

1 **Tariff Payment Tax Credit**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Andrew Stoddard

Senate Sponsor:

2 **LONG TITLE**3 **General Description:**

4 This bill enacts an individual income tax credit for certain tariff payments.

5 **Highlighted Provisions:**

6 This bill:

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- 8 ▶ defines terms;
- 9 ▶ enacts a nonrefundable individual income tax credit for a business entity's payment of
- 10 tariffs, the costs of which have not been passed to customers, in an amount that
- 11 corresponds to the total amount of qualifying tariff payments made by the business
- 12 entity during the taxable year;

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- 14 ▶ requires a qualifying claimant, before claiming a tax credit, to apply for and receive a
- 15 written certification from the Governor's Office of Economic Opportunity (office)
- 16 certifying the qualifying claimant's eligibility for the tax credit and the tax credit amount;

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- 18 ▶ requires the office to annually report to the State Tax Commission on recipients of a
- 19 written certification for the tax credit;

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- 21 ▶ authorizes the office to make rules for administering the certification requirements for the
- 22 tax credit; and

23

- 24 ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

25 None

Other Special Clauses:

26 This bill provides retrospective operation.

Utah Code Sections Affected:27 **AMENDS:**28 **59-10-1002.2 (Effective 05/06/26) (Applies beginning 01/01/26)**, as last amended by
Laws of Utah 2025, Chapter 40729 **63N-1a-301 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 51230 **ENACTS:**

31 **59-10-1049 (Effective 05/06/26) (Applies beginning 01/01/26)**, Utah Code Annotated
32 1953

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

35 Section 1. Section **59-10-1002.2** is amended to read:

36 **59-10-1002.2 (Effective 05/06/26) (Applies beginning 01/01/26). Apportionment**
37 **of tax credits.**

38 (1) A nonresident individual or a part-year resident individual that claims a tax credit in
39 accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023,
40 59-10-1024, 59-10-1028, 59-10-1042, 59-10-1043, 59-10-1044, 59-10-1046, 59-10-1047, [
41 ~~or]59-10-1048, or 59-10-1049~~ may only claim an apportioned amount of the tax credit
42 equal to:

43 (a) for a nonresident individual, the product of:

44 (i) the state income tax percentage for the nonresident individual; and
45 (ii) the amount of the tax credit that the nonresident individual would have been
46 allowed to claim but for the apportionment requirements of this section; or

47 (b) for a part-year resident individual, the product of:

48 (i) the state income tax percentage for the part-year resident individual; and
49 (ii) the amount of the tax credit that the part-year resident individual would have been
50 allowed to claim but for the apportionment requirements of this section.

51 (2) A nonresident estate or trust that claims a tax credit in accordance with Section
52 59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, 59-10-1028, [~~or]59-10-1048, or~~
53 ~~59-10-1049~~ may only claim an apportioned amount of the tax credit equal to the product
54 of:

55 (a) the state income tax percentage for the nonresident estate or trust; and

56 (b) the amount of the tax credit that the nonresident estate or trust would have been
57 allowed to claim but for the apportionment requirements of this section.

58 Section 2. Section **59-10-1049** is enacted to read:

59 **59-10-1049 (Effective 05/06/26) (Applies beginning 01/01/26). Nonrefundable tax**
60 **credit for qualifying tariff payments -- Written certification from Governor's Office of**
61 **Economic Opportunity.**

62 (1) As used in this section:

63 (a) "Office" means the Governor's Office of Economic Opportunity created in Section
64 63N-1a-301.

65 (b) "Qualifying claimant" means a claimant, estate, or trust that:

66 (i) is a business entity;

67 (ii) makes a qualifying tariff payment during the taxable year; and

68 (iii) receives a written certification from the office in accordance with Subsection (3).

69 (c) "Qualifying tariff payment" means a tariff payment made by a business entity:

70 (i) for an item of tangible personal property that the business entity:

71 (A) holds for sale in the ordinary course of business; or

72 (B) uses in the provision of the business entity's business activity; and

73 (ii) for which the business entity does not pass the costs to customers.

74 (d) "Tariff payment" means payment for a customs duty imposed under federal law on

75 the importation of tangible personal property.

76 (2) A qualifying claimant may claim a nonrefundable tax credit in the amount listed on the

77 written certification that the office issues to the qualifying claimant under Subsection (3).

78 (3)(a) A claimant, estate, or trust that seeks to claim a tax credit under this section shall

79 apply to the office for a written certification certifying:

80 (i) that the claimant, estate, or trust meets the requirements to receive a tax credit

81 under this section; and

82 (ii) subject to Subsection (4), the amount of the tax credit for which the claimant,

83 estate, or trust qualifies to receive for the taxable year.

84 (b) The office shall:

85 (i) issue to a qualifying claimant a written certification on a form approved by the

86 commission; and

87 (ii) beginning in 2027, by no later than January 31 of each year, submit to the

88 commission an electronic report that includes:

89 (A) the name and identifying information of each qualifying claimant to which the

90 office issued a written certification in the calendar year immediately before the

91 calendar year in which the report is due;

92 (B) for each qualifying claimant described in Subsection (3)(b)(ii)(A), the amount

93 of the tax credit listed on the written certification; and

94 (C) any other information requested by the commission.

