

Nelson T. Abbott proposes the following substitute bill:

Utah Rural Jobs Act Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Nelson T. Abbott

Senate Sponsor: Derrin R. Owens

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 31A-3-401 (Effective 05/06/26)**, as last amended by Laws of Utah 2002, Chapter 308
- 63N-4-302 (Effective 05/06/26)**, as last amended by Laws of Utah 2022, Chapter 195
- 63N-4-303 (Effective 05/06/26)**, as last amended by Laws of Utah 2022, Chapter 195
- 63N-4-304 (Effective 05/06/26)**, as enacted by Laws of Utah 2017, Chapter 274
- 63N-4-305 (Effective 05/06/26)**, as last amended by Laws of Utah 2022, Chapter 195
- 63N-4-307 (Effective 05/06/26)**, as last amended by Laws of Utah 2022, Chapter 195
- 63N-4-309 (Effective 05/06/26)**, as last amended by Laws of Utah 2022, Chapter 195

ENACTS:

59-9-109 (Effective 01/01/27), Utah Code Annotated 1953

REPEALS:

63N-4-301 (Effective 05/06/26), as enacted by Laws of Utah 2017, Chapter 274

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 (Effective 05/06/26). Retaliation against insurers of foreign state or**
 33 **country.**

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

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

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

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

62 (2) Any tax, license, or other obligation imposed by any city, county, or other political
 63 subdivision or agency of another state or country on Utah insurers, [~~their~~] the Utah

64 insurers' agents, or representatives is considered [as being] imposed by that state or
 65 country within the meaning of this section.

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

69 (a) doing business in this state; or

70 (b) seeking to do business in this state.

71 (4) An insurer, or an affiliate as that term is defined in Section 63N-4-302, may claim a tax
 72 credit against a tax or assessment imposed under this section in accordance with Section
 73 59-9-109.

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

75 **59-9-109 (Effective 01/01/27). Nonrefundable rural jobs premiums tax credit.**

76 (1) As used in this section:

77 (a) "Affiliate" means the same as that term is defined in Section 63N-4-302.

78 (b) "Credit-eligible contribution" means the same as that term is defined in Section
 79 63N-4-302.

80 (c) "Department" means the Insurance Department, described in Title 31A, Chapter 2,
 81 Part 1, The Insurance Department.

82 (d) "Office" means the Governor's Office of Economic Opportunity created in Section
 83 63N-1a-301.

84 (e) "Phase three investment authority" means the same as that term is defined in Section
 85 63N-4-302.

86 (f) "Qualified claimant" means an insurer or an affiliate that makes a credit-eligible
 87 contribution under phase three investment authority and receives a tax credit
 88 certificate from the office in accordance with Title 63N, Chapter 4, Part 3, Utah Rural
 89 Jobs Act, for the taxable year.

90 (2) A qualified claimant may claim a nonrefundable tax credit in an amount equal to the
 91 amount listed as the tax credit amount on the tax credit certificate against:

92 (a) the tax imposed under this chapter; or

93 (b) a retaliatory tax or retaliatory assessment imposed under Title 31A, Chapter 3, Part
 94 4, Retaliation.

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

98 under this chapter for that taxable year.

99 (4) The department may not charge an additional tax, fee, assessment, or penalty as a
 100 condition for or result of claiming a tax credit in accordance with this section.

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

102 **63N-4-302 (Effective 05/06/26). Definitions.**

103 As used in this part:

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

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

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

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

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

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

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

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

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

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

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

131 (c) to purchase an equity interest in the rural investment company or to purchase, at par

132 value or premium, a debt instrument the rural investment company issues that has a
 133 maturity date of at least five years after the closing date.

134 [(5)] (6) "Eligible small business" means a business that at the time of an initial growth
 135 investment in the business by a rural investment company:

- 136 (a) has fewer than 150 employees;
- 137 (b) has less than \$10,000,000 in net income for the preceding taxable year;
- 138 (c) maintains the business's principal business operations in the state; and
- 139 (d) is engaged in an industry related to:
 - 140 (i) aerospace;
 - 141 (ii) defense;
 - 142 (iii) energy and natural resources;
 - 143 (iv) financial services;
 - 144 (v) life sciences;
 - 145 (vi) outdoor products;
 - 146 (vii) software development;
 - 147 (viii) information technology;
 - 148 (ix) manufacturing; or
 - 149 (x) agribusiness.

