# AUTOMATION TAX CREDIT – MULTISTATE SURVEY

This memorandum was requested to provide information on the availability of incentives in other states that are similar to the automation income tax credit provided in North Dakota Century Code Section 57-38-01.33. The following table provides an overview of each incentive including the name of the incentive, the agency administering the incentive, a brief description of the incentive, and the statutory citation.

| State | Incentive Title | Administering Agency | Description | Statutory Citation |
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| Kentucky | Kentucky Reinvestment Act | Kentucky Economic Development Finance Authority Business | A Kentucky-based company engaged in manufacturing and related functions may receive a credit against corporate income or limited liability entity tax liability for investing in eligible equipment and related costs. The company may receive a credit of up to 100 percent of the income tax liability generated from the project. To qualify, the company must incur eligible equipment and related costs of at least $2.5 million and agree to maintain a full-time employment base of at least 85 percent of employment at the facility as of the date of preliminary approval. The applicant must also certify that the project would not be economically feasible without the incentives. The company may claim up to 20 percent of the amount of the incentive per year until the full amount of the incentive is realized or for up to 10 years following the date the incentive is approved, whichever occurs first. | Kentucky Revised Statutes Section 154.32-070 and 154.34 |
| Mississippi | Manufacturing Investment Tax Credit | Mississippi Department of Revenue | A manufacturer that has operated in Mississippi for at least two years may receive a credit against the manufacturer's state income tax liability for investing at least $1 million in buildings or equipment used in the manufacturing operation The credit is equal to 5 percent of the amount of the eligible investment and may be claimed for the year in which the investment is made. A manufacturer may offset a maximum of 50 percent of its income tax liability per taxable year and may carry forward any unused tax credits for up to five taxable years. The maximum credit that may be claimed by a taxpayer on any project is limited to $1 million. | Mississippi Code Annotated Section 27-7-22.30 |
| Missouri | Manufacturing Jobs Program | Missouri Department of Economic Development | A qualified manufacturer or supplier that brings next-generation production lines to Missouri may retain withholding taxes typically remitted to the state. A qualified manufacturer may retain 100 percent of the withholding taxes from full-time jobs at the facility for 10 years, if it manufactures a new product, or 50 percent of the withholding taxes from full-time jobs at the facility for seven years, if it modifies or expands the manufacture of an existing product. A qualified manufacturer must make a capital investment of at least $75,000 per retained job at the facility for the manufacture of a new product, or at least $50,000 per retained job for the modification or expansion of the manufacture of an existing product, within two years from the date the manufacturer begins to retain withholding taxes. The maximum amount of withholding tax that may be retained by any one qualified manufacturer may not exceed $10 million per calendar year and the amount retained by all qualified manufacturers may not exceed $15 million per calendar year. | Missouri Annotated Statutes Section 620.1910 |

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| | | | A qualified supplier may retain 100 percent of the withholding taxes from new jobs for three years or 100 percent of withholding taxes for five years if the supplier pays wages for the new jobs that equal or exceed 120 percent of the county average wage for Missouri. A qualified supplier must also provide health insurance for all full-time positions and pay at least 50 percent of the insurance premiums. | |
| New Jersey | Manufacturing Equipment Investment Tax Credit | New Jersey Division of Taxation | A taxpayer may qualify for an investment credit against corporation business tax liability for acquiring manufacturing equipment and placing that equipment in service. The amount of the credit is equal to 2 percent of the cost of the qualified manufacturing equipment placed in service during the taxable year, up to a maximum credit of $1 million per year. A taxpayer may use the credit to offset a maximum of 50 percent of the taxpayer's liability in any given year and may carry forward any unused credit for up to seven taxable years. | New Jersey Statutes Annotated 54:10A-5.16 through 54:10A-5.18 |
| New Mexico | Investment Tax Credit for Manufacturers | New Mexico Taxation and Revenue Department | A manufacturer may qualify for a credit against the manufacturer's gross receipts, compensation, or withholding tax liability for purchasing or importing equipment for use in the manufacturer's plant in New Mexico. The amount of the credit is equal to 5.125 percent of the value of the qualified equipment purchased or imported and placed in service. The taxpayer may offset up to 85 percent of its tax liability per reporting period until the full amount of the investment credit is extinguished. | New Mexico Statutes Annotated Sections 7-9A-3 through 7-9A-8 |
| Rhode Island | Manufacturing Investment Tax Credit and High Performance Manufacturing Investment Tax Credit | Rhode Island Department of Labor and Training | A manufacturer may qualify for a tax credit against income tax liability for the cost of purchasing or leasing property including buildings, structural components, and machinery and equipment which is principally used in the production process. The credit is equal to 4 percent of the cost of purchasing the items or 10 percent of the cost of leasing the items. Buildings or structural components leased by a high-performance manufacturer, paying employees a wage greater than the average annual state wage, must have a useful life of four years or more and be acquired under a lease for a term of 20 years or more. A corporate manufacturer is prohibited from applying earned credits in an amount that reduces the taxpayer's yearly tax liability to less than $450. Any other manufacturer is prohibited from applying earned credits in a manner that would offset more than 50 percent of a taxpayer's yearly tax liability. Any unused credits may be carried forward for up to seven taxable years. | General Laws of Rhode Island Section 44-31-1 |
| West Virginia | Manufacturing Investment Credit | West Virginia Development Office | A taxpayer may qualify for a credit against severance, business franchise, and corporate net income tax liability for purchasing real property, improvements, and tangible personal property for the purpose of industrial expansion or industrial revitalization of an existing industrial facility in West Virginia. The amount of the credit | West Virginia Code Section 11-13s-1 through 11-13s-4 |

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| | | | is equal to 5 percent of the qualified manufacturing investment. One-tenth of the credit may be applied against a taxpayer's tax liability per year for a period of 10 taxable years. The credit must first be applied to offset up to 60 percent of the taxpayer's severance tax liability, followed by up to 60 percent of a taxpayer's business franchise tax liability, and lastly up to 60 percent of a taxpayer's corporate net income tax liability. New job creation is not considered as a factor in determining whether a taxpayer qualifies for the credit. | |