, suppliers, or customers;

(G) salaries and fees for executives and consultants, or for similar professional services.

(2) “New full-time employee” means a recently deployed veteran:

(A) who works at least 35 hours per week for not less than 45 of the 52 weeks following the individual’s date of hire;

(B) whose compensation equals or exceeds the prevailing

compensation level, including wages and benefits, for the particular employment sector and region of the state as determined by the commissioner of labor;

(C) who has certification by the department of labor at the time of hire of:

(i) collecting or being eligible to collect unemployment benefits; or

(ii) having exhausted his or her unemployment benefits;

(D) who has not been employed by the qualified employer for 90 days prior to the date of hire.

(3) “Qualified employer” means a person who:

(A) is in good standing with respect to applicable registration, fee, and filing requirements with the secretary of state, the department of taxes, and the department of labor; and

(B) has in place a valid workers’ compensation policy.

(4) “Recently deployed veteran” means an individual who:

(A)(i) was a resident of Vermont at the time of entry into military service; or

(ii) was mobilized to active, federal military service while a member of the Vermont National Guard or other reserve unit located in Vermont, regardless of the resident’s home of record.

(B) received an honorable or general discharge from active, federal military service within the two-year period preceding the date of hire.

(C) for the purposes of the credit in subsection (b) of this section, a person who at the time of starting up a new business has been certified by the department of labor as:

(i) collecting or being eligible to collect unemployment benefits; or

(ii) having exhausted his or her unemployment benefits.

(e) The department of labor, in coordination with the department of taxes, the agency of commerce and community development, and the office of veterans' affairs, shall:

(1) promote awareness of the recently deployed veteran tax credit authorized in this section to employers and eligible veterans;

(2) establish procedures for prequalifying an individual as a recently deployed veteran and for providing notice to the department of labor when a new full-time employee is hired;

(3) establish procedures for certifying a qualified employer's compliance, or in the case of a credit under subsection (b) of this section, a recently deployed veteran's compliance, with the eligibility and expense verification requirements to claim the credit authorized under this section;

(4) adopt measurable goals, outcomes, and an audit strategy to assess the

utilization and performance of the credit authorized in this section;

(5) on or before January 15, 2012, submit a written report on its assessment of the credit to the house committees on commerce and economic development and on ways and means, and to the senate committees on finance and on economic development, housing and general affairs;

(6) engage in efforts to promote the hiring of recently deployed veterans through the hiring practices of the state of Vermont.

(f) An employer shall not claim the credit in subsection (a) of this section for an employee who has claimed the credit under subsection (b) of this section, and a recently deployed veteran shall not claim the credit in subsection (b) if an employer has claimed his or her hire for the credit in subsection (a).

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

Approved: May 24, 2011