150 [(6)] (7)(a) "Excess return" means the difference between:

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

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

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

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

165 [(9)] (10)(a) "Full-time employee" means an employee that throughout the year works at

166 least 30 hours per week or meets the customary practices accepted by that industry as
 167 full time.

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

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

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

176 (i) a secured loan or a revolving line of credit to an eligible small business, unless the
 177 eligible small business sought and was denied similar financing from a
 178 commercial bank, as established by an affidavit from the president or chief
 179 executive officer of the eligible small business; or

180 (ii) any portion of an investment, including any amount reinvested, in an eligible
 181 small business that, when added to existing investments in the eligible small
 182 business from all rural investment companies under ~~[phase two]~~ the same phase of
 183 investment authority, exceeds \$15,000,000.

184 ~~[(11)]~~ (12)~~[(a)]~~ "High wage" means a wage that:

185 (a) is at least 100% of the county average wage~~[-]~~ ; and

186 (b) ~~[In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the~~
 187 ~~office may make rules that establish]~~ meets additional criteria to determine what
 188 constitutes a high wage the office establishes by rule made in accordance with Title
 189 63G, Chapter 3, Utah Administrative Rulemaking Act.

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

194 ~~[(13)]~~ (14)(a) "New annual jobs" means the difference between:

195 (i)(A) the monthly average of full-time employees that are paid a high wage at an
 196 eligible small business for the preceding calendar year; or

197 (B) if the preceding calendar year contains the initial growth investment, the
 198 monthly average of full-time employees that are paid a high wage at an eligible
 199 small business for the months including and after the initial growth investment

- 200 and before the end of the preceding calendar year; and
- 201 (ii) the number of full-time employees that are paid a high wage at the eligible small
202 business on the date of the initial growth investment.
- 203 (b) ~~[Hf]~~ "New annual jobs" means zero if the amount calculated in Subsection ~~[(13)(a)]~~
204 ~~(14)(a)~~ is less than zero~~[-, the new annual jobs amount is equal to zero]~~.
- 205 ~~[(14)]~~ (15) "Phase one investment authority" means investment authority the office grants a
206 rural investment company based on an application submitted under Subsection
207 63N-4-303(1)(b)(i).
- 208 ~~[(15)]~~ (16) "Phase two investment authority" means investment authority the office grants a
209 rural investment company based on an application submitted under Subsection
210 63N-4-303(1)(b)(ii).
- 211 (17) "Phase three investment authority" means investment authority the office grants a rural
212 investment company based on an application submitted under Subsection
213 63N-4-303(1)(b)(iii).
- 214 ~~[(16)]~~ (18)(a) "Principal business operations" means the location where at least 60% of a
215 business's employees work or where employees that are paid at least 60% of a
216 business's payroll work.
- 217 (b) For the purposes of this part, an out-of-state business that agrees to relocate
218 employees to this state to establish the business's principal business operations in this
219 state using the proceeds of a growth investment is considered to have the business's
220 principal business operations in this state if the business satisfies the requirements of
221 Subsection ~~[(16)(a)]~~ (18)(a) within 180 days after receiving the growth investment,
222 unless the office agrees to a later date.
- 223 ~~[(17)]~~ (19) "Program" means the provisions of this part applicable to a rural investment
224 company.
- 225 ~~[(18)]~~ (20) "Rural county" means:
- 226 (a) with respect to phase one investment authority, any county in this state except Salt
227 Lake, Utah, Davis, Weber, Washington, Cache, Tooele, and Summit counties; or
- 228 (b) with respect to phase two investment authority or phase three investment authority,
229 any county in this state except Salt Lake, Utah, Davis, and Weber counties.
- 230 ~~[(19)]~~ (21) "Rural investment company" means a person ~~[approved by the office under]~~ the
231 office approves in accordance with Section 63N-4-303.
- 232 ~~[(20)]~~ (22)(a) "State reimbursement amount" means the difference between:
- 233 (i) 50% of the rural investment company's credit-eligible capital contributions; and

