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Utah Rural Jobs Act Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Nelson T. Abbott

Senate Sponsor:

2

LONG TITLE

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General Description:

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This bill amends the Utah Rural Jobs Act tax credit requirements.

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Highlighted Provisions:

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This bill:

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- ▶ authorizes additional nonrefundable income and premiums tax credits related to investments in eligible small businesses located in rural counties;
- ▶ repeals a title provision; and
- ▶ makes technical and conforming changes.

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Money Appropriated in this Bill:

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None

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Other Special Clauses:

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None

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Utah Code Sections Affected:

13

AMENDS:

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31A-3-401, as last amended by Laws of Utah 2002, Chapter 308

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63N-4-302, as last amended by Laws of Utah 2022, Chapter 195

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63N-4-303, as last amended by Laws of Utah 2022, Chapter 195

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63N-4-304, as enacted by Laws of Utah 2017, Chapter 274

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63N-4-305, as last amended by Laws of Utah 2022, Chapter 195

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63N-4-307, as last amended by Laws of Utah 2022, Chapter 195

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63N-4-309, as last amended by Laws of Utah 2022, Chapter 195

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ENACTS:

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59-9-109, Utah Code Annotated 1953

23

REPEALS:

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63N-4-301, as enacted by Laws of Utah 2017, Chapter 274

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

31 Section 1. Section **31A-3-401** is amended to read:

32 **31A-3-401 . Retaliation against insurers of foreign state or country.**

33 [(1) Except as provided in Section 31A-3-402, when, under the laws of another state or
34 foreign country any taxes, licenses, other fees, deposit requirements, or other material
35 obligations, prohibitions, or restrictions are or would be imposed on Utah insurers, or on
36 the agents or representatives of Utah insurers, that are in excess of the taxes, licenses,
37 other fees, deposit requirements, or other obligations, prohibitions, or restrictions
38 directly imposed upon similar insurers, or upon the agents or representatives of those
39 insurers, of that other state or country under the statutes of this state, as long as the laws
40 of that other state or country continue in force or are so applied, the same taxes, licenses,
41 other fees, deposit requirements, or other material obligations, prohibitions, or
42 restrictions of any kind shall be imposed, collected, and enforced by the State Tax
43 Commission, with the assistance of the commissioner, upon the insurers, or upon the
44 agents or representatives of those insurers, of that other state or country doing business
45 or seeking to do business in this state.]

46 (1) Except as provided in Section 31A-3-402, the State Tax Commission, with the
47 assistance of the commissioner, shall impose, collect, and enforce the same taxes,
48 licenses, other fees, deposit requirements, or other material obligations, prohibitions, or
49 restrictions against insurers, or the agents or representatives of the insurer, of another
50 state or country doing business or seeking to do business in this state if:

51 (a) under the laws of the other state or foreign country, the taxes, licenses, other fees,
52 deposit requirements, or other material obligations, prohibitions, or restrictions
53 imposed upon Utah insurers, or on the agent or representatives of Utah insurers,
54 exceed the taxes, licenses, other fees, deposit requirements, or other material
55 obligations, prohibitions, or restrictions Utah imposes directly upon similar insurers,
56 or the agents or representatives of the similar insurers, of the other state or country;
57 and

58 (b) the other state or foreign country enforces the collection of the higher taxes, licenses,
59 other fees, deposit requirements, or other material obligations, prohibitions, or
60 restrictions.

61 (2) Any tax, license, or other obligation imposed by any city, county, or other political
62 subdivision or agency of another state or country on Utah insurers, [their] the Utah
63 insurers' agents, or representatives is considered [as being] imposed by that state or
64 country within the meaning of this section.

65 (3) The commissioner may, by rule the commissioner makes in accordance with Title 63G,
66 Chapter 3, Utah Administrative Rulemaking Act, waive the retaliatory requirements for
67 a person that is:

68 (a) doing business in this state; or
69 (b) seeking to do business in this state.

70 (4) An insurer, or an affiliate as that term is defined in Section 63N-4-302, may claim a tax
71 credit against a tax or assessment imposed under this section in accordance with Section
72 59-9-109.

