

§5219-XX. Renewable chemicals tax credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Biobased content" means the total mass of organic carbon derived from renewable biomass, expressed as a percentage, determined by testing representative samples using the ASTM International D6866 standard test methods. [PL 2019, c. 628, §3 (NEW).]

A-1. "Cellulose nanomaterial" means any cellulose-based material, extracted from trees, plants, aquaculture sources or by-products from their manufacturing using either a chemical, mechanical or enzymatic process or a combination of these processes, that has at least one external dimension in the range of one to 100 nanometers. [PL 2021, c. 181, Pt. A, §13 (NEW).]

B. "Renewable biomass" has the same meaning as in 7 United States Code, Section 8101(13). [PL 2019, c. 628, §3 (NEW).]

C. "Renewable chemical" means a renewable chemical, as defined in 7 United States Code, Section 8101(14), that:

(1) Is the product of, or reliant upon, biological conversion, thermal conversion or a combination of biological and thermal conversion of renewable biomass or is a cellulose nanomaterial;

(2) Is sold or used by the taxpayer:

(a) For the production of chemicals, polymers, plastics or formulated products; or

(b) As a chemical, polymer, plastic or formulated product;

(3) Is not less than 95% biobased content, as determined by testing representative samples using the ASTM International D6866 standard test methods; and

(4) Is not sold or used for production of any, or sold as, food, feed or fuel, including any biofuel as defined under section 5219-X, subsection 1, except that "renewable chemical" may include:

(a) Cellulosic sugars used to produce aquaculture feed; and

(b) A food additive, supplement, vitamin, nutraceutical or pharmaceutical that does not provide caloric value and is not considered food or feed. [PL 2021, c. 181, Pt. A, §13 (AMD).]

[PL 2021, c. 181, Pt. A, §13 (AMD).]

2. Credit allowed. A taxpayer engaged in the production of renewable chemicals in the State who has complied with subsection 5 and the rules adopted under that subsection is allowed a credit against the tax imposed by this Part on income derived during the taxable year from the production of renewable chemicals in the amount of 8¢ per pound of renewable chemical produced in the State as long as the taxpayer demonstrates to the Department of Economic and Community Development that at least 75% of the employees of the contractors hired or retained to harvest renewable biomass used in the production of the renewable chemicals meet the eligibility conditions specified in the Employment Security Law.

If the taxpayer does not contract directly with those hired or retained to harvest the renewable biomass, the taxpayer may obtain the necessary documentation under this subsection from the landowner or other entity that contracts directly.

[PL 2021, c. 181, Pt. A, §13 (AMD).]

3. Reporting. A taxpayer allowed a credit under subsection 2 shall report to the Department of Economic and Community Development, for each tax credit awarded, the dollar amount of the tax

credit, the number of direct manufacturing jobs created and the dollar amount of capital investment in manufacturing.

[PL 2021, c. 181, Pt. A, §13 (AMD).]

4. Limitation. A person entitled to a tax credit under this section for any taxable year may carry over and apply the portion of any unused credits to the tax liability on income derived from the production of renewable chemicals for any one or more of the next succeeding 10 taxable years. The credit allowed, including carryovers, may not reduce the tax otherwise due under this Part to less than zero.

[PL 2019, c. 628, §3 (NEW).]

5. Information reporting and 3rd-party testing; rules. A taxpayer engaged in the production of renewable chemicals that is claiming a credit under subsection 2 shall provide information to the assessor regarding the renewable chemicals being produced, including the weight of renewable chemicals produced during the tax year, the type of renewable biomass used and any other information required by the assessor to determine compliance with this section. The assessor shall adopt rules requiring 3rd-party testing of the renewable chemicals to ensure the accuracy of the reported information. Rules adopted pursuant to this subsection are routine technical rules as provided in Title 5, chapter 375, subchapter 2-A.

[PL 2021, c. 181, Pt. A, §13 (NEW).]

This section applies to tax years beginning on or after January 1, 2021. [PL 2019, c. 628, §3 (NEW).]

SECTION HISTORY

PL 2019, c. 628, §3 (NEW). PL 2021, c. 181, Pt. A, §13 (AMD).

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