- 234 (ii) the product of:
- 235 (A) the total sum of new annual jobs reported to the office; and
- 236 (B) \$20,000 with respect to phase one investment authority, or \$15,000 with
- 237 respect to phase two investment authority or phase three investment authority.
- 238 (b) [~~Hf~~] "State reimbursement amount" means zero if the amount calculated in Subsection [
- 239 ~~(20)(a)~~ (22)(a) is less than zero~~[, the state reimbursement amount is equal to zero].~~
- 240 [~~(21)~~ (23)] "Tax credit" means a rural job creation tax credit created by Section 59-7-621, [~~or~~]
- 241 59-9-109, or 59-10-1038.
- 242 [~~(22)~~ (24)] "Tax credit certificate" means a certificate [~~issued by~~]the office issues that:
- 243 (a) lists the name of the person to which the office authorizes a tax credit;
- 244 (b) lists the person's taxpayer identification number;
- 245 (c) lists the amount of tax credit that the office authorizes the person to claim for the
- 246 taxable year; and
- 247 (d) may include other information as determined by the office.
- 248 Section 4. Section **63N-4-303** is amended to read:
- 249 **63N-4-303 (Effective 05/06/26). Application, approval, and allocations.**
- 250 (1)(a) A person seeking approval as a rural investment company shall submit an
- 251 application to the office.
- 252 (b)(i) For the investment authority described in Subsection (6)(a)(i), the office shall
- 253 begin accepting applications on November 1, 2017.
- 254 (ii) For the investment authority described in Subsection (6)(a)(ii), the office shall
- 255 begin accepting applications on November 1, 2022.
- 256 (iii) For the investment authority described in Subsection (6)(a)(iii), the office shall
- 257 begin accepting applications on November 2, 2026.
- 258 (2) An application submitted under Subsection (1) shall be in a form and in accordance with
- 259 procedures [~~prescribed by~~]the office requires, and shall include the following:
- 260 (a) the total investment authority sought by the applicant, which may not exceed
- 261 \$42,000,000;
- 262 (b) a copy of the applicant's or [~~an affiliate of the applicant's~~] the applicant's affiliate's
- 263 license as a federally licensed rural business investment company or as a federally
- 264 licensed small business investment company;
- 265 (c) evidence that before the date the application is submitted, the applicant or affiliates
- 266 of the applicant have invested at least \$50,000,000 in nonpublic companies located in
- 267 counties in the United States with fewer than 50,000 inhabitants;

- 268 (d) a signed affidavit from each claimant that commits to make a credit-eligible capital
269 contribution to the applicant, stating the amount of that commitment; and
- 270 (e) the sum of all credit-eligible capital contribution commitments described in
271 Subsection (2)(d), which must equal 58% of the total investment authority sought by
272 the applicant.
- 273 (3) The office shall:
- 274 (a) review and evaluate the applications submitted under this section within 30 days of
275 receipt in the order in which the applications are received; and
- 276 (b) consider applications received on the same day to have been received simultaneously.
- 277 (4)(a) If, after review and evaluation of an application, the office determines that the
278 application does not meet the requirements of Subsection (2), the office shall:
- 279 (i) deny the application; or
- 280 (ii)(A) notify the applicant that the application was inadequate and allow the
281 applicant to provide additional information to the office to complete, clarify, or
282 cure defects [~~identified by~~]the office identifies in the application; and
- 283 (B) inform the applicant that the office shall receive the additional information
284 described in Subsection (4)(a)(ii)(A) [~~must be received by the office~~]within
285 five days of the notice in order to be considered.
- 286 (b) If an applicant submits additional information to the office in accordance with
287 Subsection (4)(a)(ii), the office shall:
- 288 (i) consider the application to have been received on the date [~~it was originally~~
289 ~~received by~~]the office originally received the application; and
- 290 (ii) review and evaluate the additional information within 10 days of receiving the
291 additional information.
- 292 (5) If, after review and evaluation of an application submitted under this section and any
293 additional information [~~submitted~~] the applicant submits in accordance with Subsection
294 (4)(a)(ii), the office determines that the application meets the requirements of Subsection
295 (2), the office shall:
- 296 (a) determine the amount of investment authority to award the applicant in accordance
297 with Subsection (6);
- 298 (b) provide to the applicant a written notice of approval as a rural investment company
299 specifying the amount of the applicant's investment authority; and
- 300 (c) notify each claimant whose affidavit was included in the application under
301 Subsection (2) that the claimant qualifies for a tax credit that will be issued in

