

**Superseded 5/12/2015**

**59-10-1007 Recycling market development zones tax credit.**

- (1) For taxable years beginning on or after January 1, 1996, a claimant, estate, or trust in a recycling market development zone as defined in Section 63M-1-1102 may claim a nonrefundable tax credit as provided in this section.
  - (a)
    - (i) There shall be allowed a tax credit of 5% of the purchase price paid for machinery and equipment used directly in:
      - (A) commercial composting; or
      - (B) manufacturing facilities or plant units that:
        - (I) manufacture, process, compound, or produce recycled items of tangible personal property for sale; or
        - (II) reduce or reuse postconsumer waste material.
    - (ii) The Governor's Office of Economic Development shall certify that the machinery and equipment described in Subsection (1)(a)(i) are integral to the composting or recycling process:
      - (A) on a form provided by the commission; and
      - (B) before a claimant, estate, or trust is allowed a tax credit under this section.
    - (iii) The Governor's Office of Economic Development shall provide a claimant, estate, or trust seeking to claim a tax credit under this section with a copy of the form described in Subsection (1)(a)(ii).
    - (iv) The claimant, estate, or trust described in Subsection (1)(a)(iii) shall retain a copy of the form received under Subsection (1)(a)(iii).
  - (b) There shall be allowed a tax credit equal to 20% of net expenditures up to \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the claimant, estate, or trust for establishing and operating recycling or composting technology in Utah, with an annual maximum tax credit of \$2,000.
- (2) The total tax credit allowed under this section may not exceed 40% of the Utah income tax liability of the claimant, estate, or trust prior to any tax credits in the taxable year of purchase prior to claiming the tax credit authorized by this section.
- (3)
  - (a) Any tax credit not used for the taxable year in which the purchase price on composting or recycling machinery and equipment was paid may be carried forward against the claimant's, estate's, or trusts's tax liability under this chapter in the three succeeding taxable years until the total tax credit amount is used.
  - (b) Tax credits not claimed by a claimant, estate, or trust on the claimant's, estate's, or trust's tax return under this chapter within three years are forfeited.
- (4) The commission shall make rules governing what information shall be filed with the commission to verify the entitlement to and amount of a tax credit.
- (5)
  - (a) Notwithstanding Subsection (1)(a), for taxable years beginning on or after January 1, 2001, a claimant, estate, or trust may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 63M-1-413.
  - (b) For a taxable year other than a taxable year during which the claimant, estate, or trust may not claim or carry forward a tax credit in accordance with Subsection (5)(a), a claimant, estate, or trust may claim or carry forward a tax credit described in Subsection (1)(a):

- (i) if the claimant, estate, or trust may claim or carry forward the tax credit in accordance with Subsections (1) and (2); and
  - (ii) subject to Subsections (3) and (4).
- (6) Notwithstanding Subsection (1)(b), for taxable years beginning on or after January 1, 2001, a claimant, estate, or trust may not claim a tax credit described in Subsection (1)(b) in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 63M-1-413.
- (7) A claimant, estate, or trust may not claim or carry forward a tax credit available under this section for a taxable year during which the claimant, estate, or trust has claimed the targeted business income tax credit available under Section 63M-1-504.