

1 **REVENUE AND TAXATION INTERIM COMMITTEE REPORT**

2 **AMENDMENTS**

3 2016 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Daniel McCay**

6 Senate Sponsor: Deidre M. Henderson

8 **LONG TITLE**

9 **General Description:**

10 This bill addresses reports to and by the Revenue and Taxation Interim Committee.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ repeals certain reports to and by the Revenue and Taxation Interim Committee;
- 14 ▶ requires that certain reports be provided electronically to the committee;
- 15 ▶ addresses requirements of reports made by the Governor's Office of Economic

16 Development to the committee; and

- 17 ▶ makes technical and conforming changes.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 None

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **35A-5-306**, as enacted by Laws of Utah 2014, Chapter 315

25 **59-1-213**, as enacted by Laws of Utah 2004, Chapter 176

26 **59-1-304**, as last amended by Laws of Utah 2008, Chapter 382

27 **59-2-303.1**, as last amended by Laws of Utah 2010, Chapter 131

28 **59-2-1308.5**, as enacted by Laws of Utah 2011, Chapter 325

29 **59-5-102**, as last amended by Laws of Utah 2013, Chapter 310

- 30 **59-7-607**, as last amended by Laws of Utah 2006, Chapter 223
- 31 **59-7-612**, as last amended by Laws of Utah 2012, Chapter 405
- 32 **59-7-613**, as last amended by Laws of Utah 2011, Chapter 384
- 33 **59-7-614.2**, as last amended by Laws of Utah 2015, Chapter 283
- 34 **59-7-614.5**, as last amended by Laws of Utah 2015, Chapter 283
- 35 **59-7-614.7**, as enacted by Laws of Utah 2012, Chapter 410
- 36 **59-7-614.8**, as last amended by Laws of Utah 2015, Chapter 283
- 37 **59-7-701**, as last amended by Laws of Utah 2009, Chapter 312
- 38 **59-7-903**, as last amended by Laws of Utah 2015, Chapter 41
- 39 **59-9-101**, as last amended by Laws of Utah 2011, Chapter 266
- 40 **59-10-1002.1**, as last amended by Laws of Utah 2015, Chapters 30 and 41
- 41 **59-10-1010**, as renumbered and amended by Laws of Utah 2006, Chapter 223
- 42 **59-10-1012**, as last amended by Laws of Utah 2012, Chapter 405
- 43 **59-10-1013**, as last amended by Laws of Utah 2011, Chapter 384
- 44 **59-10-1029**, as enacted by Laws of Utah 2012, Chapter 410
- 45 **59-10-1030**, as last amended by Laws of Utah 2015, Chapter 283
- 46 **59-10-1107**, as last amended by Laws of Utah 2015, Chapter 283
- 47 **59-10-1108**, as last amended by Laws of Utah 2015, Chapter 283
- 48 **59-10-1304**, as last amended by Laws of Utah 2015, Chapters 30 and 41
- 49 **59-12-103.1**, as last amended by Laws of Utah 2013, Chapter 150
- 50 **59-12-104**, as last amended by Laws of Utah 2015, Chapters 11, 294, and 353
- 51 **59-12-104.2**, as last amended by Laws of Utah 2009, Chapter 203
- 52 **59-12-104.5**, as last amended by Laws of Utah 2012, Chapter 41
- 53 **59-23-4**, as last amended by Laws of Utah 2010, Chapter 105
- 54 **63M-4-505**, as enacted by Laws of Utah 2012, Chapter 410
- 55 **63N-2-810**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 56 REPEALS:
- 57 **59-26-110**, as enacted by Laws of Utah 2004, Chapter 300

58

59 *Be it enacted by the Legislature of the state of Utah:*60 Section 1. Section **35A-5-306** is amended to read:61 **35A-5-306. Report to the Legislature.**

62 Beginning with the 2016 interim, the department shall [~~report~~] annually provide an
63 electronic report to the Economic Development and Workforce Services Interim Committee
64 and the Revenue and Taxation Interim Committee:

65 (1) on or before the November interim meeting; and

66 (2) on the amount of tax credits the department grants under this part.

67 Section 2. Section **59-1-213** is amended to read:68 **59-1-213. Annual report on Internal Revenue Code changes.**

69 The commission shall annually provide an electronic report to the Revenue and
70 Taxation Interim Committee on or before the October interim meeting concerning the impacts
71 of the reliance of this title on the Internal Revenue Code, including:

72 (1) any modification to the Internal Revenue Code that is likely to have a fiscal impact
73 on state revenues:

74 (a) that became effective:

75 (i) if the commission is preparing its initial report in accordance with this section,
76 during the previous calendar year; or

77 (ii) if the commission has prepared a previous report in accordance with this section,
78 after the most recent report prepared in accordance with this section; or

79 (b) that have been enacted and will become effective prior to the end of the calendar
80 year that begins January 1 following the current report prepared in accordance with this
81 section;

82 (2) the fiscal impacts a modification described in Subsection (1) may have on state
83 revenues; and

84 (3) statutory or administrative options to:

85 (a) implement the effects on this title of a modification described in Subsection (1); or

86 (b) change this title to prevent this title from implementing a modification described in
87 Subsection (1).