95 (4)(a) The amount of the tax credit is equal to the product of:

96 (i) the total amount of qualifying tariff payments made by the qualifying claimant

97 during the taxable year; and

98 (ii) the percentage listed in Subsection 59-10-104(2).

99 (b) The office may authorize a tax credit with respect to a qualifying tariff payment only
100 for the taxable year in which the qualifying claimant makes the qualifying tariff
101 payment.

102 (5) A qualifying claimant that receives a written certification under this section shall retain
103 the written certification for the same time period a person is required to keep books and
104 records under Section 59-1-1406.

105 (6) A qualifying claimant may not carry forward or carry back the amount of a tax credit
106 under this section that exceeds the qualifying claimant's tax liability for the taxable year.

107 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
108 office may make rules establishing:

109 (a) procedures and requirements for applying for and receiving a written certification
110 under this section; and

111 (b) criteria and standards for determining whether a business entity has passed or not
112 passed the costs of a tariff payment to customers, for purposes of certifying a tariff
113 payment as a qualifying tariff payment.

114 Section 3. Section **63N-1a-301** is amended to read:

115 **63N-1a-301 (Effective 05/06/26). Creation of office -- Responsibilities.**

116 (1) There is created the Governor's Office of Economic Opportunity.

117 (2) The office is:

118 (a) responsible for creating and implementing the statewide economic development
119 strategy that:

120 (i) unifies and coordinates economic development efforts in the state;

121 (ii) includes key performance indicators for long-term progress toward the state
122 strategic goals;

123 (iii) establishes reporting and accountability processes for the key performance
124 indicators; and

125 (iv) ensures the success of statewide economic development; and

126 (b) the industrial and business promotion authority of the state.

127 (3) The office shall:

128 (a) consistent with the statewide economic development strategy, coordinate and align
129 into a single effort the activities of the economic opportunity agencies in the field of
130 economic development;

131 (b) provide support and direction to economic opportunity agencies in establishing
132 goals, metrics, and activities that align with the statewide economic development

133 strategy;

134 (c) administer and coordinate state and federal economic development grant programs;

135 (d) promote and encourage the economic, commercial, financial, industrial, agricultural,

136 and civic welfare of the state;

137 (e) develop the statewide economic development strategy consistent with the state water

138 policy described in Section 73-1-21, including the state's commitment to appropriate:

139 (i) conservation;

140 (ii) efficient and optimal use of water resources;

141 (iii) infrastructure development and improvement;

142 (iv) optimal agricultural use;

143 (v) water quality;

144 (vi) reasonable access to recreational activities;

145 (vii) effective wastewater treatment; and

146 (viii) protecting and restoring health ecosystems;

147 (f) at least once every five years, identify which industry or groups of industries shall be

148 targeted for economic development in the state;

149 (g) promote and encourage the employment of workers in the state and the purchase of

150 goods and services produced in the state by local businesses;

151 (h) act to create, develop, attract, and retain business, industry, and commerce in the

152 state:

153 (i) in accordance with the statewide economic development strategy; and

154 (ii) subject to the restrictions in Section 11-41-103;

155 (i) act to enhance the state's economy;

156 (j) analyze the state's projected long-term population and economic growth and plan for

157 the anticipated impacts of the projected growth in a manner that improves quality of

158 life and is consistent with the statewide economic development strategy and state

159 strategic goals;

160 (k) act to assist strategic industries that are likely to drive future economic growth;

161 (l) assist communities in the state in developing economic development capacity and

162 coordination with other communities;

163 (m) develop strategies and plans to ensure comprehensive economic development efforts

164 are targeted to the unique needs of rural areas of the state;

165 (n) identify areas of education and workforce development in the state that can be

166 improved to support economic and business development;

167 (o) develop core strategic priorities for the office, which may include:

168 (i) enhancing statewide access to entrepreneurship opportunities and small business

169 support;

170 (ii) focusing industry recruitment and expansion of targeted industries;

171 (iii) ensuring that in awarding competitive economic development incentives the

172 office accurately measures the benefits and costs of the incentives; and

173 (iv) assisting communities with technical support to aid those communities in

174 improving economic development opportunities;

175 (p) submit an annual written report as described in Section 63N-1a-306; and

176 (q) perform other duties as provided by the Legislature.

177 (4) To perform the office's duties under this title, the office may:

178 (a) enter into a contract or agreement with, or make a grant to, a public or private entity,

179 including a municipality, if the contract or agreement is not in violation of state

180 statute or other applicable law;

181 (b) except as provided in Subsection (4)(c), receive and expend funds from a public or

182 private source for any lawful purpose that is in the state's best interest; and

183 (c) solicit and accept a contribution of money, services, or facilities from a public or

184 private donor, but may not use the contribution for publicizing the exclusive interest

185 of the donor.

186 (5) Money received under Subsection (4)(c) shall be deposited into the General Fund as

187 dedicated credits of the office.

188 (6) The office shall certify a taxpayer's eligibility for a tax credit under Section 59-10-1049.

189 **Section 4. Effective Date.**

190 This bill takes effect on May 6, 2026.

191 **Section 5. Retrospective operation.**

192 The following sections have retrospective operation for a taxable year beginning on or

193 after January 1, 2026:

194 (1) Section 59-10-1002.2 (Effective 05/06/26) (Applies beginning 01/01/26); and

195 (2) Section 59-10-1049 (Effective 05/06/26) (Applies beginning 01/01/26).