

**ENTERPRISE ZONE TAX CREDIT AMENDMENTS**

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Douglas V. Sagers**

Senate Sponsor: David P. Hinkins

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**LONG TITLE**

**General Description:**

This bill amends the enterprise zone income tax credits.

**Highlighted Provisions:**

This bill:

▶ authorizes for a specified time, an enterprise zone tax credit for certain investments in a plant, equipment, or other depreciable property used to:

- produce or process from a renewable source, hydrogen for use as fuel; or
- distribute or dispense hydrogen fuel produced from a renewable energy source;

▶ allows a taxpayer to claim enterprise zone income tax credits against taxes owed under the Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act; and

▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**59-7-614.10**, as last amended by Laws of Utah 2020, Chapter 354

**59-10-1037**, as last amended by Laws of Utah 2020, Chapter 354



28 **63I-2-263**, as last amended by Laws of Utah 2020, Fifth Special Session, Chapter 12

29 **63N-2-213**, as last amended by Laws of Utah 2020, Chapter 360

30 ENACTS:

31 **59-8-201**, Utah Code Annotated 1953



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

34 Section 1. Section **59-7-614.10** is amended to read:

35 **59-7-614.10. Nonrefundable enterprise zone tax credit.**

36 (1) As used in this section:

37 (a) "Business entity" means a corporation that meets the definition of "business entity"

38 as that term is defined in Section **63N-2-202**.

39 (b) "Office" means the Governor's Office of Economic Development created in Section

40 **63N-1-201**.

41 (2) Subject to the provisions of this section, a business entity may claim a

42 nonrefundable enterprise zone tax credit as described in Section **63N-2-213**.

43 (3) The enterprise zone tax credit under this section is the amount listed as the tax

44 credit amount on the tax credit certificate that the office issues to the business entity for the

45 taxable year.

46 (4) A business entity may carry forward a tax credit under this section for a period that

47 does not exceed the next three taxable years, if the amount of the tax credit exceeds the

48 business entity's tax liability under this chapter for that taxable year.

49 (5) A business entity may not claim or carry forward a tax credit under this [part]

50 section for a taxable year during which the business entity has claimed the targeted business

51 income tax credit under Section **59-7-624**.

52 (6) (a) In accordance with Section **59-7-159**, the Revenue and Taxation Interim

53 Committee shall study the tax credit allowed by this section and make recommendations

54 concerning whether the tax credit should be continued, modified, or repealed.

55 (b) (i) Except as provided in Subsection (6)(b)(ii), for purposes of the study required by

56 this Subsection (6), the office shall provide by electronic means the following information for

57 each calendar year to the Office of the Legislative Fiscal Analyst:

58 (A) the amount of tax credits provided in each development zone;

59 (B) the number of new full-time employee positions reported to obtain tax credits in  
60 each development zone;

61 (C) the amount of tax credits awarded for rehabilitating a building in each development  
62 zone;

63 (D) the amount of tax credits awarded for investing in a plant, equipment, or other  
64 depreciable property in each development zone;

65 (E) the information related to the tax credit contained in the office's latest report under  
66 Section [63N-1-301](#); and

67 (F) any other information that the Office of the Legislative Fiscal Analyst requests.

68 (ii) (A) In providing the information described in Subsection (6)(b)(i), the office shall  
69 redact information that identifies a recipient of a tax credit under this section.

70 (B) If, notwithstanding the redactions made under Subsection (6)(b)(ii)(A), reporting  
71 the information described in Subsection (6)(b)(i) might disclose the identity of a recipient of a  
72 tax credit, the office may file a request with the Revenue and Taxation Interim Committee to  
73 provide the information described in Subsection (6)(b)(i) in the aggregate for all development  
74 zones that receive the tax credit under this section.

75 (c) As part of the study required by this Subsection (6), the Office of the Legislative  
76 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and  
77 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the  
78 office under Subsection (6)(b).

79 (d) The Revenue and Taxation Interim Committee shall ensure that the  
80 recommendations described in Subsection (6)(a) include an evaluation of:

81 (i) the cost of the tax credit to the state;

82 (ii) the purpose and effectiveness of the tax credit; and

83 (iii) the extent to which the state benefits from the tax credit.