88 Section 3. Section **59-1-304** is amended to read:

89 **59-1-304. Definition -- Limitations on maintaining a class action that relates to a**
90 **tax or fee -- Requirements for a person to be included as a member of a class in a class**
91 **action -- Rulemaking authority -- Limitations on recovery by members of a class --**
92 **Severability.**

93 (1) As used in this section, "tax or fee" means a tax or fee administered by the
94 commission.

95 (2) A class action that relates to a tax or fee may not be maintained in any court if a
96 claim sought by a representative party seeking to maintain the class action arises as a result of:

97 (a) a person collecting a tax or fee from the representative party if the representative
98 party is not required by law to pay the tax or fee; or

99 (b) any of the following that requires a change in the manner in which a tax or fee is
100 required to be collected or paid:

- 101 (i) an administrative rule made by the commission;
- 102 (ii) a private letter ruling issued by the commission; or
- 103 (iii) a decision issued by:
 - 104 (A) the commission; or
 - 105 (B) a court of competent jurisdiction.

106 (3) (a) A person may be included as a member of a class in a class action relating to a
107 tax or fee only if the person:

- 108 (i) exhausts all administrative remedies with the commission; and
- 109 (ii) requests in writing to be included as a member of the class.

110 (b) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
111 the commission shall make rules to simplify and expedite the administrative remedies a person
112 shall exhaust as required by Subsection (3)(a).

113 (ii) The rules required by Subsection (3)(b)(i) may include rules providing for:

- 114 (A) expedited filing procedures and forms;
- 115 (B) consolidation of hearings procedures as may be reasonably needed to accommodate
- 116 potential inclusion of similarly situated persons; and
- 117 (C) the designation of test or sample cases to avoid multiple hearings.

118 ~~[(iii) The commission shall report to the Revenue and Taxation Interim Committee on~~
119 ~~the status of the rules required by this Subsection (3)(b) on or before the October 2004 interim~~
120 ~~meeting.]~~

121 (4) Subject to Subsection (5), in a class action brought under this section against the
122 state or its political subdivisions in which members of the class are awarded a refund or credit
123 of a tax or fee by a court of competent jurisdiction, the total amount that may be recovered by
124 members of the class may not exceed the difference between:

- 125 (a) the sum of:
 - 126 (i) the amount of the refund or credit awarded to members of the class; and
 - 127 (ii) interest as provided in Section 59-1-402; and
- 128 (b) if awarded in accordance with Subsection (5), the sum of:
 - 129 (i) reasonable costs; and
 - 130 (ii) reasonable attorney fees.

131 (5) (a) For purposes of Subsection (4), at the discretion of the court, the court may
132 award:

- 133 (i) reasonable costs as determined by the court; and
- 134 (ii) reasonable attorney fees determined under Subsection (5)(b).
- 135 (b) Reasonable attorney fees awarded in a class action may not exceed a reasonable
136 hourly rate for work actually performed:
 - 137 (i) as determined by the court; and
 - 138 (ii) taking into account all facts and circumstances that the court considers reasonable.

139 (6) If any provision of this section, or the application of any provision of this section to
140 any person or circumstance is held unconstitutional or invalid by a court of competent
141 jurisdiction, the remainder of the section shall be given effect without the invalid provision or

142 application.

143 Section 4. Section **59-2-303.1** is amended to read:

144 **59-2-303.1. Mandatory cyclical appraisals.**

145 (1) For purposes of this section:

146 (a) "Corrective action" includes:

147 (i) factoring pursuant to Section [59-2-704](#);

148 (ii) notifying the state auditor that the county failed to comply with the requirements of
149 this section; or

150 (iii) filing a petition for a court order requiring a county to take action.

151 (b) "Mass appraisal system" means a computer assisted mass appraisal system that:

152 (i) a county assessor uses to value real property; and

153 (ii) includes at least the following system features:

154 (A) has the ability to update all parcels of real property located within the county each
155 year;

156 (B) can be programmed with specialized criteria;

157 (C) provides uniform and equal treatment of parcels within the same class of real

158 property throughout the county; and

159 (D) annually updates all parcels of residential real property within the county using
160 accepted valuation methodologies as determined by rule.

161 (c) "Property review date" means the date a county assessor completes a detailed
162 review of the property characteristics of a parcel of real property in accordance with Subsection
163 (3)(a).

164 (2) (a) The county assessor shall annually update property values of property as
165 provided in Section [59-2-301](#) based on a systematic review of current market data.

