

Tariff Payment Tax Credit

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Andrew Stoddard

Senate Sponsor:

LONG TITLE**General Description:**

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

Highlighted Provisions:

This bill:

- defines terms;
- enacts a nonrefundable individual income tax credit for a business entity's payment of tariffs, the costs of which have not been passed to customers, in an amount that corresponds to the total amount of qualifying tariff payments made by the business entity during the taxable year;
- requires a qualifying claimant, before claiming a tax credit, to apply for and receive a written certification from the Governor's Office of Economic Opportunity (office) certifying the qualifying claimant's eligibility for the tax credit and the tax credit amount;
- requires the office to annually report to the State Tax Commission on recipients of a written certification for the tax credit;
- authorizes the office to make rules for administering the certification requirements for the tax credit; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:**AMENDS:**

59-10-1002.2 (Effective 05/06/26) (Applies beginning 01/01/26), as last amended by Laws of Utah 2025, Chapter 407

63N-1a-301 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapter 512

ENACTS:

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

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.

- (b) "Qualifying claimant" means a claimant, estate, or trust that:
- (i) is a business entity;
 - (ii) makes a qualifying tariff payment during the taxable year; and
 - (iii) receives a written certification from the office in accordance with Subsection (3).
- (c) "Qualifying tariff payment" means a tariff payment made by a business entity:
- (i) for an item of tangible personal property that the business entity:
 - (A) holds for sale in the ordinary course of business; or
 - (B) uses in the provision of the business entity's business activity; and
 - (ii) for which the business entity does not pass the costs to customers.
- (d) "Tariff payment" means payment for a customs duty imposed under federal law on the importation of tangible personal property.

(2) A qualifying claimant may claim a nonrefundable tax credit in the amount listed on the written certification that the office issues to the qualifying claimant under Subsection (3).

(3)(a) A claimant, estate, or trust that seeks to claim a tax credit under this section shall apply to the office for a written certification certifying:

- (i) that the claimant, estate, or trust meets the requirements to receive a tax credit under this section; and
- (ii) subject to Subsection (4), the amount of the tax credit for which the claimant, estate, or trust qualifies to receive for the taxable year.

(b) The office shall:

- (i) issue to a qualifying claimant a written certification on a form approved by the commission; and
- (ii) beginning in 2027, by no later than January 31 of each year, submit to the commission an electronic report that includes:
 - (A) the name and identifying information of each qualifying claimant to which the office issued a written certification in the calendar year immediately before the calendar year in which the report is due;
 - (B) for each qualifying claimant described in Subsection (3)(b)(ii)(A), the amount of the tax credit listed on the written certification; and
 - (C) any other information requested by the commission.

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

- (i) the total amount of qualifying tariff payments made by the qualifying claimant during the taxable year; and
- (ii) the percentage listed in Subsection 59-10-104(2).

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

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

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

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

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

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

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

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

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

(2) The office is:

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

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

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

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

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

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

(3) The office shall:

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

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

- strategy;
- (c) administer and coordinate state and federal economic development grant programs;
 - (d) promote and encourage the economic, commercial, financial, industrial, agricultural, and civic welfare of the state;
 - (e) develop the statewide economic development strategy consistent with the state water policy described in Section 73-1-21, including the state's commitment to appropriate:
 - (i) conservation;
 - (ii) efficient and optimal use of water resources;
 - (iii) infrastructure development and improvement;
 - (iv) optimal agricultural use;
 - (v) water quality;
 - (vi) reasonable access to recreational activities;
 - (vii) effective wastewater treatment; and
 - (viii) protecting and restoring health ecosystems;
 - (f) at least once every five years, identify which industry or groups of industries shall be targeted for economic development in the state;
 - (g) promote and encourage the employment of workers in the state and the purchase of goods and services produced in the state by local businesses;
 - (h) act to create, develop, attract, and retain business, industry, and commerce in the state:
 - (i) in accordance with the statewide economic development strategy; and
 - (ii) subject to the restrictions in Section 11-41-103;
 - (i) act to enhance the state's economy;
 - (j) analyze the state's projected long-term population and economic growth and plan for the anticipated impacts of the projected growth in a manner that improves quality of life and is consistent with the statewide economic development strategy and state strategic goals;
 - (k) act to assist strategic industries that are likely to drive future economic growth;
 - (l) assist communities in the state in developing economic development capacity and coordination with other communities;
 - (m) develop strategies and plans to ensure comprehensive economic development efforts are targeted to the unique needs of rural areas of the state;
 - (n) identify areas of education and workforce development in the state that can be 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).