84 Section 2. Section **59-8-201** is enacted to read:

85 **Part 2. Tax Credits**

86 **59-8-201. Nonrefundable enterprise zone tax credit.**

87 (1) As used in this section:

88 (a) "Business entity" means an organization subject to the tax imposed by this part that  
89 is a business entity as defined in Section [63N-2-202](#).

90 (b) "Office" means the Governor's Office of Economic Development created in Section  
91 63N-1-201.

92 (2) Subject to the provisions of this section, a business entity may claim a  
93 nonrefundable enterprise zone tax credit as described in Section 63N-2-213.

94 (3) The enterprise zone tax credit under this section is the amount listed as the tax  
95 credit amount on the tax credit certificate that the office issues to the business entity for the  
96 taxable year.

97 (4) A business entity may carry forward a tax credit under this section for a period that  
98 does not exceed the next three taxable years, if the amount of the tax credit exceeds the  
99 business entity's tax liability under this chapter for that taxable year.

100 (5) (a) The Revenue and Taxation Interim Committee shall:

101 (i) study the tax credit allowed by this section as part of the Revenue and Taxation  
102 Interim Committee's study under Subsection 59-7-164.10(6); and

103 (ii) make recommendations concerning whether the tax credit should be continued,  
104 modified, or repealed.

105 (b) Except as provided in Subsection (5)(c), for purposes of the study required by this  
106 Subsection (5), the office shall provide by electronic means the following information for each  
107 calendar year to the Office of the Legislative Fiscal Analyst:

108 (i) the amount of tax credits provided in each development zone;

109 (ii) the number of new full-time employee positions reported to obtain tax credits in  
110 each development zone;

111 (iii) the amount of tax credits awarded for rehabilitating a building in each  
112 development zone;

113 (iv) the amount of tax credits awarded for investing in a plant, equipment, or other  
114 depreciable property in each development zone;

115 (v) the information related to the tax credit contained in the office's latest report under  
116 Section 63N-1-301; and

117 (vi) any other information that the Office of the Legislative Fiscal Analyst requests.

118 (c) (i) In providing the information described in Subsection (5)(b), the office shall  
119 redact information that identifies a recipient of a tax credit under this section.

120 (ii) If, notwithstanding the redactions made under Subsection (5)(c)(i), reporting the

121 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax  
122 credit, the office may file a request with the Revenue and Taxation Interim Committee to  
123 provide the information described in Subsection (5)(b)(i) in the aggregate for all development  
124 zones that receive the tax credit under this section.

125 (d) As part of the study required by this Subsection (5), the Office of the Legislative  
126 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and  
127 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the  
128 office under Subsection (5)(b).

129 (e) The Revenue and Taxation Interim Committee shall ensure that the  
130 recommendations described in Subsection (5)(a) include an evaluation of:

- 131 (i) the cost of the tax credit to the state;  
132 (ii) the purpose and effectiveness of the tax credit; and  
133 (iii) the extent to which the state benefits from the tax credit.

134 Section 3. Section **59-10-1037** is amended to read:

135 **59-10-1037. Nonrefundable enterprise zone tax credit.**

136 (1) As used in this section:

137 (a) "Business entity" means a claimant, estate, or trust that meets the definition of  
138 "business entity" as that term is defined in Section [63N-2-202](#).

139 (b) "Office" means the Governor's Office of Economic Development created in Section  
140 [63N-1-201](#).

141 (2) Subject to the provisions of this section, a business entity may claim a  
142 nonrefundable enterprise zone tax credit as described in Section [63N-2-213](#).

143 (3) The enterprise zone tax credit under this section is the amount listed as the tax  
144 credit amount on the tax credit certificate that the office issues to the business entity for the  
145 taxable year.

146 (4) A business entity may carry forward a tax credit under this section for a period that  
147 does not exceed the next three taxable years, if the amount of the tax credit exceeds the  
148 business entity's tax liability under this chapter for that taxable year.