166 (b) The county assessor shall conduct the annual update described in Subsection (2)(a)
167 by using a mass appraisal system on or before the following:

168 (i) for a county of the first class, January 1, 2009;

169 (ii) for a county of the second class, January 1, 2011;

170 (iii) for a county of the third class, January 1, 2014; and
171 (iv) for a county of the fourth, fifth, or sixth class, January 1, 2015.
172 (c) The county assessor and the commission shall jointly certify that the county's mass
173 appraisal system meets the requirements:
174 (i) described in Subsection (1)(b); and
175 (ii) of the commission.
176 (3) (a) In addition to the requirements in Subsection (2), the county assessor shall
177 complete a detailed review of property characteristics for each property at least once every five
178 years.
179 (b) The county assessor shall maintain on the county's computer system, a record of the
180 last property review date for each parcel of real property located within the county assessor's
181 county.
182 (4) (a) The commission shall take corrective action if the commission determines that:
183 (i) a county assessor has not satisfactorily followed the current mass appraisal
184 standards, as provided by law;
185 (ii) the sales-assessment ratio, coefficients of dispersion, or other statistical measures
186 of appraisal performance related to the studies required by Section 59-2-704 are not within the
187 standards provided by law; or
188 (iii) the county assessor has failed to comply with the requirements of this section.
189 (b) If a county assessor fails to comply with the requirements of this section for one
190 year, the commission shall assist the county assessor in fulfilling the requirements of
191 Subsections (2) and (3).
192 (c) If a county assessor fails to comply with the requirements of this section for two
193 consecutive years, the county will lose the county's allocation of the revenue generated
194 statewide from the imposition of the multicounty assessing and collecting levy authorized in
195 Sections 59-2-1602 and 59-2-1603.
196 (d) If a county loses its allocation of the revenue generated statewide from the
197 imposition of the multicounty assessing and collecting levy described in Subsection (4)(c), the

198 revenue the county would have received shall be distributed to the Multicounty Appraisal Trust
199 created by interlocal agreement by all counties in the state.

200 (5) (a) On or before July 1, 2008, the county assessor shall prepare a five-year plan to
201 comply with the requirements of Subsections (2) and (3).

202 (b) The plan shall be available in the county assessor's office for review by the public
203 upon request.

204 (c) The plan shall be annually reviewed and revised as necessary.

205 (6) ~~(a)~~ A county assessor shall create, maintain, and regularly update a database
206 containing the following information that the county assessor may use to enhance the county's
207 ability to accurately appraise and assess property on an annual basis:

208 ~~(i)~~ (a) fee and other appraisals;

209 ~~(ii)~~ (b) property characteristics and features;

210 ~~(iii)~~ (c) property surveys;

211 ~~(iv)~~ (d) sales data; and

212 ~~(v)~~ (e) any other data or information on sales, studies, transfers, changes to property,
213 or property characteristics.

214 ~~(b) A county assessor shall submit a report to the commission on or before September~~
215 ~~1 stating the progress of the county assessor to meet the requirements of Subsection (6)(a).]~~

216 ~~(c) The commission shall report to the Revenue and Taxation Interim Committee on~~
217 ~~or before the October interim meeting concerning the information received from the county~~
218 ~~assessors pursuant to Subsection (6)(b).]~~

219 Section 5. Section **59-2-1308.5** is amended to read:

220 **59-2-1308.5. Equal payment agreements.**

221 (1) (a) The commission may enter into an agreement with a commercial or industrial
222 taxpayer to provide for equal, or approximately equal, property tax payments over a reasonable
223 period of years, not to exceed 20 years, if:

224 (i) the payment schedule is based on an accepted valuation methodology that
225 reasonably estimates the property's anticipated fair market value over the period of the

226 proposed equal payments;

227 (ii) the agreement includes a provision making the initial equal payment schedule
228 subject to an annual adjustment, as necessary, to account for differences between the property's
229 fair market value as of the annual lien date and the property's fair market value that formed the
230 basis of the initial equal payment schedule;

231 (iii) the commission, the taxpayer, and each affected taxing entity approve the
232 agreement; and

233 (iv) the total amount the taxpayer pays under the agreement is no less than the amount
234 the taxpayer would have paid in the absence of the agreement.

235 (b) A taxing entity may not approve an agreement under this section on behalf of
236 another taxing entity.

237 (2) (a) Subject to Subsection (2)(b), a tax lien under this chapter against the taxpayer's
238 property is not affected by a payment pursuant to an agreement under this section to the extent
239 of the difference between the amount the taxpayer would have been required to pay in the
240 absence of the agreement and the amount of the payment under the agreement.

