

429 (ii) the Utah fund of funds.

430 (3) The corporation shall pay the costs associated with the annual audit.

431 (4) The annual audit report shall:

432 (a) be delivered to:

433 (i) the corporation; and

434 (ii) the board;

435 (b) include a valuation of the assets owned by the Utah fund of funds as of the end of
436 the reporting year;

437 (c) include an opinion regarding the accuracy of the information provided in the annual
438 report described in Subsection ~~[63M-1-1206]~~ 63M-1-1207(6); ~~[and]~~

439 (d) include an opinion regarding the accuracy of the information that supports the
440 economic development impact in the state of the Utah fund of funds as described in

440a ~~H~~ → ~~[Sections]~~ Subsections ← ~~H~~

441 63M-1-1206(3)(b)(ii) and 63M-1-1218(3); and

442 ~~[(d)]~~ (e) be completed on or before September 1 for the previous calendar year so that
443 it may be included in the annual report described in ~~[Section 63M-1-1206]~~ Subsection
444 63M-1-1207(6).

445 Section 8. Section **63M-1-1218** is amended to read:

446 **63M-1-1218. Certificates and contingent tax credits.**

447 (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
448 board, in consultation with the State Tax Commission, shall make rules governing the
449 application for, form, issuance, transfer, and redemption of certificates.

450 (2) The board's issuance of certificates and related contingent tax credits to designated
451 investors is subject to the following:

452 (a) the aggregate outstanding certificates may not exceed a total of:

453 (i) ~~[\$150,000,000]~~ \$120,000,000 of contingent tax credits used as collateral or a
454 guarantee on loans for the debt-based financing of investments in the Utah fund of funds,
455 including a loan refinanced using debt- or equity-based financing as described in Subsection
456 (2)(e); and

457 (ii) ~~[\$75,000,000]~~ \$100,000,000 used as a guarantee on equity investments in the Utah
458 fund of funds;

459 ~~[(b) the board shall issue a certificate contemporaneously with an investment in the~~

491 ~~[(3)]~~ (4) In determining the maximum limits in Subsections (2)(a)(i) and (ii) and the
492 \$20,000,000 limitation for each \$100,000,000 increment of contingent tax credits in Subsection

493 (2) ~~H→~~ ~~[(c)]~~ (b) ~~←H~~ :

494 (a) the board shall use the cumulative amount of scheduled aggregate returns on
495 certificates issued by the board to designated investors;

496 (b) certificates and related contingent tax credits that have expired may not be
497 included; and

498 (c) certificates and related contingent tax credits that have been redeemed shall be
499 included only to the extent of tax credits actually allowed.

500 ~~[(4)]~~ (5) Contingent tax credits are subject to the following:

501 (a) a contingent tax credit may not be redeemed except by a designated investor in
502 accordance with the terms of a certificate from the board;

503 (b) a contingent tax credit may not be redeemed prior to the time the Utah fund of
504 funds receives full payment from the designated investor for the certificate as established in the
505 agreement with the fund;

506 (c) a contingent tax credit shall be claimed for a tax year that begins during the
507 calendar year maturity date stated on the certificate;

508 (d) an investor who redeems a certificate and the related contingent tax credit shall
509 allocate the amount of the contingent tax credit to the taxpayers of the investor based on the
510 taxpayer's pro rata share of the investor's earnings; and

511 (e) a contingent tax credit shall be claimed as a refundable credit.

512 ~~[(5)]~~ (6) In calculating the amount of a contingent tax credit:

513 (a) the board shall certify a contingent tax credit only if the actual return, or payment of
514 principal and interest for a loan initiated before July 1, 2014, including a loan refinanced on or
515 after July 1, 2014, that was originated before July 1, 2014, to the designated investor is less
516 than that targeted at the issuance of the certificate;

517 (b) the amount of the contingent tax credit for a designated investor with an equity
518 interest may not exceed the difference between the actual principal investment of the
519 designated investor in the Utah fund of funds and the aggregate actual return received by the
520 designated investor and any predecessor in interest of the initial equity investment and interest
521 on the initial equity investment;