- 302 accordance with Section 63N-4-304.
- 303 (6)(a)(i) For the first application period described in Subsection (1)(b)(i), the office
 304 may not approve more than \$42,000,000 in total investment authority and not
 305 more than \$24,360,000 in total credit-eligible contributions under this part.
- 306 (ii) For the second application period described in Subsection (1)(b)(ii), the office
 307 may not approve more than \$42,000,000 in total investment authority and not
 308 more than \$24,360,000 in total credit-eligible contributions under this part.
- 309 (iii) For the third application period described in Subsection (1)(b)(iii), the office may
 310 not approve more than \$42,000,000 in total investment authority and not more
 311 than \$24,360,000 in total credit-eligible contributions under this part.
- 312 (b) Subject to Subsection (6)(d), if the office approves an application [is approved]
 313 under Subsection (5), the office shall approve the amount of investment authority
 314 requested on the application.
- 315 (c)~~(i)~~ During ~~[the first]~~ each application period described in Subsection ~~[(1)(b)(i)]~~ (1),
 316 the office may continue to accept applications under this section until the amount
 317 of approved investment authority reaches \$42,000,000.
- 318 ~~[(ii) During the second application period described in Subsection (1)(b)(ii), the~~
 319 ~~office may continue to accept applications under this section until the amount of~~
 320 ~~approved investment authority reaches \$42,000,000.]~~
- 321 (d) If the office approves multiple applications received simultaneously under
 322 Subsection (3) and the total amount of investment authority requested on ~~[those]~~ the
 323 applications exceeds the amount of investment authority remaining, the office shall
 324 proportionally reduce the investment authority and credit-eligible capital
 325 contributions for each of ~~[these]~~ the applications as necessary to avoid exceeding the
 326 amount of investment authority and credit-eligible capital contributions remaining.
- 327 (7) Within 65 days after the day on which a rural investment company receives approval
 328 under Subsection (5)(b), the rural investment company shall:
- 329 (a) collect the total amount of committed credit-eligible capital contributions from each
 330 claimant whose affidavit was included in the application under Subsection (2);
- 331 (b) collect one or more cash equity investments contributed by affiliates of the rural
 332 investment company, including employees, officers, and directors of such affiliates,
 333 that equal at least 10% of the rural investment company's investment authority;
- 334 (c) collect one or more cash investments that, when added to the amounts collected
 335 under Subsections (7)(a) and (b), equal the rural investment company's investment

- 336 authority; and
- 337 (d) send sufficient documentation to the office to prove that the amounts described in
- 338 this Subsection (7) have been collected.
- 339 (8) If the rural investment company fails to fully comply with Subsection (7):
- 340 (a) the rural investment company's approval shall lapse and the corresponding
- 341 investment authority and credit-eligible capital contributions shall not count toward
- 342 the limits on the program size described in Subsection (6);
- 343 (b) if the office awards lapsed investment authority to a rural investment company, the
- 344 office shall first award lapsed investment authority pro rata to each rural investment
- 345 company that was awarded less than the requested investment authority under
- 346 Subsection (6)(d), which a rural investment company may allocate to the rural
- 347 investment company's investors at the company's discretion; and
- 348 (c) the office may award any remaining investment authority to new applicants.