73 Section 2. Section **59-9-109** is enacted to read:

74 **59-9-109 . Nonrefundable rural jobs premiums tax credit.**

75 (1) As used in this section:

76 (a) "Affiliate" means the same as that term is defined in Section 63N-4-302.
77 (b) "Credit-eligible contribution" means the same as that term is defined in Section
78 63N-4-302.
79 (c) "Department" means the Insurance Department, described in Title 31A, Chapter 2,
80 Part 1, The Insurance Department.
81 (d) "Office" means the Governor's Office of Economic Opportunity created in Section
82 63N-1a-301.
83 (e) "Phase three investment authority" means the same as that term is defined in Section
84 63N-4-302.
85 (f) "Qualified claimant" means an insurer or an affiliate that makes a credit-eligible
86 contribution under phase three investment authority and receives a tax credit
87 certificate from the office in accordance with Title 63N, Chapter 4, Part 3, Utah Rural
88 Jobs Act, for the taxable year.

89 (2) A qualified claimant may claim a nonrefundable tax credit in an amount equal to the
90 amount listed as the tax credit amount on the tax credit certificate against:
91 (a) the tax imposed under this chapter; or
92 (b) a retaliatory tax or retaliatory assessment imposed under Title 31A, Chapter 3, Part 4,
93 Retaliation.

94 (3) A qualified claimant that claims the tax credit against tax under this chapter may carry
95 forward a tax credit under this section for a period that does not exceed the next four
96 taxable years if the amount of the tax credit exceeds the qualified claimant's tax liability
97 under this chapter for that taxable year.

98 (4) The department may not charge an additional tax, fee, assessment, or penalty as a

99 condition for or result of claiming a tax credit in accordance with this section.

100 Section 3. Section **63N-4-302** is amended to read:

101 **63N-4-302 . Definitions.**

102 As used in this part:

103 (1)[(a)] "Affiliate" means a person that directly, or indirectly through one or more
104 intermediaries, controls, is controlled by, or is under common control with another
105 person.

106 [(b) For the purposes of this part, a person controls another person if the person holds,
107 directly or indirectly, the majority voting or ownership interest in the controlled
108 person or has control over the day-to-day operations of the controlled person by
109 contract or by law.]

110 (2) "Claimant" means a resident or nonresident person that has state taxable income.

111 (3) "Closing date" means the date on which a rural investment company collects[:] the
112 investments described in Subsection 63N-4-303(7) related to phase one investment
113 authority, phase two investment authority, or phase three investment authority.

114 [(a) all of the investments described in Subsection 63N-4-303(7) related to phase one
115 investment authority; or]

116 [(b) all of the investments described in Subsection 63N-4-303(7) related to phase two
117 investment authority.]

118 (4) "Control" means another person holds, directly or indirectly, the majority voting or
119 ownership interest in the controlled person or has control over the day-to-day operations
120 of the controlled person by contract or by law.

121 [(4)] (5)[(a)] "Credit-eligible contribution" means an investment of cash[by a claimant in
122 a rural investment company that is or will be eligible for a tax credit as evidenced by
123 notification issued by the office under Subsection 63N-4-303(5)(e).] :

124 [(b) The investment shall purchase an equity interest in the rural investment company or
125 purchase, at par value or premium, a debt instrument issued by the rural investment
126 company that has a maturity date at least five years after the closing date.]

127 (a) by a claimant in a rural investment company;

128 (b) that is, or will be, eligible for a tax credit as evidenced by a notification the office
129 issues in accordance with Subsection 63N-4-303(5)(c); and

130 (c) to purchase an equity interest in the rural investment company or to purchase, at par
131 value or premium, a debt instrument the rural investment company issues that has a
132 maturity date of at least five years after the closing date.

133 [§5] (6) "Eligible small business" means a business that at the time of an initial growth
134 investment in the business by a rural investment company:
135 (a) has fewer than 150 employees;
136 (b) has less than \$10,000,000 in net income for the preceding taxable year;
137 (c) maintains the business's principal business operations in the state; and
138 (d) is engaged in an industry related to:
139 (i) aerospace;
140 (ii) defense;
141 (iii) energy and natural resources;
142 (iv) financial services;
143 (v) life sciences;
144 (vi) outdoor products;
145 (vii) software development;
146 (viii) information technology;
147 (ix) manufacturing; or
148 (x) agribusiness.

