

1 H.729
2 Introduced by Representatives Johnson of Canaan, Batchelor of Derby, Beyor
3 of Highgate, Botzow of Pownal, Bouchard of Colchester,
4 Branagan of Georgia, Brennan of Colchester, Burditt of
5 West Rutland, Canfield of Fair Haven, Christie of Hartford,
6 Condon of Colchester, Connor of Fairfield, Consejo of Sheldon,
7 Corcoran of Bennington, Cross of Winooski, Cupoli of Rutland
8 City, Devereux of Mount Holly, Dickinson of St. Albans Town,
9 Donaghy of Poultney, Donahue of Northfield, Donovan of
10 Burlington, Feltus of Lyndon, Gage of Rutland City, Gallivan
11 of Chittenden, Goodwin of Weston, Hebert of Vernon, Helm of
12 Fair Haven, Higley of Lowell, Hubert of Milton, Huntley of
13 Cavendish, Jerman of Essex, Juskiewicz of Cambridge, Keenan
14 of St. Albans City, Kilmartin of Newport City, Koch of Barre
15 Town, Komline of Dorset, Larocque of Barnet, Lawrence of
16 Lyndon, Macaig of Williston, Malcolm of Pawlet, Marcotte of
17 Coventry, Martin of Springfield, McCullough of Williston,
18 Mitchell of Fairfax, Moran of Wardsboro, Morrissey of
19 Bennington, Myers of Essex, Poirier of Barre City, Potter of
20 Clarendon, Quimby of Concord, Ralston of Middlebury, Russell
21 of Rutland City, Savage of Swanton, Shaw of Pittsford, Shaw of

1 Derby, Smith of New Haven, South of St. Johnsbury, Stevens of
2 Shoreham, Strong of Albany, Terenzini of Rutland Town, Till
3 of Jericho, Trieber of Rockingham, Turner of Milton,
4 Van Wyck of Ferrisburgh, Winters of Williamstown, Wright of
5 Burlington, and Young of Glover

6 Referred to Committee on

7 Date:

8 Subject: Taxation; corporate income tax; credits; wood manufacturers

9 Statement of purpose of bill as introduced: This bill proposes to extend the
10 wood products manufacturers tax credit, modify the criteria for qualification
11 for the credit, and develop a study to replace the credit with a more sustainable
12 economic incentive.

13 An act relating to wood manufacturer's tax credit

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

15 Sec. 1. 32 V.S.A. § 5930y is added to read:

16 § 5930y. WOOD PRODUCTS MANUFACTURE TAX CREDIT

17 (a) Definitions. The Secretary of Commerce and Community

18 Development, annually on or before February 1, shall designate any two

19 adjacent counties having at least four percent of their combined jobs provided

20 by employers that manufacture finished wood products and having the highest

1 combined unemployment rate in the State for at least one month in the
2 previous calendar year. Upon making a designation, the Secretary shall send a
3 written notice to the Commissioner of Taxes identifying the designated
4 counties.

5 (b) A credit against the income tax liability is available as follows:

6 (1) A credit of two percent of the wages paid in the taxable year by an
7 employer for services performed in the designated counties associated with the
8 manufacture of finished wood products. The credit shall be available to the
9 employer in any year the counties qualify and for one year after a qualification
10 ends. As used in this section, "finished wood products" means wood products
11 that are manufactured into the form in which they are offered for sale to
12 consumers.

13 (2) The credit, either alone or in combination with any other credit
14 allowed by this chapter, shall not reduce the income tax liability of the
15 employer by more than 80 percent.

16 (3) The recapture of development incentives established in 3 V.S.A.
17 chapter 47, subchapter 6 shall apply to the tax credits in this section, except
18 that the provisions of subsection 2512(c) of that title shall not apply to a
19 business relocation outside the designated counties.

1 Sec. 2. WOOD PRODUCT MANUFACTURE STUDY

2 The Secretary of Commerce and Community Development, in consultation
3 with the Department of Taxes, shall study and recommend economic and tax
4 incentives to ensure wood products manufacturers remain in Vermont, and that
5 they thrive in Vermont. The Secretary shall report his or her findings and
6 recommendations to the Senate Committee on Finance and the House
7 Committee on Ways and Means on or before January 15, 2015.

8 Sec. 3. REPEAL

9 32 V.S.A. § 5930y is repealed on January 1, 2016, and the tax credit shall
10 not be available for tax years beginning after that date.

11 Sec. 4. EFFECTIVE DATES

12 (a) This section and Secs. 2 (study) and 3 (repeal) shall take effect on
13 passage.

14 (b) Notwithstanding 1 V.S.A. § 214, Sec. 1 of this act shall take effect
15 retroactively on January 1, 2014.