241 (b) For purposes of enforcing a tax lien under this chapter, a taxpayer's failure to pay
242 the full amount of taxes that the taxpayer would have been required to pay in the absence of an
243 agreement under this section does not constitute a failure to pay the full amount of taxes owing:

244 (i) if the taxpayer pays the full amount of the payment owing under the agreement; and

245 (ii) unless the taxpayer:

246 (A) files for bankruptcy;

247 (B) transfers ownership of the property that is the subject of the property taxes; or

248 (C) has a change in ownership and the new owner does not assume all responsibility
249 and liability under the agreement.

250 (3) (a) The commission may revise, accelerate, or cancel an equal payment agreement
251 under this section to the same extent and for the same reasons that the commission may revise,
252 accelerate, or cancel an installment agreement under Section [59-1-1004](#).

253 (b) The commission shall give the taxpayer reasonable notice of its intent to revise or

254 cancel an equal payment agreement under this section.

255 (4) The commission shall promulgate rules to ensure that tax revenue derived from
256 payments pursuant to an agreement under this section do not affect the calculation of the
257 certified tax rate under Section 59-2-924.

258 (5) ~~(a) The~~ If the commission or a taxing entity enters into an equal payment
259 agreement under this section:

260 (a) the commission shall annually provide an electronic report to the Revenue and
261 Taxation Interim Committee ~~[an assessment of]~~ on the effects of equal payment agreements
262 under this section~~[-]; and~~

263 (b) the Revenue and Taxation Interim Committee shall annually review and assess the
264 effects of equal payment agreements under this section.

265 Section 6. Section 59-5-102 is amended to read:

266 **59-5-102. Severance tax -- Rate -- Computation -- Annual exemption -- Tax credit**
267 **-- Tax rate reduction.**

268 (1) (a) Subject to Subsection (1)(b), a person owning an interest in oil or gas produced
269 from a well in the state, including a working interest, royalty interest, payment out of
270 production, or any other interest, or in the proceeds of the production of oil or gas, shall pay to
271 the state a severance tax on the basis of the value determined under Section 59-5-103.1 of the
272 oil or gas:

273 (i) produced; and

274 (ii) (A) saved;

275 (B) sold; or

276 (C) transported from the field where the substance was produced.

277 (b) This section applies to an interest in oil or gas produced from a well in the state or
278 in the proceeds of the production of oil or gas produced from a well in the state except for:

279 (i) an interest of the United States in oil or gas or in the proceeds of the production of
280 oil or gas;

281 (ii) an interest of the state or a political subdivision of the state in oil or gas or in the

282 proceeds of the production of oil or gas; or

283 (iii) an interest of an Indian or Indian tribe as defined in Section 9-9-101 in oil or gas or
284 in the proceeds of the production of oil or gas produced from land under the jurisdiction of the
285 United States.

286 (2) (a) [~~Subject to Subsection (2)(d), the~~] The severance tax rate for oil is as follows:

287 (i) 3% of the value of the oil up to and including the first \$13 per barrel for oil; and

288 (ii) 5% of the value of the oil from \$13.01 and above per barrel for oil.

289 (b) [~~Subject to Subsection (2)(d), the~~] The severance tax rate for natural gas is as
290 follows:

291 (i) 3% of the value of the natural gas up to and including the first \$1.50 per MCF for
292 gas; and

293 (ii) 5% of the value of the natural gas from \$1.51 and above per MCF for gas.

294 (c) [~~Subject to Subsection (2)(d), the~~] The severance tax rate for natural gas liquids is
295 4% of the value of the natural gas liquids.

296 [~~(d)(i) On or before December 15, 2004, the Office of the Legislative Fiscal Analyst
297 and the Governor's Office of Management and Budget shall prepare a revenue forecast
298 estimating the amount of revenues that:]~~

299 [~~(A) would be generated by the taxes imposed by this part for the calendar year
300 beginning on January 1, 2004 had 2004 General Session S.B. 191 not taken effect; and]~~

301 [~~(B) will be generated by the taxes imposed by this part for the calendar year beginning
302 on January 1, 2004.]~~

303 [~~(ii) Effective on January 1, 2005, the tax rates described in Subsections (2)(a) through
304 (c) shall be:]~~

305 [~~(A) increased as provided in Subsection (2)(d)(iii) if the amount of revenues estimated
306 under Subsection (2)(d)(i)(B) is less than the amount of revenues estimated under Subsection
307 (2)(d)(i)(A); or]~~

308 [~~(B) decreased as provided in Subsection (2)(d)(iii) if the amount of revenues
309 estimated under Subsection (2)(d)(i)(B) is greater than the amount of revenues estimated under~~