149 (5) A business entity may not claim or carry forward a tax credit under this [part]  
150 section for a taxable year during which the business entity has claimed the targeted business  
151 income tax credit under Section [59-10-1112](#).

152 (6) (a) In accordance with Section 59-10-137, the Revenue and Taxation Interim  
153 Committee shall study the tax credit allowed by this section and make recommendations  
154 concerning whether the tax credit should be continued, modified, or repealed.

155 (b) (i) Except as provided in Subsection (6)(b)(ii), for purposes of the study required by  
156 this Subsection (6), the office shall provide by electronic means the following information, if  
157 available to the office, for each calendar year to the Office of the Legislative Fiscal Analyst:

158 (A) the amount of tax credits provided in each development zone;

159 (B) the number of new full-time employee positions reported to obtain tax credits in  
160 each development zone;

161 (C) the amount of tax credits awarded for rehabilitating a building in each development  
162 zone;

163 (D) the amount of tax credits awarded for investing in a plant, equipment, or other  
164 depreciable property in each development zone;

165 (E) the information related to the tax credit contained in the office's latest report under  
166 Section 63N-1-301; and

167 (F) other information that the Office of the Legislative Fiscal Analyst requests.

168 (ii) (A) In providing the information described in Subsection (6)(b)(i), the office shall  
169 redact information that identifies a recipient of a tax credit under this section.

170 (B) If, notwithstanding the redactions made under Subsection (6)(b)(ii)(A), reporting  
171 the information described in Subsection (6)(b)(i) might disclose the identity of a recipient of a  
172 tax credit, the office may file a request with the Revenue and Taxation Interim Committee to  
173 provide the information described in Subsection (6)(b)(i) in the aggregate for all development  
174 zones that receive the tax credit under this section.

175 (c) As part of the study required by this Subsection (6), the Office of the Legislative  
176 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and  
177 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the  
178 office under Subsection (6)(b).

179 (d) The Revenue and Taxation Interim Committee shall ensure that the  
180 recommendations described in Subsection (6)(a) include an evaluation of:

181 (i) the cost of the tax credit to the state;

182 (ii) the purpose and effectiveness of the tax credit; and

- 183 (iii) the extent to which the state benefits from the tax credit.
- 184 Section 4. Section **63I-2-263** is amended to read:
- 185 **63I-2-263. Repeal dates, Title 63A to Title 63N.**
- 186 (1) On July 1, 2020:
- 187 (a) Subsection **63A-1-203(5)(a)(i)** is repealed; and
- 188 (b) in Subsection **63A-1-203(5)(a)(ii)**, the language that states "appointed on or after
- 189 May 8, 2018," is repealed.
- 190 (2) Section **63A-3-111** is repealed June 30, 2021.
- 191 (3) Title 63C, Chapter 19, Higher Education Strategic Planning Commission is
- 192 repealed July 1, 2021.
- 193 (4) Title 63C, Chapter 22, Digital Wellness, Citizenship, and Safe Technology
- 194 Commission is repealed July 1, 2023.
- 195 (5) The following sections regarding the World War II Memorial Commission are
- 196 repealed on July 1, 2022:
- 197 (a) Section **63G-1-801**;
- 198 (b) Section **63G-1-802**;
- 199 (c) Section **63G-1-803**; and
- 200 (d) Section **63G-1-804**.
- 201 (6) Subsections **63G-6a-802(1)(d)** and **63G-6a-802(3)(b)(iii)**, regarding a procurement
- 202 relating to a vice presidential debate, are repealed January 1, 2021.
- 203 (7) In relation to the State Fair Park Committee, on January 1, 2021:
- 204 (a) Section **63H-6-104.5** is repealed; and
- 205 (b) Subsections **63H-6-104(8)** and **(9)** are repealed.
- 206 (8) Section **63H-7a-303** is repealed July 1, 2024.
- 207 (9) Subsection **63J-1-206(3)(c)**, relating to coronavirus, is repealed July 1, 2021.
- 208 (10) In relation to the Employability to Careers Program Board, on July 1, 2022:
- 209 (a) Subsection **63J-1-602.1(57)** is repealed;
- 210 (b) Subsection **63J-4-301(1)(h)**, related to the review of data and metrics, is repealed;
- 211 and
- 212 (c) Title 63J, Chapter 4, Part 7, Employability to Careers Program, is repealed.
- 213 (11) Title 63M, Chapter 4, Part 8, Voluntary Home Energy Information Pilot Program

214 Act, is repealed January 1, 2022.

215 (12) Sections [63M-7-213](#) and [63M-7-213.5](#) are repealed on January 1, 2023.