149 [§6] (7)(a) "Excess return" means the difference between:

- 150 (i) the present value of all growth investments made by a rural investment company
151 on the day the rural investment company applies to exit the program under Section
152 63N-4-309, including the present value of all distributions and gains from the
153 growth investments; and
- 154 (ii) the sum of the amount of the original growth investment and an amount equal to
155 any projected increase in the equity holder's federal or state tax liability, including
156 penalties and interest, related to the equity holder's ownership, management, or
157 operation of the rural investment company.

158 (b) [If] "Excess return" means zero if the amount calculated in Subsection [§6](a)] (7)(a)
159 is less than zero[, the excess return is equal to zero].

160 [§7] (8) "Federally licensed rural business investment company" means a person licensed as
161 a rural business investment company under 7 U.S.C. Sec. 2009cc.

162 [§8] (9) "Federally licensed small business investment company" means a person licensed
163 as a small business investment company under 15 U.S.C. Sec. 681.

164 [§9] (10)(a) "Full-time employee" means an employee that throughout the year works at
165 least 30 hours per week or meets the customary practices accepted by that industry as
166 full time.

167 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
168 office may make rules that establish additional hour or other criteria to determine
169 what constitutes a full-time employee.

170 [(10)] (11)(a) "Growth investment" means any capital or equity investment in an eligible
171 small business or any loan made from the investment authority to an eligible small
172 business with a stated maturity at least one year after the date of issuance.

173 (b) "Growth investment" does not include, with respect to phase two investment
174 authority or phase three investment authority:

175 (i) a secured loan or a revolving line of credit to an eligible small business, unless the
176 eligible small business sought and was denied similar financing from a
177 commercial bank, as established by an affidavit from the president or chief
178 executive officer of the eligible small business; or
179 (ii) any portion of an investment, including any amount reinvested, in an eligible
180 small business that, when added to existing investments in the eligible small
181 business from all rural investment companies under [phase two] the same phase of
182 investment authority, exceeds \$15,000,000.

183 [(11)] (12)(a) "High wage" means a wage that:

184 (a) is at least 100% of the county average wage[.]; and
185 (b) [In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
186 office may make rules that establish] meets additional criteria to determine what
187 constitutes a high wage the office establishes by rule made in accordance with Title
188 63G, Chapter 3, Utah Administrative Rulemaking Act.

189 [(12)] (13) "Investment authority" means the minimum amount of investment a rural
190 investment company [must] shall make in eligible small businesses [in order] for
191 credit-eligible contributions to the rural investment company to qualify for a rural job
192 creation tax credit under Section 59-7-621 or 59-10-1038.

193 [(13)] (14)(a) "New annual jobs" means the difference between:

194 (i)(A) the monthly average of full-time employees that are paid a high wage at an
195 eligible small business for the preceding calendar year; or
196 (B) if the preceding calendar year contains the initial growth investment, the
197 monthly average of full-time employees that are paid a high wage at an eligible
198 small business for the months including and after the initial growth investment
199 and before the end of the preceding calendar year; and
200 (ii) the number of full-time employees that are paid a high wage at the eligible small

201 business on the date of the initial growth investment.

202 (b) [If] "New annual jobs" means zero if the amount calculated in Subsection [(13)(a)]
203 (14)(a) is less than zero[, the new annual jobs amount is equal to zero].

204 [(14)] (15) "Phase one investment authority" means investment authority the office grants a
205 rural investment company based on an application submitted under Subsection
206 63N-4-303(1)(b)(i).

207 [(15)] (16) "Phase two investment authority" means investment authority the office grants a
208 rural investment company based on an application submitted under Subsection
209 63N-4-303(1)(b)(ii).

210 (17) "Phase three investment authority" means investment authority the office grants a rural
211 investment company based on an application submitted under Subsection
212 63N-4-303(1)(b)(iii).

213 [(16)] (18)(a) "Principal business operations" means the location where at least 60% of a
214 business's employees work or where employees that are paid at least 60% of a
215 business's payroll work.

