

**RECYCLING MARKET DEVELOPMENT ZONE ACT  
AND RELATED TAX CREDITS**

2000 GENERAL SESSION

STATE OF UTAH

**Sponsor: Ben C. Ferry**

AN ACT RELATING TO STATE AFFAIRS AND REVENUE AND TAXATION; MODIFYING TAX CREDIT PROVISIONS; EXTENDING THE SUNSET DATE OF THE RECYCLING MARKET DEVELOPMENT ZONE ACT AND ACCOMPANYING SECTIONS; CLARIFYING WHEN CERTAIN TAX CREDITS CAN BE CLAIMED OR CARRIED FORWARD; AND MAKING TECHNICAL CHANGES.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**59-7-610**, as enacted by Chapter 236, Laws of Utah 1996

**59-10-108.7**, as enacted by Chapter 236, Laws of Utah 1996

**63-55-209**, as last amended by Chapters 21, 76 and 156, Laws of Utah 1999

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-7-610** is amended to read:

**59-7-610. Credit -- Recycling market development zone.**

(1) For tax years beginning on or after January 1, 1996, the following state tax credits are applicable to businesses operating in a recycling market development zone as defined in Section 9-2-1602:

(a) (i) There shall be allowed a nonrefundable tax credit of 5% of the purchase price paid [~~during the taxable year~~] 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 Department of Community and Economic Development shall certify that the

machinery and equipment are integral to the composting or recycling process on a form provided by the tax commission before the taxpayer is entitled to the tax credit under this section.

(iii) The taxpayer shall enclose with its tax return the certification received under Subsection (1)(a)(ii).

(b) There shall be allowed a nonrefundable 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 taxpayer for establishing and operating recycling or composting technology in Utah, with an annual maximum credit of \$2,000.

(2) The total nonrefundable credit allowed under this section may not exceed 40% of the Utah income tax liability of the taxpayer prior to any credits in the taxable year of purchase prior to claiming the 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 over for credit against the business's income taxes in the three succeeding taxable years until the total credit amount is used.

(b) Tax credits not claimed by a business on its state income tax return within three years are forfeited.

(4) The tax commission shall make rules governing what information shall be filed with the tax 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 taxpayer may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 9-2-413.

(b) For a taxable year other than a taxable year during which the taxpayer may not claim or carry forward a tax credit in accordance with Subsection (5)(a), a taxpayer may claim or carry forward a tax credit described in Subsection (1)(a):

(i) if the taxpayer may claim or carry forward the 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 taxpayer may not claim a tax credit described in Subsection (1)(b) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 9-2-413.

Section 2. Section **59-10-108.7** is amended to read:

**59-10-108.7. Recycling market development zones credit.**

(1) For tax years beginning on or after January 1, 1996, the following state tax credits are applicable to an individual in a recycling market development zone as defined in Section 9-2-1602:

(a) (i) There shall be allowed a nonrefundable tax credit of 5% of the purchase price paid [~~during the taxable year~~] 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 Department of Community and Economic Development shall certify that the machinery and equipment are integral to the composting or recycling process on a form provided by the tax commission before the taxpayer is entitled to the tax credit under this section.

(iii) The taxpayer shall enclose with its tax return the certification received under Subsection (1)(a)(ii).

(b) There shall be allowed a nonrefundable 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 taxpayer for establishing and operating recycling or composting technology in Utah, with an annual maximum credit of \$2,000.

(2) The total credit allowed under this section may not exceed 40% of the Utah income tax liability of the taxpayer prior to any credits in the taxable year of purchase prior to claiming the 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 over for credit against the individual's income taxes in the three succeeding taxable years until the total credit amount is used.

(b) Tax credits not claimed by an individual on the individual's state income tax return within three years are forfeited.

(4) The tax commission shall make rules governing what information shall be filed with the tax 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 taxpayer may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 9-2-413.

(b) For a taxable year other than a taxable year during which the taxpayer may not claim or carry forward a tax credit in accordance with Subsection (5)(a), a taxpayer may claim or carry forward a tax credit described in Subsection (1)(a):

(i) if the taxpayer may claim or carry forward the 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 taxpayer may not claim a tax credit described in Subsection (1)(b) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 9-2-413.

Section 3. Section **63-55-209** is amended to read:

**63-55-209. Repeal dates, Title 9.**

(1) Title 9, Chapter 1, Part 8, Commission on National and Community Service Act, is repealed July 1, 2004.

~~[(2) Title 9, Chapter 2, Part 3, Small Business Advisory Council, is repealed July 1, 1999:]~~

~~[(3)]~~ (2) Title 9, Chapter 2, Part 4, Enterprise Zone Act, is repealed July 1, 2008.

~~[(5)]~~ (3) Section 9-2-1208 regarding waste tire recycling loans is repealed July 1, 2000.

~~[(6)]~~(4) (a) Title 9, Chapter 2, Part 16, Recycling Market Development Zone Act, is repealed July 1, ~~[2000;]~~ 2010.

(b) Sections 59-7-610 and 59-10-108.7, regarding tax credits for certain persons in recycling market development zones, are repealed for ~~[tax]~~ taxable years beginning on or after January 1, ~~[2001]~~ 2011.

(c) Notwithstanding Subsection (4)(b), a person may not claim a tax credit under Section 59-7-610 or 59-10-108.7:

(i) for the purchase price of machinery or equipment described in Section 59-7-610 or 59-10-108.7 if the machinery or equipment is purchased on or after July 1, 2010; or

(ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-108.7(1)(b), if the expenditure is made on or after July 1, 2010.

(d) Notwithstanding Subsections (4)(b) and (c), a person may carry forward a tax credit in accordance with Section 59-7-610 or 59-10-108.7 if:

(i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-108.7; and

(ii) (A) for the purchase price of machinery or equipment described in Section 59-7-610 or 59-10-108.7, the machinery or equipment is purchased on or before June 30, 2010; or

(B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-108.7(1)(b), the expenditure is made on or before June 30, 2010.

~~[(7)]~~ (5) Title 9, Chapter 3, Part 3, Heber Valley Historic Railroad Authority, is repealed July 1, 2009.

~~[(8) Title 9, Chapter 4, Part 4, Disaster Relief, is repealed July 1, 1999.]~~

~~[(9)]~~ (6) Title 9, Chapter 4, Part 9, Utah Housing Finance Agency Act, is repealed July 1, 2006.

~~[(4)]~~ (7) Title 9, Chapter 13, Utah Technology and Small Business Finance Act, is repealed July 1, 2002.