310 Subsection (2)(d)(i)(A):]

311 [~~(iii) For purposes of Subsection (2)(d)(ii):]~~

312 [~~(A) subject to Subsection (2)(d)(iv)(B):]~~

313 [~~(f) if an increase is required under Subsection (2)(d)(ii)(A), the total increase in the tax~~
314 ~~rates shall be by the amount necessary to generate for the calendar year beginning on January 1,~~
315 ~~2005 revenues equal to the amount by which the revenues estimated under Subsection~~
316 ~~(2)(d)(i)(A) exceed the revenues estimated under Subsection (2)(d)(i)(B); or]~~

317 [~~(H) if a decrease is required under Subsection (2)(d)(ii)(B), the total decrease in the~~
318 ~~tax rates shall be by the amount necessary to reduce for the calendar year beginning on January~~
319 ~~1, 2005 revenues equal to the amount by which the revenues estimated under Subsection~~
320 ~~(2)(d)(i)(B) exceed the revenues estimated under Subsection (2)(d)(i)(A); and]~~

321 [~~(B) an increase or decrease in each tax rate under Subsection (2)(d)(ii) shall be in~~
322 ~~proportion to the amount of revenues generated by each tax rate under this part for the calendar~~
323 ~~year beginning on January 1, 2003:]~~

324 [~~(iv) (A) The commission shall calculate any tax rate increase or decrease required by~~
325 ~~Subsection (2)(d)(ii) using the best information available to the commission:]~~

326 [~~(B) If the tax rates described in Subsections (2)(a) through (c) are increased or~~
327 ~~decreased as provided in this Subsection (2)(d), the commission shall mail a notice to each~~
328 ~~person required to file a return under this part stating the tax rate in effect on January 1, 2005~~
329 ~~as a result of the increase or decrease:]~~

330 (3) If oil or gas is shipped outside the state:

331 (a) the shipment constitutes a sale; and

332 (b) the oil or gas is subject to the tax imposed by this section.

333 (4) (a) Except as provided in Subsection (4)(b), if the oil or gas is stockpiled, the tax is
334 not imposed until the oil or gas is:

335 (i) sold;

336 (ii) transported; or

337 (iii) delivered.

338 (b) Notwithstanding Subsection (4)(a), if oil or gas is stockpiled for more than two
339 years, the oil or gas is subject to the tax imposed by this section.

340 (5) A tax is not imposed under this section upon:

341 (a) stripper wells, unless the exemption prevents the severance tax from being treated
342 as a deduction for federal tax purposes;

343 (b) the first 12 months of production for wildcat wells started after January 1, 1990; or

344 (c) the first six months of production for development wells started after January 1,
345 1990.

346 (6) (a) Subject to Subsections (6)(b) and (c), a working interest owner who pays for all
347 or part of the expenses of a recompletion or workover may claim a nonrefundable tax credit
348 equal to 20% of the amount paid.

349 (b) The tax credit under Subsection (6)(a) for each recompletion or workover may not
350 exceed \$30,000 per well during each calendar year.

351 (c) If any amount of tax credit a taxpayer is allowed under this Subsection (6) exceeds
352 the taxpayer's tax liability under this part for the calendar year for which the taxpayer claims
353 the tax credit, the amount of tax credit exceeding the taxpayer's tax liability for the calendar
354 year may be carried forward for the next three calendar years.

355 (7) A 50% reduction in the tax rate is imposed upon the incremental production
356 achieved from an enhanced recovery project.

357 (8) The taxes imposed by this section are:

358 (a) in addition to all other taxes provided by law; and

359 (b) delinquent, unless otherwise deferred, on June 1 next succeeding the calendar year
360 when the oil or gas is:

361 (i) produced; and

362 (ii) (A) saved;

363 (B) sold; or

364 (C) transported from the field.

365 (9) With respect to the tax imposed by this section on each owner of oil or gas or in the

366 proceeds of the production of those substances produced in the state, each owner is liable for
367 the tax in proportion to the owner's interest in the production or in the proceeds of the
368 production.

369 (10) The tax imposed by this section shall be reported and paid by each producer that
370 takes oil or gas in kind pursuant to agreement on behalf of the producer and on behalf of each
371 owner entitled to participate in the oil or gas sold by the producer or transported by the
372 producer from the field where the oil or gas is produced.

373 (11) Each producer shall deduct the tax imposed by this section from the amounts due
374 to other owners for the production or the proceeds of the production.

375 ~~[(12) (a) The Revenue and Taxation Interim Committee shall review the applicability~~
376 ~~of the tax provided for in this chapter to coal-to-liquids, oil shale, and tar sands technology on~~
377 ~~or before the October 2011 interim meeting.]~~

378 ~~[(b) The Revenue and Taxation Interim Committee shall address in its review the cost~~
379 ~~and benefit of not applying the tax provided for in this chapter to coal-to-liquids, oil shale, and~~
380 ~~tar sands technology.]~~

381 ~~[(c) The Revenue and Taxation Interim Committee shall report its findings and~~
382 ~~recommendations under this Subsection (12) to the Legislative Management Committee on or~~
383 ~~before the November 2011 interim meeting.]~~

384 Section 7. Section **59-7-607** is amended to read:

385 **59-7-607. Utah low-income housing tax credit.**

386 (1) As used in this section:

387 (a) "Allocation certificate" means:

388 (i) the certificate prescribed by the commission and issued by the Utah Housing
389 Corporation to each taxpayer that specifies the percentage of the annual federal low-income
390 housing tax credit that each taxpayer may take as an annual credit against state income tax; or

391 (ii) a copy of the allocation certificate that the housing sponsor provides to the
392 taxpayer.