216 (b) For the purposes of this part, an out-of-state business that agrees to relocate
217 employees to this state to establish the business's principal business operations in this
218 state using the proceeds of a growth investment is considered to have the business's
219 principal business operations in this state if the business satisfies the requirements of
220 Subsection [(16)(a)] (18)(a) within 180 days after receiving the growth investment,
221 unless the office agrees to a later date.

222 [(17)] (19) "Program" means the provisions of this part applicable to a rural investment
223 company.

224 [(18)] (20) "Rural county" means:

225 (a) with respect to phase one investment authority, any county in this state except Salt
226 Lake, Utah, Davis, Weber, Washington, Cache, Tooele, and Summit counties; or
227 (b) with respect to phase two investment authority or phase three investment authority,
228 any county in this state except Salt Lake, Utah, Davis, and Weber counties.

229 [(19)] (21) "Rural investment company" means a person [approved by the office under] the
230 office approves in accordance with Section 63N-4-303.

231 [(20)] (22)(a) "State reimbursement amount" means the difference between:

232 (i) 50% of the rural investment company's credit-eligible capital contributions; and
233 (ii) the product of:
234 (A) the total sum of new annual jobs reported to the office; and

235 (B) \$20,000 with respect to phase one investment authority, or \$15,000 with
236 respect to phase two investment authority or phase three investment authority.

237 (b) [If] "State reimbursement amount" means zero if the amount calculated in Subsection [
238 (20)(a)] (22)(a) is less than zero[, the state reimbursement amount is equal to zero].

239 [(21)] (23) "Tax credit" means a rural job creation tax credit created by Section 59-7-621, [or]
240 59-9-109, or 59-10-1038.

241 [(22)] (24) "Tax credit certificate" means a certificate issued by the office that:

242 (a) lists the name of the person to which the office authorizes a tax credit;
243 (b) lists the person's taxpayer identification number;
244 (c) lists the amount of tax credit that the office authorizes the person to claim for the
245 taxable year; and
246 (d) may include other information as determined by the office.

247 Section 4. Section **63N-4-303** is amended to read:

248 **63N-4-303 . Application, approval, and allocations.**

249 (1)(a) A person seeking approval as a rural investment company shall submit an
250 application to the office.
251 (b)(i) For the investment authority described in Subsection (6)(a)(i), the office shall
252 begin accepting applications on November 1, 2017.
253 (ii) For the investment authority described in Subsection (6)(a)(ii), the office shall
254 begin accepting applications on November 1, 2022.
255 (iii) For the investment authority described in Subsection (6)(a)(iii), the office shall
256 begin accepting applications on November 2, 2026.

257 (2) An application submitted under Subsection (1) shall be in a form and in accordance with
258 procedures [prescribed by] the office requires, and shall include the following:
259 (a) the total investment authority sought by the applicant, which may not exceed
260 \$42,000,000;
261 (b) a copy of the applicant's or [an affiliate of the applicant's] the applicant's affiliate's
262 license as a federally licensed rural business investment company or as a federally
263 licensed small business investment company;
264 (c) evidence that before the date the application is submitted, the applicant or affiliates
265 of the applicant have invested at least \$50,000,000 in nonpublic companies located in
266 counties in the United States with fewer than 50,000 inhabitants;
267 (d) a signed affidavit from each claimant that commits to make a credit-eligible capital
268 contribution to the applicant, stating the amount of that commitment; and

269 (e) the sum of all credit-eligible capital contribution commitments described in
270 Subsection (2)(d), which must equal 58% of the total investment authority sought by
271 the applicant.

272 (3) The office shall:

273 (a) review and evaluate the applications submitted under this section within 30 days of
274 receipt in the order in which the applications are received; and
275 (b) consider applications received on the same day to have been received simultaneously.

276 (4)(a) If, after review and evaluation of an application, the office determines that the
277 application does not meet the requirements of Subsection (2), the office shall:

278 (i) deny the application; or

279 (ii)(A) notify the applicant that the application was inadequate and allow the
280 applicant to provide additional information to the office to complete, clarify, or
281 cure defects [identified by] the office identifies in the application; and
282 (B) inform the applicant that the office shall receive the additional information
283 described in Subsection (4)(a)(ii)(A) [must be received by the office] within
284 five days of the notice in order to be considered.