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

350 **63N-4-304 (Effective 05/06/26). Tax credit.**

- 351 (1) On the closing date, a claimant whose affidavit was included in an approved application
- 352 submitted under Section 63N-4-303 shall earn a vested tax credit equal to the amount of
- 353 the claimant's credit-eligible capital contribution to the rural investment company.
- 354 (2)(a) If the claimant is an insurer, the claimant may choose to assign the tax credit for
- 355 any taxable year to an affiliate by providing the office, in a form the office approves:
- 356 (i) a written notice of intent to assign the tax credit to an affiliate; and
- 357 (ii) the taxable years for which the claimant chooses to assign the tax credit.
- 358 (b) Upon receipt of a notice of intent to assign the tax credit, if the office has not yet
- 359 issued a tax credit certificate for the taxable year for which the claimant is assigning
- 360 the tax credit, the office may issue a tax credit certificate only to the affiliate.
- 361 [~~2~~] (3) In each of the taxable years that includes the fourth through seventh anniversaries
- 362 of the closing date, the office shall:
- 363 (a) issue a tax credit certificate to each approved claimant or affiliate, specifying a tax
- 364 credit amount for the taxable year equal to 25% of the claimant's total credit-eligible
- 365 capital contribution; and
- 366 (b) provide a report to the State Tax Commission and the Insurance Department listing:
- 367 (i) the name and identifying information for:
- 368 (A) each claimant [that received] to which the office issued a tax credit certificate
- 369 under Subsection [~~2~~](a) (3)(a); and

370 (B) each affiliate to which the office issued a tax credit certificate; and
 371 (ii) [~~and~~] for each claimant, the tax credit amount listed on the tax credit certificate;
 372 and

373 (iii) for each affiliate:

374 (A) if Subsection (2)(b) applies, a statement that the office did not issue a tax
 375 credit certificate to the claimant for the taxable year; or

376 (B) if a tax credit is assigned after the office issues a tax credit certificate to the
 377 claimant, information necessary to identify the claimant to which the office
 378 issued a tax credit certificate that was subsequently assigned to the affiliate.

379 [~~(3)~~] (4)(a) A claimant or affiliate may not claim a tax credit under this section unless the
 380 claimant or affiliate has a tax credit certificate [~~issued by the office~~].

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

384 [~~(4)~~] (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 385 office shall make rules describing:

386 (a) the documentation requirements for a business entity to receive a tax credit certificate
 387 under this section; and

388 (b) administration of the program, including relevant timelines and deadlines.

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

390 **63N-4-305 (Effective 05/06/26). Revocation of tax credit certificates and exit.**

391 (1) Except as provided in Subsection (2), the office shall revoke a tax credit certificate
 392 issued under Section 63N-4-304 if the rural investment company in which the
 393 credit-eligible capital contribution was made does any of the following before the rural
 394 investment company exits the program in accordance with Section 63N-4-309:

395 (a) fails to invest 100% of the rural investment company's investment authority in
 396 growth investments in this state within three years [~~of~~] after the closing date;

397 (b) fails to maintain growth investments in this state equal to 100% of the rural
 398 investment company's investment authority until the seventh anniversary [~~of~~] after the
 399 closing date in accordance with this section;

400 (c) makes a distribution or payment that results in the rural investment company having
 401 less than 100% of the rural investment company's investment authority invested in
 402 growth investments in this state or available for investment in growth investments
 403 and held in cash and other marketable securities;