216 (13) Subsection [63N-2-213\(7\)\(g\)](#), which provides a tax credit related to property  
217 primarily used to produce or process hydrogen for fuel or to distribute or dispense hydrogen  
218 fuel, is repealed January 1, 2028.

219 [~~13~~] (14) Subsection [63N-12-508\(3\)](#) is repealed December 31, 2021.

220 [~~14~~] (15) Title 63N, Chapter 13, Part 3, Facilitating Public-Private Partnerships Act,  
221 is repealed January 1, 2024.

222 [~~15~~] (16) Title 63N, Chapter 15, COVID-19 Economic Recovery Programs, is  
223 repealed December 31, 2021.

224 Section 5. Section [63N-2-213](#) is amended to read:

225 **[63N-2-213](#). State tax credits.**

226 (1) The office shall certify a business entity's eligibility for a tax credit described in this  
227 section.

228 (2) A business entity seeking to receive a tax credit as provided in this section shall  
229 provide the office with:

230 (a) an application for a tax credit certificate in a form approved by the office, including  
231 a certification, by an officer of the business entity, of a signature on the application; and

232 (b) documentation that demonstrates the business entity has met the requirements to  
233 receive the tax credit.

234 (3) If, after review of an application and documentation provided by a business entity  
235 as described in Subsection (2), the office determines that the application and documentation are  
236 inadequate to provide a reasonable justification for authorizing the tax credit, the office shall:

237 (a) deny the tax credit; or

238 (b) inform the business entity that the application or documentation was inadequate  
239 and ask the business entity to submit additional documentation.

240 (4) If, after review of an application and documentation provided by a business entity  
241 as described in Subsection (2), the office determines that the application and documentation  
242 provide reasonable justification for authorizing a tax credit, the office shall:

243 (a) determine the amount of the tax credit to be granted to the business entity;

244 (b) issue a tax credit certificate to the business entity; and



245 (c) provide a duplicate copy of the tax credit certificate to the State Tax Commission.

246 (5) A business entity may not claim a tax credit under this section unless the business  
247 entity has a tax credit certificate issued by the office.

248 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
249 office shall make rules describing:

250 (a) the form and content of an application for a tax credit under this section;

251 (b) the documentation requirements for a business entity to receive a tax credit  
252 certificate under this section; and

253 (c) administration of the program, including relevant timelines and deadlines.

254 (7) Subject to the limitations of Subsections (8) through (10), and if the requirements  
255 of this part are met, the following nonrefundable tax credits against a tax under Title 59,  
256 Chapter 7, Corporate Franchise and Income Taxes, Title 59, Chapter 8, Gross Receipts Tax on  
257 Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, or Title 59,  
258 Chapter 10, Individual Income Tax Act, are applicable in an enterprise zone:

259 (a) a tax credit of \$750 may be claimed by a business entity for each new full-time  
260 employee position created within the enterprise zone;

261 (b) an additional \$500 tax credit may be claimed if the new full-time employee position  
262 created within the enterprise zone pays at least 125% of:

263 (i) the county average monthly nonagricultural payroll wage for the respective industry  
264 as determined by the Department of Workforce Services; or

265 (ii) if the county average monthly nonagricultural payroll wage is not available for the  
266 respective industry, the total average monthly nonagricultural payroll wage in the respective  
267 county where the enterprise zone is located;

268 (c) an additional tax credit of \$750 may be claimed if the new full-time employee  
269 position created within the enterprise zone is in a business entity that adds value to agricultural  
270 commodities through manufacturing or processing;

271 (d) an additional tax credit of \$200 may be claimed for each new full-time employee  
272 position created within the enterprise zone that is filled by an employee who is insured under  
273 an employer-sponsored health insurance program if the employer pays at least 50% of the  
274 premium cost for the year for which the credit is claimed;