285 (b) If an applicant submits additional information to the office in accordance with
286 Subsection (4)(a)(ii), the office shall:

287 (i) consider the application to have been received on the date [it was originally
288 received by] the office originally received the application; and
289 (ii) review and evaluate the additional information within 10 days of receiving the
290 additional information.

291 (5) If, after review and evaluation of an application submitted under this section and any
292 additional information [submitted] the applicant submits in accordance with Subsection
293 (4)(a)(ii), the office determines that the application meets the requirements of Subsection
294 (2), the office shall:

295 (a) determine the amount of investment authority to award the applicant in accordance
296 with Subsection (6);

297 (b) provide to the applicant a written notice of approval as a rural investment company
298 specifying the amount of the applicant's investment authority; and

299 (c) notify each claimant whose affidavit was included in the application under
300 Subsection (2) that the claimant qualifies for a tax credit that will be issued in
301 accordance with Section 63N-4-304.

302 (6)(a)(i) For the first application period described in Subsection (1)(b)(i), the office

303 may not approve more than \$42,000,000 in total investment authority and not
304 more than \$24,360,000 in total credit-eligible contributions under this part.

305 (ii) For the second application period described in Subsection (1)(b)(ii), the office
306 may not approve more than \$42,000,000 in total investment authority and not
307 more than \$24,360,000 in total credit-eligible contributions under this part.

308 (iii) For the third application period described in Subsection (1)(b)(iii), the office may
309 not approve more than \$42,000,000 in total investment authority and not more
310 than \$24,360,000 in total credit-eligible contributions under this part.

311 (b) Subject to Subsection (6)(d), if the office approves an application [is approved]
312 under Subsection (5), the office shall approve the amount of investment authority
313 requested on the application.

314 (c)[(i)] During [the first] each application period described in Subsection [(1)(b)(i)] (1),
315 the office may continue to accept applications under this section until the amount
316 of approved investment authority reaches \$42,000,000.

317 [(ii) During the second application period described in Subsection (1)(b)(ii), the
318 office may continue to accept applications under this section until the amount of
319 approved investment authority reaches \$42,000,000.]

320 (d) If the office approves multiple applications received simultaneously under
321 Subsection (3) and the total amount of investment authority requested on [those] the
322 applications exceeds the amount of investment authority remaining, the office shall
323 proportionally reduce the investment authority and credit-eligible capital
324 contributions for each of [these] the applications as necessary to avoid exceeding the
325 amount of investment authority and credit-eligible capital contributions remaining.

326 (7) Within 65 days after the day on which a rural investment company receives approval
327 under Subsection (5)(b), the rural investment company shall:

328 (a) collect the total amount of committed credit-eligible capital contributions from each
329 claimant whose affidavit was included in the application under Subsection (2);

330 (b) collect one or more cash equity investments contributed by affiliates of the rural
331 investment company, including employees, officers, and directors of such affiliates,
332 that equal at least 10% of the rural investment company's investment authority;

333 (c) collect one or more cash investments that, when added to the amounts collected
334 under Subsections (7)(a) and (b), equal the rural investment company's investment
335 authority; and

336 (d) send sufficient documentation to the office to prove that the amounts described in

337 this Subsection (7) have been collected.

338 (8) If the rural investment company fails to fully comply with Subsection (7):

339 (a) the rural investment company's approval shall lapse and the corresponding
340 investment authority and credit-eligible capital contributions shall not count toward
341 the limits on the program size described in Subsection (6);

342 (b) if the office awards lapsed investment authority to a rural investment company, the
343 office shall first award lapsed investment authority pro rata to each rural investment
344 company that was awarded less than the requested investment authority under
345 Subsection (6)(d), which a rural investment company may allocate to the rural
346 investment company's investors at the company's discretion; and

347 (c) the office may award any remaining investment authority to new applicants.

