

From: MacLean, Alex
Sent: Thursday, February 23, 2012 11:54 AM
To: Mackay, Noelle
CC: Reardon, Jim; Miller, Lawrence; Peterson, Mary
Subject: Re: Downtown Tax Credits

Noelle,

As you saw I emailed Janet the downtown tax credit language. She was asking for it this morning.

I did not include the fiscal note piece but am guessing that you will be asked about that in committee.

Best,

Alex

Sent from my iPad

On Feb 22, 2012, at 1:02 PM, "Mackay, Noelle" <Noelle.Mackay@state.vt.us> wrote:

Alex and Jim,

Below is information for the \$500,000 downtown tax credit – reason and proposed language.

Chris Cochran and Susan Mesner have worked on this and agree on the language. Once you set final direction, we'll touch base with Janet and Ann so they have a heads up.

As for the fiscal note, last Dec. Susan M provided an estimate that the increase would add \$325,000 for FY 13. With the suggested changes below, Susan feels that might change. So, she and Chris will work on the scoring system to provide a number that reflect the changes.

Let me know if you have questions, Noelle

Proposed Amendment for Downtown and Village Center Tax Credits

Purpose: Creates a new 10% Irene Credit and allows an income tax credit refund (refundable tax credits) for qualified damages resulting from Tropical Storm Irene.

Overview:

- Budgets an additional \$500,000 to the program
- Sets aside at least \$500,000 for Irene damaged buildings
- Qualifies Irene damage an additional 10% credit

- Limits refunds to Irene-damaged properties (income producing, located within designated downtowns and village centers)
- Sunsets June 30, 2013

The proposed amendments respond to the needs identified at the twelve Community Recovery Partnership (town hall style) meetings held in communities across the state.

The proposed amendments:

- simplify and streamline the tax credit claims process for individuals fatigued by red-tape and paperwork
- assist downtown and village center businesses that may not have qualified for SBA or VEDA loans
- underwrites repairs to flood damaged buildings outside the flood plain (with no flood insurance)
- closes the gap between the actual cost of repairs and the limited FEMA and flood insurance payments
- Targets support in our downtowns and villages

Proposed language:

Sec. 1. 32 V.S.A. §5930bb is hereby amended to read:

(d) Notwithstanding any other provision of this subchapter, qualified applicants may apply to the state board any time prior to June 30, 2013 to obtain a tax credit, not otherwise available under section 5930cc(a)-(c), of 10 percent of qualified expenditures resulting from damage caused by Tropical Storm Irene to claim against the taxpayer's state individual income tax, corporate income tax, or bank franchise or insurance premiums tax liability. To the extent that any allocated tax credits related to qualified expenditures resulting from damage caused by Tropical Storm Irene exceeds the taxpayer's individual tax liability for the first tax year in which the qualified project is completed, the taxpayer shall receive a tax refund equal to the unused portion of the tax credit. If within 5 years after the date of the credit allocation no claim for a tax credit or refund has been filed the tax credit allocation shall be rescinded and recaptured pursuant to section 5930ee(6). The total amount of tax credits available under this subsection shall not be less than \$500,000 and shall not be subject to the limitations contained in section 5930ee of this subchapter.

Sec. 2.

The authorization of the Vermont downtown development board to award tax credits under subsection 5930bb(d) of subchapter 11J of chapter 151 of Title 32 is amended for fiscal year 2013 so that the limitations provided in 32 V.S.A. § 5930ee shall apply against a total amount of \$2,200,000 for the authorization of tax credits.

Sec. 3.

Sec. 1 of this act shall take effect July 1, 2012.

Noelle MacKay, Commissioner
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