

# **State Automation/Technology Tax Credit Programs**

## *Best Practice Summary*

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## **New Jersey**

### **Manufacturing Equipment & Employment Investment Tax Credit**

#### *Overview/Program Description:*

The purpose of the Manufacturing Equipment and Employment Investment Tax Credit is to encourage investment in certain manufacturing equipment in New Jersey and to provide the taxpayer with incentive to increase employment at New Jersey locations by employing New Jersey residents.

#### *Benefits/Criteria:*

The manufacturing equipment portion is limited to 2% (or 4%, if applicable) of the investment credit base of qualified equipment placed in service in the tax, up to a maximum allowed credit for the tax year of \$1,000,000.

The employment investment portion is valid for each of the two tax years succeeding the tax year for which the manufacturing equipment credit is allowed, but is limited to 3% of the investment credit base, not to exceed a maximum allowable amount for each of the two tax years of \$1,000 multiplied by the increase in the average number of qualified employees.

#### *How to earn/acquire:*

*'See Eligibility'*

#### *Eligibility:*

Investments in qualified manufacturing equipment made in tax years beginning on or after January 1, 1994, may be eligible of the Manufacturing Equipment and Employment Investment Tax Credit.

#### *Contact:*

Office of Economic Growth, 866-534-7789

#### *Source:*

<http://www.state.nj.us/njbusiness/financing/tax/manufacuring.shtml#1>

## **Ohio**

### **Manufacturing Machinery & Equipment Grant/Ohio Manufacturing Machinery & Equipment Investment Tax Credit**

#### *Overview/Program Description:*

Provides a nonrefundable corporate franchise or state income tax credit for manufacturer located in Ohio the purchases qualified new or retooled machinery and equipment that is used in manufacturing.

#### *Eligibility:*

Manufacturers located in the State of Ohio

#### *Benefits:*

Manufacturer receives a 7.5% tax credit on the excess investment, with a credit of 13.5% is available in priority investment areas. The total value of credit is divided equally over 7 years and the manufacturer is permitted to carry forward any unused credit for up to 3 years. Credit exceeding \$1 million must meet special requirements.

#### *How to earn/acquire:*

Purchase qualified new or retooled machinery and equipment that is used in manufacturing.

#### *Contact:*

Office of Tax Incentives- 614-466-2317 or 800-848-1300

#### *Source:*

[http://www.odod.state.oh.us/EDD/Tax\\_Credit.htm](http://www.odod.state.oh.us/EDD/Tax_Credit.htm)

## **Wisconsin**

### **Technology Zone**

#### *Overview/Program Description:*

Eight zones have been created throughout the state; with \$5 million in income tax credits allocated to each zone.

#### *Eligibility:*

1. High-technology businesses planning to expand existing operations in a designated Technology Zone area
2. Individuals planning to start a new business in a Technology Zone area
3. Businesses considering relocation to a Technology Zone area from outside Wisconsin

#### *Benefits:*

Technology Zone businesses can apply tax credits against their Wisconsin income tax; unused tax credits can be carried forward for 15 years.

#### *How to earn/acquire:*

1. Capital investments for real and personal property (10% of eligible expenses)
2. Job creation, with 15% of first-year wages earned by individuals filling new positions that pay at least \$13/hour
3. Any increase in property taxes paid directly by the certified business

#### *Contact:*

Department of Commerce, Todd Jensen 608-266-3074

#### *Source:*

<http://www.commerce.state.wi.us/BD/BD-TZ.html>

### **Agricultural Development Zone**

#### *Overview/Program Description:*

Four zones designated by the state, with \$5 million in tax credits allocated to each zone.

#### *Eligibility:*

1. High-technology businesses planning to expand existing operations in a designated Technology Zone area
2. Individuals planning to start a new business in a Technology Zone area
3. Businesses considering relocation to a Technology Zone area from outside Wisconsin

#### *Benefits:*

ADZ businesses can apply tax credits against their Wisconsin income tax; unused tax credits can be carried forward for 15 years.

*How to earn/acquire:*

1. Capital investments for real and personal property (10% of eligible expenses)
2. Job creation, with 15% of first-year wages earned by individuals filling new positions that pay at least \$13/hour
3. Any increase in property taxes paid directly by the certified business

*Contact:*

Department of Commerce, Peggy Burke 608-266-3751

*Source:*

<http://commerce.wi.gov/BD/BD-ADZ.html>

## **Washington**

### **Machinery & Equipment (M&E) Sales & Use Tax Exemption**

#### *Overview/Program Description:*

The Machinery and Equipment Sales and Use Tax Exemption applies to buyers and users engaged in manufacturing or processing for hire activities, with items purchased to be used directly in a manufacturing or processing for hire operation.

#### *Eligibility:*

Exemption is available to manufacturers, processors for hire, and manufacturers performing M&E, research & development (R&D), and testing operations.

#### *Benefits:*

Machinery and equipment used directly in a manufacturing operation or research and development operation is not subject to sales or use tax.

#### *How to earn/acquire:*

Purchase qualifying machinery and equipment used directly for manufacturing or research

#### *Contact:*

Washington State Department of Revenue, Gary Davis (360) 705-6640

#### *Source:*

<http://dor.wa.gov/content/findtaxesandrates/taxincentives/incentiveprograms.aspx#General>



## **West Virginia**

### **Environmental Agricultural Equipment Tax Credit (EAETC)**

#### *Overview/Program Description:*

Eligible taxpayers purchasing and installing qualified agricultural equipment can claim the Environmental Agricultural Equipment Tax Credit

#### *Benefits/Criteria:*

The credit is equal to 25% of the price of all certified expenditures for qualified agricultural equipment during the taxable year. Expenditures for land do not qualify.

Corporations can claim the credit against that portion of the corporation's net income tax liability that is attributable to agricultural operations in the state.

Individuals can claim the credit against that portion of their personal income tax liability that is attributable to agricultural operations in the state.

#### *How to earn/acquire:*

See 'Eligibility'

#### *Eligibility:*

Eligible taxpayers purchasing and installing qualified agricultural equipment for use in agricultural operations in the state.

#### *Contact:*

West Virginia Tax Commission, 304-558-3333

#### *Source:*

<http://www.state.wv.us/taxrev/uploads/mitca.pdf>

### **Manufacturing Investment Tax Credit (MITC)**

#### *Overview/Program Description:*

#### *Eligibility:*

The MITC is available to a manufacturer making a qualified investment for purposes of industrial expansion or revitalization of an industrial facility within West Virginia.

#### *Benefits:*

The qualified manufacturing investment is the applicable percentage of the cost of property purchased for manufacturing investment, which is placed in service or use in the state, by the eligible taxpayers during the taxable year.

The applicable percentage is as follows:

4 years or more but less than 6 years- 33 ½ %

6 years or more but less than 8 years- 66 2/3%

8 years or more- 100%

*How to earn/acquire:*

Eligible Industrial taxpayer who purchases new property for the purpose of industrial expansion, or for the purpose of industrial revitalization of an existing industrial facility

*Contact:*

West Virginia Tax Commission, 304-558-3333

*Source:*

<http://www.state.wv.us/taxrev/uploads/mitca.pdf>