348 Section 5. Section **63N-4-304** is amended to read:

349 **63N-4-304 . Tax credit.**

350 (1) On the closing date, a claimant whose affidavit was included in an approved application
351 submitted under Section 63N-4-303 shall earn a vested tax credit equal to the amount of
352 the claimant's credit-eligible capital contribution to the rural investment company.

353 (2) If the claimant is an insurer, the claimant may choose to assign the tax credit for any
354 taxable year to an affiliate by providing the office, in a form the office approves:

355 (a) a written notice of intent to assign the tax credit to an affiliate; and

356 (b) the years for which the claimant chooses to assign the tax credit.

357 [(2)] (3) In each of the taxable years that includes the fourth through seventh anniversaries
358 of the closing date, the office shall:

359 (a) issue a tax credit certificate to each approved claimant or affiliate, specifying a tax
360 credit amount for the taxable year equal to 25% of the claimant's total credit-eligible
361 capital contribution; and

362 (b) provide a report to the State Tax Commission and the Insurance Department listing
363 each claimant or affiliate that received a tax credit certificate under Subsection [(2)(a)]
364 (3)(a) and the tax credit amount listed on the certificate.

365 [(3)] (4)(a) A claimant or affiliate may not claim a tax credit under this section unless the
366 claimant or affiliate has a tax credit certificate issued by the office.

367 (b) A claimant or affiliate claiming a credit under this section shall retain a tax credit
368 certificate the claimant or affiliate receives from the office for the same time period a
369 person is required to keep books and records under Section 59-1-1406.

370 [(4)] (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

371 office shall make rules describing:

372 (a) the documentation requirements for a business entity to receive a tax credit certificate
373 under this section; and
374 (b) administration of the program, including relevant timelines and deadlines.

375 Section 6. Section **63N-4-305** is amended to read:

376 **63N-4-305 . Revocation of tax credit certificates and exit.**

377 (1) Except as provided in Subsection (2), the office shall revoke a tax credit certificate
378 issued under Section 63N-4-304 if the rural investment company in which the
379 credit-eligible capital contribution was made does any of the following before the rural
380 investment company exits the program in accordance with Section 63N-4-309:
381 (a) fails to invest 100% of the rural investment company's investment authority in
382 growth investments in this state within three years [of] after the closing date;
383 (b) fails to maintain growth investments in this state equal to 100% of the rural
384 investment company's investment authority until the seventh anniversary [of] after the
385 closing date in accordance with this section;
386 (c) makes a distribution or payment that results in the rural investment company having
387 less than 100% of the rural investment company's investment authority invested in
388 growth investments in this state or available for investment in growth investments
389 and held in cash and other marketable securities;
390 (d)(i) with respect to phase one investment authority, fails to maintain growth
391 investments equal to 70% of the rural investment company's investment authority
392 in eligible small businesses that maintain [their] the eligible small businesses'
393 principal business operations in a rural county; or
394 (ii) with respect to phase two investment authority or phase three investment authority,
395 fails to maintain growth investments equal to 100% of the rural investment
396 company's investment authority in eligible small businesses that maintain [their]
397 the eligible small businesses' principal business operations in a rural county;
398 (e) invests more than \$5,000,000 from the investment authority in the same eligible
399 small business, including amounts invested in affiliates of the eligible small business,
400 exclusive of growth investments made with repaid or redeemed growth investments
401 or interest or profits realized on the repaid or redeemed growth investments;
402 (f) makes a growth investment in an eligible small business that directly, or indirectly
403 through an affiliate:
404 (i) owns or has the right to acquire an ownership interest in the rural investment

405 company, an affiliate of the rural investment company, or an investor in the rural
406 investment company; or

407 (ii) makes a loan to or an investment in the rural investment company, an affiliate of
408 the rural investment company, or an investor in the rural investment company; or

409 (g) fails to timely provide a document described in Subsection [63N-4-307(1)(d)]
410 63N-4-307(1)(b)(iv).

411 (2)(a)(i) For the purposes of Subsection (1), an investment is maintained even if the
412 investment is sold or repaid if the rural investment company reinvests an amount
413 equal to the capital returned or recovered by the fund from the original
414 investment, exclusive of any profits realized, in other growth investments in this
415 state within 12 months of the receipt of such capital.