275 (e) a tax credit of 25% of the first \$200,000 spent on rehabilitating a building in the

276 enterprise zone that has been vacant for two years or more, including that the building has had  
277 or contained no occupants, tenants, furniture, or personal property for two years or more, in the  
278 time period immediately before the rehabilitation; ~~and~~

279 (f) an annual investment tax credit may be claimed in an amount equal to 5% of the first  
280 \$750,000 qualifying investment in plant, equipment, or other depreciable property~~[-]~~; and

281 (g) for a taxable year beginning on or after January 1, 2022, and before January 1,  
282 2026, an additional annual investment tax credit of 10% of the first \$250,000 investment, 5%  
283 of the next \$1,000,000 investment, and 2.5% of the next \$2,000,000 investment, in a plant,  
284 equipment, or other depreciable property primarily used:

285 (i) to produce or process, from a renewable energy source, as defined in Section  
286 54-17-601, hydrogen for use as a fuel; or

287 (ii) to distribute or dispense hydrogen fuel produced from a renewable energy source,  
288 as defined in Section 54-17-601.

289 (8) (a) Subject to the limitations of Subsection (8)(b), a business entity claiming a tax  
290 credit under Subsections (7)(a) through (d) may claim the tax credit for no more than 30  
291 full-time employee positions in a taxable year.

292 (b) A business entity that received a tax credit for one or more new full-time employee  
293 positions under Subsections (7)(a) through (d) in a prior taxable year may claim a tax credit for  
294 a new full-time employee position in a subsequent taxable year under Subsections (7)(a)  
295 through (d) if:

296 (i) the business entity has created a new full-time position within the enterprise zone;  
297 and

298 (ii) the total number of employee positions at the business entity at any point during the  
299 tax year for which the tax credit is being claimed is greater than the highest number of  
300 employee positions that existed at the business entity in the previous taxable year.

301 (c) Construction jobs are not eligible for the tax credits under Subsections (7)(a)  
302 through (d).

303 (9) If the amount of a tax credit under this section exceeds a business entity's tax  
304 liability under this chapter for a taxable year, the business entity may carry forward the amount  
305 of the tax credit exceeding the liability for a period that does not exceed the next three taxable  
306 years.

307 (10) Tax credits under [~~Subsections (7)(a) through (f)~~] Subsection (7) may not be  
308 claimed by a business entity primarily engaged in retail trade or by a public utilities business.

309 (11) A business entity that has no employees:

310 (a) may not claim tax credits under Subsections (7)(a) through (d); and

311 (b) may claim tax credits under Subsections (7)(e) through [~~(f)~~] (g).

312 (12) (a) A business entity may not claim or carry forward a tax credit available under  
313 this part for a taxable year during which the business entity has claimed the targeted business  
314 income tax credit available under Section [63N-2-304](#).

315 (b) A business entity may not claim or carry forward a tax credit available under this  
316 section for a taxable year during which the business entity claims or carries forward a tax credit  
317 available under Section [59-7-610](#) or [59-10-1007](#).

318 (13) (a) On or before November 30, 2018, and every three years after 2018, the  
319 Revenue and Taxation Interim Committee shall review the tax credits provided by this section  
320 and make recommendations concerning whether the tax credits should be continued, modified,  
321 or repealed.

322 (b) In conducting the review required by Subsection (13)(a), the Revenue and Taxation  
323 Interim Committee shall:

324 (i) schedule time on at least one committee agenda to conduct the review;

325 (ii) invite state agencies, individuals, and organizations concerned with the credits  
326 under review to provide testimony;

327 (iii) ensure that the recommendations described in this section include an evaluation of:

328 (A) the cost of the tax credits to the state;

329 (B) the purpose and effectiveness of the tax credits; and

330 (C) the extent to which the state benefits from the tax credits; and

331 (iv) undertake other review efforts as determined by the chairs of the Revenue and  
332 Taxation Interim Committee.

333 **Section 6. Effective date.**

334 This bill takes effect for a taxable year beginning on or after January 1, 2022.