

H.B. 171

REAUTHORIZATION OF THE RECYCLING MARKET DEVELOPMENT ZONE ACT

HOUSE FLOOR AMENDMENTS

AMENDMENT 3

JANUARY 21, 2000

2:06 PM

Representative **HARPER** proposes the following amendments:

1. Page 1, Line 1: Delete "REAUTHORIZATION OF THE"
2. Page 1, Line 2: After "ACT" insert "AND RELATED TAX CREDITS"
3. Page 1, Line 6: After "AFFAIRS" delete ";" and insert "AND REVENUE AND TAXATION; MODIFYING TAX CREDIT PROVISIONS;"
4. Page 1, Line 11: After line 11 insert:
"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"
5. Page 1, Line 13: After line 13 insert:
"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), 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), 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), 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), 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. "

Renumber the remaining sections accordingly.