



Utah Tax Credits Summary

Revenue and Taxation Interim Committee | August 27, 2024

Individual and Corporate Income Tax Credits by Category

Credits are grouped into one of the following categories:

- (1) Business Incentives
 - a. Business Development and Establishment
 - b. Infrastructure and Investment
 - c. Energy Development and Production
 - d. Motion Picture Incentives
- (2) Charitable Aid
- (3) Incentive of Specific Behavior
- (4) Ease of Administration
- (5) Taxpayer Tax Credit

Note that credits within Title 59, Chapter 7 are credits claimed on a corporate income tax return and credits within Title 59, Chapter 10 are credits claimed on an individual income tax.

Terms

Income Tax Credit

- An amount subtracted from tax liability
- A \$500 credit means that you have **\$500 less due in tax liability**
- Tax credits have largely replaced deductions and exemptions due to ease of administration

Refundable

- A reduction of tax liability below zero, resulting in a payment or refund to the taxpayer

Nonrefundable

- A reduction of tax liability and can reduce tax liability to zero if the credit is large enough.

Carryforward

- If a nonrefundable credit reduces tax liability to zero but the full amount of the credit was not used, then the remaining unused amount may be claimed in a future tax year
- The number of years the unused portion of the credit may be carried forward varies by credit.

Acronyms

- ITF = Income Tax Fund
- GF = General Fund
- TF = Transportation Fund
- GOEO = Governor's Office of Economic Opportunity
- UHC = Utah Housing Corporation
- OED = Office of Energy Development
- FAGI = Federal Adjusted Gross Income

Reference #	Credit Code Section and Description (Effective date if recently enacted; notes) (Note: Click to view the code section.)	Brief Description of Credit Calculation [tax return cap] (notes)	Credit Notes: Refundable?; Carry back; Carry forward; Impacted fund; Credit cap	2018	2019	2020	2021	2022
				Business Incentives (broken into four subcategories)				
Business Incentives - Business Development and Establishment								
1	59-7-612 Tax credit for research activities conducted in the state	% of qualified research expenses	No; CB0; CF14; ITF; None	281	308	322	377	396
2	59-10-1012 Tax credit for research activities conducted in the state	% of qualified research expenses	No; CB0; CF14; ITF; None	\$64,295,888	\$63,265,772	\$74,881,111	\$92,817,952	121,797,224
3	59-7-614.2 Economic development tax credit (EDTIF)	Determined by GOEO based on new state revenue / other factors	Yes; CB0; CF0; ITF; None	22	19	20	26	27
4	59-10-1107 Economic development tax credit (EDTIF)	Determined by GOEO based on new state revenue / other factors	Yes; CB0; CF0; ITF; None	\$18,590,591	\$10,585,878	\$14,632,388	\$23,074,633	\$27,974,525
5	59-7-614.10 Enterprise zone tax credit (No new enterprise zones designated on or after 01/01/2021)	Determined by GOEO based on jobs created / investment	No; CB0; CF3; ITF; None	35	20	24	29	31
6	59-10-1037 Enterprise zone tax credit (No new enterprise zones designated on or after 01/01/2021)	Determined by GOEO based on jobs created / investment	No; CB0; CF3; ITF; None	\$489,494	\$245,213	\$384,595	\$414,066	\$539,676
7	59-10-1022 Tax credit for capital gains used to purchase qualifying stock in a Utah small business	4.55% of a qualifying capital gain transaction	No; CB0; CF0; ITF; None	1,607	1,424	1,281	1,237	1,084
8	59-10-1025 Investment in a life science establishment	35% of investment taken over three years [\$350k per year]	No; CB0; CF0; ITF; None	\$18,376,481	\$17,791,112	\$14,498,206	\$12,673,757	\$11,352,905
9	59-7-624 Targeted business tax credit for community investment project	Determined by GOEO [\$100k per year]	Yes; CB0; CF0; ITF; \$300,000	171	187	202	201	290
10	59-10-1112 Targeted business tax credit for community investment project	Determined by GOEO [\$100k per year]	Yes; CB0; CF0; ITF; \$300,000	<10	<10	<10	15	<10
11	59-7-621 Rural jobs creation tax credit	Amount of eligible capital contribution to rural investment company taken over four	No; CB0; CF7 (phase 1)/CF4	\$6,000	\$90,000	\$8,000	\$219,396	\$2,000
12	59-10-1038 Rural job creation tax credit	Amount of eligible capital contribution to rural investment company taken over four	No; CB0; CF7 (phase 1)/CF4	<10	<10	<10	<10	<10
13	59-10-1045 Credit for taxes paid by pass-through entity (Effective 2022; Available through TY 2025)	Amount of tax on income attributed to a pass-through entity taxpayer that is paid by the pass-through entity	No; CB0; CF5; ITF; None	0	0	0	<10	<10
Subtotal				\$142,854,999	\$142,064,857	\$159,960,263	\$197,543,498	\$717,536,838