- 404 (d)(i) with respect to phase one investment authority, fails to maintain growth
 405 investments equal to 70% of the rural investment company's investment authority
 406 in eligible small businesses that maintain [~~their~~] the eligible small businesses'
 407 principal business operations in a rural county; or
- 408 (ii) with respect to phase two investment authority or phase three investment authority,
 409 fails to maintain growth investments equal to 100% of the rural investment
 410 company's investment authority in eligible small businesses that maintain [~~their~~]
 411 the eligible small businesses' principal business operations in a rural county;
- 412 (e) invests more than \$5,000,000 from the investment authority in the same eligible
 413 small business, including amounts invested in affiliates of the eligible small business,
 414 exclusive of growth investments made with repaid or redeemed growth investments
 415 or interest or profits realized on the repaid or redeemed growth investments;
- 416 (f) makes a growth investment in an eligible small business that directly, or indirectly
 417 through an affiliate:
- 418 (i) owns or has the right to acquire an ownership interest in the rural investment
 419 company, an affiliate of the rural investment company, or an investor in the rural
 420 investment company; or
- 421 (ii) makes a loan to or an investment in the rural investment company, an affiliate of
 422 the rural investment company, or an investor in the rural investment company; or
- 423 (g) fails to timely provide a document described in Subsection [~~63N-4-307(1)(d)~~]
 424 63N-4-307(1)(b)(iv).
- 425 (2)(a)(i) For the purposes of Subsection (1), an investment is maintained even if the
 426 investment is sold or repaid if the rural investment company reinvests an amount
 427 equal to the capital returned or recovered by the fund from the original
 428 investment, exclusive of any profits realized, in other growth investments in this
 429 state within 12 months of the receipt of such capital.
- 430 (ii) Amounts received periodically by a rural investment company are treated as
 431 continually invested in growth investments if the amounts are reinvested in one or
 432 more growth investments by the end of the following calendar year.
- 433 (iii) A rural investment company is not required to reinvest capital returned from
 434 growth investments after the sixth anniversary [~~of~~] after the closing date and such
 435 growth investments are considered as being held continuously by the rural
 436 investment company through the seventh anniversary [~~of~~] after the closing date.
- 437 (b)(i) Subsection (1)(g) does not apply to investments in publicly traded securities by

- 438 an eligible small business or an owner or affiliate of an eligible small business.
- 439 (ii) Under Subsection (1)(g), a rural investment company is not considered an
440 affiliate of a business concern solely as a result of the rural investment company's
441 growth investment.
- 442 (c) A growth investment in an eligible small business that is not located in a rural county
443 may count toward the requirements of Subsection (1)(d) if the office determines that
444 the eligible small business is located in an economically disadvantaged rural area as
445 defined by rules made by the office in accordance with Title 63G, Chapter 3, Utah
446 Administrative Rulemaking Act.
- 447 (3)(a) Before revoking one or more tax credit certificates under this section, the office
448 shall notify the rural investment company of the reasons for the pending revocation.
- 449 (b) If the rural investment company corrects any violation outlined in the notice to the
450 satisfaction of the office within 90 days after the day on which the office sent the
451 notice~~[-was sent]~~, the office may not revoke the tax credit certificate.
- 452 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
453 office may make rules that establish criteria to determine what constitutes a
454 correction under Subsection (3)(b).
- 455 (4) If the office revoked a tax credit ~~[certificates are revoked]~~ certificate under this section:
- 456 (a)(i) the rural investment company shall make a cash distribution to the office in an
457 amount equal to the sum of all tax credits awarded to persons that have made
458 credit-eligible contributions to the rural investment company; and
- 459 (ii) if the rural investment company is able to provide documentation to the office
460 that proves that a tax credit described in Subsection (4)(a)(i) has not been claimed,
461 the amount owed under Subsection (4)(a)(i) shall be reduced by the amount of the
462 unclaimed tax credit;
- 463 (b) the rural investment company's investment authority and credit-eligible capital
464 contributions will not count toward the limits on the program size described in
465 Subsection 63N-4-303(6);
- 466 (c) if the office awards lapsed investment authority to a rural investment company, the
467 office shall first award lapsed investment authority pro rata to each rural investment
468 company that was awarded less than the requested investment authority under
469 Subsection 63N-4-303(6)(d), which a rural investment company may allocate to the
470 rural investment company's investors at the rural investment company's discretion;
471 and

- 472 (d) the office may award any remaining investment authority to new applicants.
 473 (5) The office may not revoke a tax credit certificate after a rural investment company has
 474 exited the program in accordance with Section 63N-4-309.

