LEGISLATIVE GENERAL COUNSEL

? Approved for Filing: RLR ? ? 01-22-01 8:29 AM ?

Senator Howard A. Stephenson proposes to substitute the following bill:

1	INDIVIDUAL INCOME TAX AND CORPORATE FRANCHISE AND				
2	INCOME TAX CREDITS FOR MINING ESTABLISHMENTS				
3	2001 GENERAL SESSION				
4	STATE OF UTAH				
5	Sponsor: Howard A. Stephenson				
6	Mike Dmitrich	Ron Allen	L. Steven Poulton		
7	This act modifies the Individual Income Tax Act and Corporate Franchise and Income Taxes				
8	to enact refundable tax credits for the purchase of certain machinery or equipment				
9	purchased by a mining establishment. The act grants rulemaking authority to the State Tax				
10	Commission. This act takes effect for taxable years beginning on or after January 1, 2002.				
11	This act affects sections of Utah Code Annotated 1953 as follows:				
12	ENACTS:				
13	59-7-604.1 , Utah Code Annotated 1953				
14	59-10-133 , Utah Code Annotated 1953				
15	Be it enacted by the Legislature of the state of Utah:				
16	Section 1. Section 59-7-604.1 is enacted to read:				
17	59-7-604.1. Refur	ndable credit for machinery or eq	uipment purchased by a mining		
18	establishment Definitio	ons Rulemaking authority.			
19	(1) As used in this	s section:			
20	(a) "credit amount	t" is an amount equal to the product	<u>of:</u>		
21	(i) the state tax per	ercentage provided for in Subsection	59-12-103(2)(a)(i); and		
22	(ii) the purchase pr	rice of the machinery or equipment;			
23	(b) "machinery or equipment" means:				
24	(i) machinery;				

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25	(ii) equipment; or		
26	(iii) a part for:		
27	(A) machinery; or		
28	(B) equipment;		
29	(c) "mining establishment" means an establishment described in Sector 21, Mining, of		
30	NAICS;		
31	(d) "NAICS" means the 1997 North American Industry Classification System of the		
32	federal Executive Office of the President, Office of Management and Budget; and		
33	(e) (i) "purchase price" means the amount a mining establishment pays for machinery or		
34	equipment; and		
35	(ii) "purchase price" does not include an amount of tax imposed on a purchase of		
36	machinery or equipment.		
37	(2) For taxable years beginning on or after January 1, 2002, and subject to Subsection (3),		
38	a mining establishment may claim a refundable credit against the tax imposed by this chapter in		
39	an amount equal to the credit amount for machinery or equipment:		
40	(a) that the mining establishment purchases during the taxable year;		
41	(b) for which the mining establishment paid a tax under Section 59-12-103;		
42	(c) that is used in a mining process; and		
43	(d) that has an economic life of three or more years.		
44	(3) A mining establishment:		
45	(a) may only claim the credit for the taxable year during which the mining establishment		
46	purchased the machinery or equipment; and		
47	(b) may not carry forward or carry back a credit authorized by this section.		
48	(4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the		
49	commission shall make rules defining the terms:		
50	(a) "equipment":		
51	(b) "establishment";		
52	(c) "machinery"; and		
53	(d) "mining process."		
54	Section 2. Section 59-10-133 is enacted to read:		
55	59-10-133. Refundable credit for machinery or equipment purchased by a mining		

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56	establishment Definitions Rulemaking authority.		
57	(1) As used in this section:		
58	(a) "credit amount" is an amount equal to the product of:		
59	(i) the state tax percentage provided for in Subsection 59-12-103(2)(a)(i); and		
60	(ii) the purchase price of the machinery or equipment;		
61	(b) "machinery or equipment" means:		
62	(i) machinery;		
63	(ii) equipment; or		
64	(iii) a part for:		
65	(A) machinery; or		
66	(B) equipment;		
67	(c) "mining establishment" means an establishment described in Sector 21, Mining, of		
68	NAICS;		
69	(d) "NAICS" means the 1997 North American Industry Classification System of the		
70	federal Executive Office of the President, Office of Management and Budget; and		
71	(e) (i) "purchase price" means the amount a mining establishment pays for machinery or		
72	equipment; and		
73	(ii) "purchase price" does not include an amount of tax imposed on a purchase of		
74	machinery or equipment.		
75	(2) For taxable years beginning on or after January 1, 2002, and subject to Subsection (3),		
76	a mining establishment may claim a refundable credit against the tax imposed by this chapter in		
77	an amount equal to the credit amount for machinery or equipment:		
78	(a) that the mining establishment purchases during the taxable year;		
79	(b) for which the mining establishment paid a tax under Section 59-12-103;		
80	(c) that is used in a mining process; and		
81	(d) that has an economic life of three or more years.		
82	(3) A mining establishment:		
83	(a) may only claim the credit for the taxable year during which the mining establishment		
84	purchased the machinery or equipment; and		
85	(b) may not carry forward or carry back a credit authorized by this section.		
86	(4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the		

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87	commission shall make rules defining the terms:
88	(a) "equipment";
89	(b) "establishment";
90	(c) "machinery"; and
91	(d) "mining process."
92	Section 3. Effective date.
93	This act takes effect for taxable years beginning on or after January 1, 2002.