Business Incentives - Infrastructure / Investment

14	59-7-601 Interest income from state and federal securities	1% of gross interest income	No; CB3; CF5; ITF; None	49	58	54	53	65
				\$2,767,766	\$1,352,111	\$1,748,827	\$1,760,991	\$1,984,373
15	59-7-607 Low-income housing tax credit (LIHTC)	Determined by UHC [100% federal low-income housing credit]	No; CB3; CF5; ITF; None	<10	<10	<10	<10	<10
				\$1,250,000	\$700,000	\$3,750,000	\$2,750,000	\$4,007,457
16	59-10-1010 Low-income housing tax credit (LIHTC)	Determined by UHC [100% federal low-income housing credit]	No; CB3; CF5; ITF; None	67	77	86	68	81
				\$145,259	\$162,193	\$259,575	\$134,371	\$190,341
17	59-7-609 Historic preservation tax credit	20% of costs	No?; CBO; CF5; ITF; None	0	<10	<10	<10	<10
				\$0	\$80,000	\$90,000	\$2,000,000	\$200,000
18	59-10-1006 Historic preservation tax credit	20% of costs	No; CBO; CF5; ITF; None	195	217	208	223	211
				\$2,733,481	\$3,794,022	\$4,577,805	\$3,838,745	\$3,015,522
19	59-7-610 Recycling market development zones tax credit	4.55% of mach/equip costs; 20% of other expenses up to \$2,000	No; CBO; CF3; ITF; None	<10	<10	<10	<10	<10
				\$300,000	\$700,000	\$150,000	\$3,250,000	\$1,500,000
20	59-10-1007 Recycling market development zones tax credit	4.55% of mach/equip costs; 20% of other expenses up to \$2,000	No; CBO; CF3; ITF; None	70	16	<10	<10	<10
				\$155,564	\$29,871	\$20,000	\$30,000	\$45,000
21	59-7-619 High cost infrastructure development tax credit	Determined by OED based on development costs / other factors	No; CBO; CF7; ITF; None	0	0	0	0	<10
				\$0	\$0	\$0	\$0	\$4,000,000
22	59-10-1034 High cost infrastructure development tax credit	Determined by OED based on development costs / other factors	No; CBO; CF7; ITF; None	<10	<10	<10	<10	0
				\$20,000	\$15,000	\$45,000	\$2,000	\$0
Subtotal				\$7,372,070	\$6,833,197	\$10,641,207	\$13,766,107	\$14,942,693

Business Incentives - Energy Development and Production

23	59-7-614 <u>Residential</u> renewable energy system tax credit	25% of cost [\$2,000 per unit] (solar panel credit phased out by 2024)	No; CBO; CF4; ITF; None	0	<10	<10	<10	0
				\$0	\$9,000	\$2,000	\$4,000	\$0
24	59-10-1014 <u>Residential</u> renewable energy system tax credit	25% of cost [\$2,000 per unit] (solar panel credit phased out by 2024)	No; CBO; CF4; ITF; None	2,915	4,331	5,900	4,985	5,853
				\$4,422,455	\$7,009,588	\$9,321,989	\$7,803,204	\$6,952,400
25	59-7-614 <u>Commercial</u> renewable energy system tax credit (Production Tax Credit)	10% of cost [\$50,000 per unit]; \$0.0035 per kwh used/sold [48 months]	Yes; CBO; CF0; ITF; None	13	20	25	15	11
				\$5,418,066	\$5,424,999	\$7,575,452	\$7,583,242	\$4,065,199
26	59-10-1106 <u>Commercial</u> renewable energy system tax credit (Production Tax Credit)	10% of cost [\$50,000 per unit]; \$0.0035 per kwh used/sold [48 months]	Yes; CBO; CF0; ITF; None	278	518	504	593	691
				\$989,244	\$1,606,868	\$2,151,460	\$1,869,868	\$1,147,335
27	59-7-614.7 Alternative energy development tax credit (AEDI)	Determined by OED based on new state revenue / other factors	No; CBO; CF7; ITF; None	0	0	0	0	0
				\$0	\$0	\$0	\$0	\$0
28	59-10-1029 Alternative energy development tax credit (AEDI)	Determined by OED based on new state revenue / other factors	No; CBO; CF7; ITF; None	0	0	0	0	<10
				\$0	\$0	\$0	\$0	\$15,000
29	59-10-1024 Purchase of solar energy units	25% of purchase [\$2,000]	No; CBO; CF4; ITF; None	2,272	<10	<10	<10	<10
				\$3,728,655	\$3,000	\$1,000	\$4,000	\$150,000
30	59-7-626 Nonrenewable hydrogen production system (Effective 2022)	0.12 per kg per year up to 5,600 metric tons [48 months]	Yes; CBO; CF0; ITF; None	--	--	--	--	0
				--	--	--	--	\$0
31	59-10-1113 Nonrenewable hydrogen production system (Effective 2022)	0.12 per kg per year up to 5,600 metric tons [48 months]	Yes; CBO; CF0; ITF; None	--	--	--	--	<10
				--	--	--	--	\$10,000
Subtotal				\$14,558,420	\$14,053,455	\$19,051,901	\$17,264,314	\$12,339,934

