

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

 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. Refundable credit for machinery or equipment purchased by a mining**
18 **establishment -- Definitions -- Rulemaking authority.**

19 (1) As used in this section:

20 (a) "credit amount" means the amount of state sales and use tax under Subsection
21 59-12-103(2)(a)(i) paid during a taxable year by a mining establishment for machinery or
22 equipment or the use of machinery or equipment in a transaction involving a:

23 (i) purchase; or

24 (ii) lease;

25 (b) "machinery or equipment" means:

26 (i) machinery;

27 (ii) equipment; or

28 (iii) a part for:

29 (A) machinery; or

30 (B) equipment;

31 (c) "mining establishment" means an establishment described in Sector 21, Mining, of
32 NAICS; and

33 (d) "NAICS" means the 1997 North American Industry Classification System of the
34 federal Executive Office of the President, Office of Management and Budget.

35 (2) For taxable years beginning on or after January 1, 2002, and subject to Subsection (3),
36 a mining establishment may claim a refundable credit against the tax imposed by this chapter in
37 an amount equal to the credit amount for machinery or equipment:

38 (a) that the mining establishment purchases or leases during the taxable year;

39 (b) for which the mining establishment paid a tax during the taxable year under Section
40 59-12-103;

41 (c) that is used in a mining process; and

42 (d) that has an economic life of three or more years.

43 (3) A mining establishment may not carry forward or carry back a credit authorized by this
44 section.

45 (4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
46 commission shall make rules defining the terms:

47 (a) "equipment";

48 (b) "establishment";

49 (c) "machinery"; and

50 (d) "mining process."

51 Section 2. Section **59-10-133** is enacted to read:

52 **59-10-133. Refundable credit for machinery or equipment purchased by a mining**
53 **establishment -- Definitions -- Rulemaking authority.**

54 (1) As used in this section:

55 (a) "credit amount" means the amount of state sales and use tax under Subsection

56 59-12-103(2)(a)(i) paid during a taxable year by a mining establishment for machinery or
57 equipment or the use of machinery or equipment in a transaction involving a:

58 (i) purchase; or

59 (ii) lease;

60 (b) "machinery or equipment" means:

61 (i) machinery;

62 (ii) equipment; or

63 (iii) a part for:

64 (A) machinery; or

65 (B) equipment;

66 (c) "mining establishment" means an establishment described in Sector 21, Mining, of
67 NAICS; and

68 (d) "NAICS" means the 1997 North American Industry Classification System of the
69 federal Executive Office of the President, Office of Management and Budget.

70 (2) For taxable years beginning on or after January 1, 2002, and subject to Subsection (3),
71 a mining establishment may claim a refundable credit against the tax imposed by this chapter in
72 an amount equal to the credit amount for machinery or equipment:

73 (a) that the mining establishment purchases or leases during the taxable year;

74 (b) for which the mining establishment paid a tax during the taxable year under Section
75 59-12-103;

76 (c) that is used in a mining process; and

77 (d) that has an economic life of three or more years.

78 (3) A mining establishment may not carry forward or carry back a credit authorized by this
79 section.

80 (4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
81 commission shall make rules defining the terms:

82 (a) "equipment";

83 (b) "establishment";

84 (c) "machinery"; and

85 (d) "mining process."

86 Section 3. **Effective date.**

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This act takes effect for taxable years beginning on or after January 1, 2002.