393 (b) "Building" means a qualified low-income building as defined in Section 42(c),

394 Internal Revenue Code.

395 (c) "Federal low-income housing tax credit" means the tax credit under Section 42,
396 Internal Revenue Code.

397 (d) "Housing sponsor" means a corporation in the case of a C corporation, a partnership
398 in the case of a partnership, a corporation in the case of an S corporation, or a limited liability
399 company in the case of a limited liability company.

400 (e) "Qualified allocation plan" means the qualified allocation plan adopted by the Utah
401 Housing Corporation pursuant to Section 42(m), Internal Revenue Code.

402 (f) "Special low-income housing tax credit certificate" means a certificate:

403 (i) prescribed by the commission;

404 (ii) that a housing sponsor issues to a taxpayer for a taxable year; and

405 (iii) that specifies the amount of tax credit a taxpayer may claim under this section if
406 the taxpayer meets the requirements of this section.

407 (g) "Taxpayer" means a person that is allowed a tax credit in accordance with this
408 section which is the corporation in the case of a C corporation, the partners in the case of a
409 partnership, the shareholders in the case of an S corporation, and the members in the case of a
410 limited liability company.

411 (2) (a) For taxable years beginning on or after January 1, 1995, there is allowed a
412 nonrefundable tax credit against taxes otherwise due under this chapter or Chapter 8, Gross
413 Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax
414 Act, for taxpayers issued an allocation certificate.

415 (b) The tax credit shall be in an amount equal to the greater of the amount of:

416 (i) federal low-income housing tax credit to which the taxpayer is allowed during that
417 year multiplied by the percentage specified in an allocation certificate issued by the Utah
418 Housing Corporation; or

419 (ii) tax credit specified in the special low-income housing tax credit certificate that the
420 housing sponsor issues to the taxpayer as provided in Subsection (2)(c).

421 (c) For purposes of Subsection (2)(b)(ii), the tax credit is equal to the product of:

- 422 (i) the total amount of low-income housing tax credit under this section that:
423 (A) a housing sponsor is allowed for a building; and
424 (B) all of the taxpayers may claim with respect to the building if the taxpayers meet the
425 requirements of this section; and
- 426 (ii) the percentage of tax credit a taxpayer may claim:
427 (A) under this section if the taxpayer meets the requirements of this section; and
428 (B) as provided in the agreement between the taxpayer and the housing sponsor.
- 429 (d) (i) For the calendar year beginning on January 1, 1995, through the calendar year
430 beginning on January 1, 2015, the aggregate annual tax credit that the Utah Housing
431 Corporation may allocate for the credit period described in Section 42(f), Internal Revenue
432 Code, pursuant to this section and Section 59-10-1010 is an amount equal to the product of:
433 (A) 12.5 cents; and
434 (B) the population of Utah.
- 435 (ii) For purposes of this section, the population of Utah shall be determined in
436 accordance with Section 146(j), Internal Revenue Code.
- 437 (3) (a) By October 1, 1994, the Utah Housing Corporation shall determine criteria and
438 procedures for allocating the tax credit under this section and Section 59-10-1010 and
439 incorporate the criteria and procedures into the Utah Housing Corporation's qualified allocation
440 plan.
- 441 (b) The Utah Housing Corporation shall create the criteria under Subsection (3)(a)
442 based on:
443 (i) the number of affordable housing units to be created in Utah for low and moderate
444 income persons in the residential housing development of which the building is a part;
445 (ii) the level of area median income being served by the development;
446 (iii) the need for the tax credit for the economic feasibility of the development; and
447 (iv) the extended period for which the development commits to remain as affordable
448 housing.
- 449 (4) (a) The following may apply to the Utah Housing Corporation for a tax credit under

450 this section:

451 (i) any housing sponsor that has received an allocation of the federal low-income
452 housing tax credit; or

453 (ii) any applicant for an allocation of the federal low-income housing tax credit.

454 (b) The Utah Housing Corporation may not require fees for applications of the tax
455 credit under this section in addition to those fees required for applications for the federal
456 low-income housing tax credit.

457 (5) (a) The Utah Housing Corporation shall determine the amount of the tax credit to
458 allocate to a qualifying housing sponsor in accordance with the qualified allocation plan of the
459 Utah Housing Corporation.