Business Incentives - Motion Picture Incentives

32	59-7-614.5 Production costs of state-approved motion picture production	Determined by GOEO based on \$ left in state / new state revenue	Yes; CBO; CF0; ITF; \$6,793,700	<10	<10	<10	<10	<10
				\$5,500,000	\$6,500,000	\$1,000	\$2,250,000	\$13,250,000
33	59-10-1108 Production costs of state-approved motion picture production	Determined by GOEO based on \$ left in state / new state revenue	Yes; CBO; CF0; ITF; \$6,793,700	17	21	16	16	22
				\$780,117	\$496,423	\$55,372	\$89,068	\$826,154
Subtotal				\$6,280,117	\$6,996,423	\$56,372	\$2,339,068	\$14,076,154

Business Incentives credit total				\$171,065,606	\$169,947,932	\$189,709,743	\$230,912,987	\$758,895,619
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Charitable (Aid for vulnerable population, offset cost of hardship or tragedy, etc.)								
34	59-10-1035 Contribution to state Achieving a Better Life Experience Program account	4.55% of contribution	No; CB0; CF0; ITF; None	52	59	72	103	121
				\$46,578	\$24,813	\$87,005	\$271,557	\$219,676
35	59-10-1032 Employment of person who is homeless	Determined by DWS [\$2,000]	No; CB0; CF5; ITF; \$100,000	19	19	36	21	27
				\$13,807	\$17,726	\$30,365	\$17,489	\$23,625
36	59-10-1004 Contributions to a nonprofit rehabilitation facility for persons with a disability	50% of contribution [\$200]	No; CB0; CF0; ITF; None	106	105	107	73	87
				\$15,052	\$15,243	\$16,956	\$11,640	\$13,284
37	59-10-1015 Live organ donation expenses	Total amount of expenses [\$10k]	No; CB0; CF5; ITF; None	49	82	65	57	55
				\$74,563	\$180,782	\$172,615	\$147,044	\$169,784
38	59-10-1019 Retirement income tax credit for an individual born before 1953	\$450; (phaseout)	No; CB0; CF0; ITF; None	87,078	83,805	85,453	55,482	49,875
				\$44,364,635	\$42,626,416	\$43,875,409	\$30,813,208	\$28,017,717
39	59-10-1027 Tax liability of an individual who dies in military service in a combat zone	Amount of decedent's tax liability	No; CB0; CF0; ITF; None	--	--	--	--	--
				--	--	--	--	--
40	59-10-1031 Employment of recently deployed veteran	\$200 [\$2,400] or \$400 [\$4,800] per month of employment	No; CB0; CF5; ITF; None	15	<10	13	<10	<10
				\$25,485	\$2,000	\$26,142	\$1,000	\$6,000
41	59-10-1036 Military survivor benefits for surviving spouse or dependent child	4.55% of survivor benefits	No; CB0; CF0; ITF; None	78	78	97	109	111
				\$216,136	\$233,173	\$474,406	\$402,185	\$625,441
42	59-10-1111 Psychiatrists/mental health practitioner tax credit	\$10,000 per year for up to 10 years	Yes; CB0; CF0; ITF; None	39	73	135	176	247
				\$368,963	\$740,013	\$1,323,418	\$1,825,116	\$2,590,034
43	59-10-1042 Social security benefits tax credit	4.55% of social security benefit included in FAGI with phaseout	No; CB0; CF0; ITF; None	--	--	--	68,666	91,850
				--	--	--	\$27,422,512	\$48,115,680
44	59-10-1043 Military retirement tax credit	4.55% of military retirement pay included in FAGI	No; CB0; CF0; ITF; None	--	--	--	10,141	12,014
				--	--	--	\$16,439,742	\$21,515,417
45	59-10-1044 Earned Income Tax Credit (EITC) (Effective 2022)	20% of federal EITC	No; CB0; CF0; ITF; None	--	--	--	--	149,356
				--	--	--	--	\$51,511,103
46	59-10-1114 Refundable adoption expense tax credit (Effective 2023)	Amount of qualifying adoption expenses [\$3,500]	Yes; CB0; CF0; ITF; None	--	--	--	--	--
				--	--	--	--	--
47	59-10-1046 Nonrefundable adoption expense tax credit (Effective 2023)	Amount of qualifying adoption expenses [\$3,500]	No; CB0; CF3; ITF; None	--	--	--	--	--
				--	--	--	--	--
48	59-10-1047 Nonrefundable child tax credit (Effective 2024)	\$1,000 for each qualifying child	No; CB0; CF0; ITF; None	--	--	--	--	--
				--	--	--	--	--
Charitable credits total				\$45,125,219	\$43,840,166	\$46,006,316	\$77,351,493	\$152,807,761