416 (ii) Amounts received periodically by a rural investment company are treated as
417 continually invested in growth investments if the amounts are reinvested in one or
418 more growth investments by the end of the following calendar year.

419 (iii) A rural investment company is not required to reinvest capital returned from
420 growth investments after the sixth anniversary [of] after the closing date and such
421 growth investments are considered as being held continuously by the rural
422 investment company through the seventh anniversary [of] after the closing date.

423 (b)(i) Subsection (1)(g) does not apply to investments in publicly traded securities by
424 an eligible small business or an owner or affiliate of an eligible small business.

425 (ii) Under Subsection (1)(g), a rural investment company is not considered an
426 affiliate of a business concern solely as a result of the rural investment company's
427 growth investment.

428 (c) A growth investment in an eligible small business that is not located in a rural county
429 may count toward the requirements of Subsection (1)(d) if the office determines that
430 the eligible small business is located in an economically disadvantaged rural area as
431 defined by rules made by the office in accordance with Title 63G, Chapter 3, Utah
432 Administrative Rulemaking Act.

433 (3)(a) Before revoking one or more tax credit certificates under this section, the office
434 shall notify the rural investment company of the reasons for the pending revocation.

435 (b) If the rural investment company corrects any violation outlined in the notice to the
436 satisfaction of the office within 90 days after the day on which the office sent the
437 notice[was sent], the office may not revoke the tax credit certificate.

438 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

439 office may make rules that establish criteria to determine what constitutes a
440 correction under Subsection (3)(b).

441 (4) If the office revoked a tax credit [eertificates are revoked] certificate under this section:
442 (a)(i) the rural investment company shall make a cash distribution to the office in an
443 amount equal to the sum of all tax credits awarded to persons that have made
444 credit-eligible contributions to the rural investment company; and
445 (ii) if the rural investment company is able to provide documentation to the office
446 that proves that a tax credit described in Subsection (4)(a)(i) has not been claimed,
447 the amount owed under Subsection (4)(a)(i) shall be reduced by the amount of the
448 unclaimed tax credit;
449 (b) the rural investment company's investment authority and credit-eligible capital
450 contributions will not count toward the limits on the program size described in
451 Subsection 63N-4-303(6);
452 (c) if the office awards lapsed investment authority to a rural investment company, the
453 office shall first award lapsed investment authority pro rata to each rural investment
454 company that was awarded less than the requested investment authority under
455 Subsection 63N-4-303(6)(d), which a rural investment company may allocate to the
456 rural investment company's investors at the rural investment company's discretion;
457 and
458 (d) the office may award any remaining investment authority to new applicants.
459 (5) The office may not revoke a tax credit certificate after a rural investment company has
460 exited the program in accordance with Section 63N-4-309.

461 Section 7. Section **63N-4-307** is amended to read:

462 **63N-4-307 . Reporting obligations -- Authorization to disclose tax information --**

463 **Credit for new annual jobs.**

464 (1)(a) A rural investment company shall submit an annual report to the office on or
465 before the last day of February for each preceding calendar year until the rural
466 investment company exits the program in accordance with Section 63N-4-309.
467 (b) The annual report shall provide documentation [as to] of the rural investment
468 company's growth investments and include:
469 [(a)] (i) a bank statement evidencing each growth investment;
470 [(b)] (ii) the name, location, and industry of each business concern receiving a growth
471 investment, including either the determination letter set forth in Section 63N-4-306
472 or evidence that the business qualified as an eligible small business at the time the

473 investment was made;

474 [e] (iii) the number of new annual jobs at each eligible small business for the
475 preceding calendar year, accompanied by a report from a third-party accounting
476 firm attesting that the number of new annual jobs was calculated in accordance
477 with procedures approved by the office;

478 [d] (iv) unless provided in a previously submitted annual report, for each eligible
479 small business to which the rural investment company provided a growth
480 investment during the preceding calendar year, a document that expressly directs
481 and authorizes the State Tax Commission to disclose to the office the eligible
482 small business's returns and other information that would otherwise be subject to
483 confidentiality under Section 59-1-403; and

484 [e] (v) any other information required by the office.