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

476 **63N-4-307 (Effective 05/06/26). Reporting obligations -- Authorization to**
 477 **disclose tax information -- Credit for new annual jobs.**

- 478 (1)(a) A rural investment company shall submit an annual report to the office on or
 479 before the last day of February for each preceding calendar year until the rural
 480 investment company exits the program in accordance with Section 63N-4-309.
 481 (b) The annual report shall provide documentation [~~as to~~] of the rural investment
 482 company's growth investments and include:
 483 [(a)] (i) a bank statement evidencing each growth investment;
 484 [(b)] (ii) the name, location, and industry of each business concern receiving a growth
 485 investment, including either the determination letter set forth in Section 63N-4-306
 486 or evidence that the business qualified as an eligible small business at the time the
 487 investment was made;
 488 [(c)] (iii) the number of new annual jobs at each eligible small business for the
 489 preceding calendar year, accompanied by a report from a third-party accounting
 490 firm attesting that the number of new annual jobs was calculated in accordance
 491 with procedures approved by the office;
 492 [(d)] (iv) unless provided in a previously submitted annual report, for each eligible
 493 small business to which the rural investment company provided a growth
 494 investment during the preceding calendar year, a document that expressly directs
 495 and authorizes the State Tax Commission to disclose to the office the eligible
 496 small business's returns and other information that would otherwise be subject to
 497 confidentiality under Section 59-1-403; and
 498 [(e)] (v) any other information required by the office.

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

501 [(3)] (2)(a) Within 60 days of receipt of an annual report, the office shall provide written
 502 confirmation to the rural investment company of the number of new annual jobs the
 503 office credited the rural investment company [~~has been credited~~] with for the
 504 preceding calendar year.

505 (b) When granting credit for one or more new annual jobs at an eligible small business

506 that received or held a growth investment from more than one rural investment
 507 company during the preceding calendar year, the office shall allocate credit for each
 508 new annual job between the rural investment companies:

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

513 ~~[(4)]~~ (3) By the fifth business day after the third anniversary of the closing date, a rural
 514 investment company shall submit a report to the office providing evidence that the rural
 515 investment company is in compliance with the investment requirements of Section
 516 63N-4-305.

517 ~~[(5)]~~ (4) ~~[In accordance with rules made by the office, a rural investment company that~~
 518 ~~receives phase one investment authority and phase two investment authority shall submit~~
 519 ~~an annual report under this section that provides separate information related to the~~
 520 ~~phase one investment authority and the phase two investment authority].~~

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

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

528 ~~[(6)]~~ (5)(a) The office shall submit the document described in Subsection ~~[(1)(d)]~~
 529 (1)(b)(iv) to the State Tax Commission.

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

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

534 **63N-4-309 (Effective 05/06/26). Exit.**

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

538 (b) A rural investment company that receives ~~[phase one investment authority and phase~~
 539 ~~two investment authority]~~ investment authority from more than one phase shall

540 separately apply to exit the program~~[in relation to the phase one investment authority~~
 541 ~~and the phase two investment authority]~~.

542 (2) ~~[An application submitted]~~ A rural investment company shall submit an application
 543 under Subsection (1)~~[-shall be -]~~ :

544 (a) in a form and in accordance with procedures ~~[prescribed by]~~ the office requires; and~~[~~
 545 ~~shall include]~~

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

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

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

554 (b) The office ~~[shall]~~ may not unreasonably deny an application submitted under this
 555 section.

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

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

560 (a) calculate the state reimbursement amount using the best available information; and

561 (b) provide the confirmation described in Subsection (4)(a) within 30 days ~~[of]~~ after the
 562 twelfth anniversary of the closing date.

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

567 (a) the state reimbursement amount; and

568 (b) the excess return.

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

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

573 Section 9. **Repealer.**

574 This bill repeals:
575 Section **63N-4-301, Title.**
576 Section 10. **Effective Date.**
577 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.
578 (2) The actions affecting Section 59-9-109 (Effective 01/01/27) take effect for a taxable
579 year beginning on or after January 1, 2027.