Incentive for Specific Behavior (at-home parent, clean vehicle, health benefit plan, education)								
49	59-7-618.1 Purchase of alternative fuel heavy duty vehicle (Reenacted 2021)	\$1,500 to \$15,000 per vehicle (2021-2030 purchases)	No; CB0; CF5; ITF; \$500,000	<10 350,000	<10 80,000	0 0	0 0	0 0
50	59-10-1033.1 Purchase of alternate fuel heavy duty vehicle (Reenacted 2021)	\$1,500 to \$15,000 per vehicle (2021-2030 purchases)	No; CB0; CF5; ITF; \$500,000	13 \$66,080	<10 \$4,000	<10 \$25,000	12 \$141,909	<10 \$15,000
51	59-10-1005 Full-time at-home parent	\$100 per qualifying child	No; CB0; CF0; GF; None	3,204 \$324,200	2,891 \$294,800	2,820 \$285,505	2,790 \$282,501	2,196 \$223,300
52	59-10-1017 Contributions to a Utah Educational Savings Plan	4.55% of contribution [\$1,900 or \$3,800]	No; CB0; CF0; ITF; None	19,196 \$3,309,174	20,219 \$3,699,781	20,782 \$3,966,238	22,032 \$4,922,377	21,463 \$4,520,137
53	59-10-1023 Cost of health benefit plan	4.55% of specified health benefit plan costs; [\$300, \$600, or \$900 per year,	No; CB0; CF0; ITF; None	9,622 \$1,639,703	11,625 \$1,963,503	17,696 \$2,781,379	19,186 \$3,070,328	20,979 \$3,599,055
54	59-7-625 Donations to Special Needs Opportunity Scholarship Program (Effective 2021)	Amount of donation	No; CB1; CF3; ITF; \$5,940,000 (for 2021)†	-- --	-- --	-- --	<10 200,000	0 0
55	59-10-1041 Donations to Special Needs Opportunity Scholarship Program (Effective 2021)	Amount of donation	No; CB1; CF3; ITF; \$5,940,000 (for 2021)†	-- --	-- --	-- --	134 \$2,551,519	91 \$3,715,603
Incentives for Specific Behavior credit total				\$5,689,157	\$6,042,084	\$7,058,122	\$11,168,634	\$12,073,095
Ease of Administration (sales tax refund, gas tax refund, would be deduction)								
56	59-7-614.1 Purchase of hand tool costing over \$250 to be used in farming operations	Amount of sales tax paid on tool	Yes; CB0; CF0; GF; None	<10 \$1,000	<10 \$1,000	<10 \$1,000	<10 \$1,000	<10 \$1,000
57	59-10-1105 Purchase of hand tool costing over \$250 to be used in farming operations	Amount of sales tax paid on tool	Yes; CB0; CF0; GF; None	41 \$4,726	35 \$4,180	42 \$7,245	47 \$9,092	43 \$12,438
58	59-10-1028 Capital gains gold and silver coin sales	4.55% of taxable capital gain	No; CB0; CF0; ITF; None	42 \$58,950	53 \$90,556	87 \$297,166	60 \$82,226	62 \$173,992
59	59-13-202 Gas tax on gas used for nonhighway agricultural uses (corporate and individual)	Amount of tax paid on gas	Yes; CB0; CF0; TF; None	511 \$169,059	496 \$139,449	424 \$126,117	363 \$106,523	341 \$131,133
60	59-7-623 Guaranty association assessment tax credit (Effective 2019)	20% of assessment for 5 years	No; CB0; CF1; ITF; None	-- --	0 \$0	\$0 \$0	<10 \$100,000	\$0 \$0
Ease of Administration credit total				\$233,735	\$235,185	\$431,528	\$298,841	\$318,563
Taxpayer Credit								
61	59-10-1018 Taxpayer credit based on federal deductions and state personal exemptions	6% X (deductions + exemptions) - phaseout	No; CB0; CF0; ITF; None	1,233,548 \$1,195,780,896	1,282,515 \$1,255,035,579	1,308,331 \$1,420,863,697	1,293,963 \$1,483,563,449	1,330,561 \$1,486,567,743
TOTAL FOR ALL CREDITS				\$1,417,894,613	\$1,475,100,946	\$1,664,069,406	\$1,803,295,404	\$2,410,662,781