485 [2] For the annual report due in 2022, each rural investment company shall submit the
486 documents described in Subsection (1)(d) on or before July 1, 2022.]

487 [3] (2)(a) Within 60 days of receipt of an annual report, the office shall provide written
488 confirmation to the rural investment company of the number of new annual jobs the
489 office credited the rural investment company[has been credited] with for the
490 preceding calendar year.

491 (b) When granting credit for one or more new annual jobs at an eligible small business
492 that received or held a growth investment from more than one rural investment
493 company during the preceding calendar year, the office shall allocate credit for each
494 new annual job between the rural investment companies:

495 (i) in proportion to each rural investment company's share of the total growth
496 investments the eligible small business received during the calendar year; or
497 (ii) in accordance with any written agreement between the rural investment
498 companies.

499 [4] (3) By the fifth business day after the third anniversary of the closing date, a rural
500 investment company shall submit a report to the office providing evidence that the rural
501 investment company is in compliance with the investment requirements of Section
502 63N-4-305.

503 [5] (4) [In accordance with rules made by the office, a rural investment company that
504 receives phase one investment authority and phase two investment authority shall submit
505 an annual report under this section that provides separate information related to the
506 phase one investment authority and the phase two investment authority].

507 (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Authority
508 Act, the office shall make rules to establish how a rural investment company that
509 receives investment authority from more than one phase shall submit an annual report
510 that provides separate information about each phase of investment authority.

511 (b) A rural investment company that receives investment authority from more than one
512 phase shall submit an annual report in accordance with the office's rules described in
513 Subsection (4)(a).

514 [(6)] (5)(a) The office shall submit the document described in Subsection [(1)(d)]
515 (1)(b)(iv) to the State Tax Commission.

516 (b) Upon receipt of a document described in Subsection [(1)(d)] (1)(b)(iv), the State Tax
517 Commission shall provide the office with the returns and other information the office
518 requests and that the State Tax Commission is directed and authorized to provide.

519 Section 8. Section **63N-4-309** is amended to read:

520 **63N-4-309 . Exit.**

521 (1)(a) On or after the seventh anniversary of the closing date, and on or before the
522 twelfth anniversary of the closing date, each rural investment company shall apply to
523 the office to exit the program and no longer be subject to this part.

524 (b) A rural investment company that receives phase one investment authority and phase
525 two investment authority investment authority from more than one phase shall
526 separately apply to exit the program [in relation to the phase one investment authority
527 and the phase two investment authority].

528 (2) [An application submitted] A rural investment company shall submit an application
529 under Subsection (1)[shall be] :

530 (a) in a form and in accordance with procedures [prescribed by] the office requires; and[

531 shall include]

532 (b) that includes a calculation of the state reimbursement amount.

533 (3) In evaluating the exit application, if no tax credit certificates have been revoked and the
534 rural investment company has not received a notice of revocation that has remained
535 uncorrected under Subsection 63N-4-305(3)(b), the rural investment company is eligible
536 for exit.

537 (4)(a) The office shall respond to the application within 30 days [of receipt] after the day
538 on which the office receives the application and include confirmation of the state
539 reimbursement amount.

540 (b) The office [shall] may not unreasonably deny an application submitted under this

section.

(c) If the office denies the application, the office shall provide the reasons for the determination to the rural investment company.

(5) If a rural investment company fails to submit an exit application in accordance with Subsection (1), the office shall:

- (a) calculate the state reimbursement amount using the best available information; and
- (b) provide the confirmation described in Subsection (4)(a) within 30 days [of] after the twelfth anniversary of the closing date.

(6) Within 60 days after the day on which the rural investment company receives the confirmation of the state reimbursement amount[is received by the rural investment company], the rural investment company shall make a cash distribution to the state in an amount equal to the lesser of:

- (a) the state reimbursement amount; and
- (b) the excess return.

(7) The office shall notify the rural investment company once the office receives payments equal to the amount described in Subsection (4)[have been received].

(8) [Any] The office shall deposit amounts collected under this section [shall be deposited] into the General Fund.

Section 9. Repealer.

This bill repeals:

Section 63N-4-301, Title.

Section 10. Effective Date.

This bill takes effect on May 6, 2026.