460 (b) (i) The Utah Housing Corporation shall allocate the tax credit to housing sponsors
461 by issuing an allocation certificate to qualifying housing sponsors.

462 (ii) The allocation certificate under Subsection (5)(b)(i) shall specify the allowed
463 percentage of the federal low-income housing tax credit as determined by the Utah Housing
464 Corporation.

465 (c) The percentage specified in an allocation certificate may not exceed 100% of the
466 federal low-income housing tax credit.

467 (6) A housing sponsor shall provide a copy of the allocation certificate to each taxpayer
468 that is issued a special low-income housing tax credit certificate.

469 (7) (a) A housing sponsor shall provide to the commission a list of:

470 (i) the taxpayers issued a special low-income housing tax credit certificate; and

471 (ii) for each taxpayer described in Subsection (7)(a)(i), the amount of tax credit listed
472 on the special low-income housing tax credit certificate.

473 (b) A housing sponsor shall provide the list required by Subsection (7)(a):

474 (i) to the commission;

475 (ii) on a form provided by the commission; and

476 (iii) with the housing sponsor's tax return for each taxable year for which the housing
477 sponsor issues a special low-income housing tax credit certificate described in this Subsection

478 (7).

479 (8) (a) All elections made by the taxpayer pursuant to Section 42, Internal Revenue
480 Code, shall apply to this section.

481 (b) (i) If a taxpayer is required to recapture a portion of any federal low-income
482 housing tax credit, the taxpayer shall also be required to recapture a portion of any state tax
483 credits authorized by this section.

484 (ii) The state recapture amount shall be equal to the percentage of the state tax credit
485 that equals the proportion the federal recapture amount bears to the original federal low-income
486 housing tax credit amount subject to recapture.

487 (9) (a) Any tax credits returned to the Utah Housing Corporation in any year may be
488 reallocated within the same time period as provided in Section 42, Internal Revenue Code.

489 (b) Tax credits that are unallocated by the Utah Housing Corporation in any year may
490 be carried over for allocation in the subsequent year.

491 (10) (a) Amounts otherwise qualifying for the tax credit, but not allowable because the
492 tax credit exceeds the tax, may be carried back three years or may be carried forward five years
493 as a credit against the tax.

494 (b) Carryover tax credits under Subsection (10)(a) shall be applied against the tax:

495 (i) before the application of the tax credits earned in the current year; and

496 (ii) on a first-earned first-used basis.

497 (11) Any tax credit taken in this section may be subject to an annual audit by the
498 commission.

499 (12) The Utah Housing Corporation shall annually provide an [~~annual~~] electronic
500 report to the Revenue and Taxation Interim Committee which shall include at least:

501 (a) the purpose and effectiveness of the tax credits; and

502 (b) the benefits of the tax credits to the state.

503 (13) The commission may, in consultation with the Utah Housing Corporation,
504 promulgate rules to implement this section.

505 Section 8. Section **59-7-612** is amended to read:

506 **59-7-612. Tax credits for research activities conducted in the state -- Carry**
507 **forward -- Commission to report modification or repeal of certain federal provisions --**
508 **Revenue and Taxation Interim Committee study.**

509 (1) (a) A taxpayer meeting the requirements of this section may claim the following
510 nonrefundable tax credits:

511 (i) a research tax credit of 5% of the taxpayer's qualified research expenses for the
512 current taxable year that exceed the base amount provided for under Subsection (4);

513 (ii) a tax credit for a payment to a qualified organization for basic research as provided
514 in Section 41(e), Internal Revenue Code, of 5% for the current taxable year that exceed the
515 base amount provided for under Subsection (4); and

516 (iii) a tax credit equal to 7.5% of the taxpayer's qualified research expenses for the
517 current taxable year.

518 (b) Subject to Subsection (5), a taxpayer may claim a tax credit under:

519 (i) Subsection (1)(a)(i) or (1)(a)(iii), for the taxable year for which the taxpayer incurs
520 the qualified research expenses; or

521 (ii) Subsection (1)(a)(ii), for the taxable year for which the taxpayer makes the payment
522 to the qualified organization.

523 (c) The tax credits provided for in this section do not include the alternative
524 incremental credit provided for in Section 41(c)(4), Internal Revenue Code.

525 (2) For purposes of claiming a tax credit under this section, a unitary group as defined
526 in Section 59-7-101 is considered to be one taxpayer.

527 (3) Except as specifically provided for in this section:

528 (a) the tax credits authorized under Subsection (1) shall be calculated as provided in
529 Section 41, Internal Revenue Code; and

530 (b) the definitions provided in Section 41, Internal Revenue Code, apply in calculating
531 the tax credits authorized under Subsection (1).

532 (4) For purposes of this section:

533 (a) the base amount shall be calculated as provided in Sections 41(c) and 41(h),

534 Internal Revenue Code, except that:

535 (i) the base amount does not include the calculation of the alternative incremental
536 credit provided for in Section 41(c)(4), Internal Revenue Code;

537 (ii) a taxpayer's gross receipts include only those gross receipts attributable to sources
538 within this state as provided in Part 3, Allocation and Apportionment of Income - Utah
539 UDITPA Provisions; and

540 (iii) notwithstanding Section 41(c), Internal Revenue Code, for purposes of calculating
541 the base amount, a taxpayer:

542 (A) may elect to be treated as a start-up company as provided in Section 41(c)(3)(B)
543 regardless of whether the taxpayer meets the requirements of Section 41(c)(3)(B)(i)(I) or (II);
544 and

545 (B) may not revoke an election to be treated as a start-up company under Subsection
546 (4)(a)(iii)(A);

547 (b) "basic research" is as defined in Section 41(e)(7), Internal Revenue Code, except
548 that the term includes only basic research conducted in this state;

549 (c) "qualified research" is as defined in Section 41(d), Internal Revenue Code, except
550 that the term includes only qualified research conducted in this state;

551 (d) "qualified research expenses" is as defined and calculated in Section 41(b), Internal
552 Revenue Code, except that the term includes only:

553 (i) in-house research expenses incurred in this state; and

554 (ii) contract research expenses incurred in this state; and

555 (e) a tax credit provided for in this section is not terminated if a credit terminates under
556 Section 41, Internal Revenue Code.

557 (5) (a) If the amount of a tax credit claimed by a taxpayer under Subsection (1)(a)(i) or

558 (ii) exceeds the taxpayer's tax liability under this chapter for a taxable year, the amount of the
559 tax credit exceeding the tax liability:

560 (i) may be carried forward for a period that does not exceed the next 14 taxable years;

561 and

562 (ii) may not be carried back to a taxable year preceding the current taxable year.

563 (b) A taxpayer may not carry forward the tax credit allowed by Subsection (1)(a)(iii).

564 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
565 commission may make rules for purposes of this section prescribing a certification process for
566 qualified organizations to ensure that amounts paid to the qualified organizations are for basic
567 research conducted in this state.

568 (7) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the
569 commission shall provide an electronic report of the modification or repeal to the Revenue and
570 Taxation Interim Committee within 60 days after the day on which the modification or repeal
571 becomes effective.

572 (8) (a) The Revenue and Taxation Interim Committee shall review the tax credits
573 provided for in this section on or before October 1 of the year after the year in which the
574 commission reports under Subsection (7) a modification or repeal of a provision of Section 41,
575 Internal Revenue Code.

576 (b) Notwithstanding Subsection (8)(a), the Revenue and Taxation Interim Committee is
577 not required to review the tax credits provided for in this section if the only modification to a
578 provision of Section 41, Internal Revenue Code, is the extension of the termination date
579 provided for in Section 41(h), Internal Revenue Code.

580 (c) The Revenue and Taxation Interim Committee shall address in a review under this
581 section:

582 (i) the cost of the tax credits provided for in this section;

583 (ii) the purpose and effectiveness of the tax credits provided for in this section;

584 (iii) whether the tax credits provided for in this section benefit the state; and

585 (iv) whether the tax credits provided for in this section should be:

586 (A) continued;

587 (B) modified; or

588 (C) repealed.

589 (d) If the Revenue and Taxation Interim Committee reviews the tax credits provided

590 for in this section, the committee shall report its findings to the Legislative Management
591 Committee on or before the November interim meeting of the year in which the Revenue and
592 Taxation Interim Committee reviews the tax credits.

593 Section 9. Section **59-7-613** is amended to read:

594 **59-7-613. Tax credits for machinery, equipment, or both primarily used for**
595 **conducting qualified research or basic research -- Carry forward -- Commission to report**
596 **modification or repeal of certain federal provisions -- Revenue and Taxation Interim**
597 **Committee study.**

598 (1) As used in this section:

599 (a) "Basic research" is as defined in Section 41(e)(7), Internal Revenue Code, except
600 that the term includes only basic research conducted in this state.

601 (b) "Equipment" includes:

602 (i) a computer;

603 (ii) computer equipment; and

604 (iii) computer software.

605 (c) "Purchase price":

606 (i) includes the cost of installing an item of machinery or equipment; and

607 (ii) does not include a tax imposed under Chapter 12, Sales and Use Tax Act, on an
608 item of machinery or equipment.

609 (d) "Qualified organization" is as defined in Section 41(e)(6), Internal Revenue Code.

610 (e) "Qualified research" is as defined in Section 41(d), Internal Revenue Code, except
611 that the term includes only qualified research conducted in this state.

612 (2) (a) Except as provided in Subsection (2)(c), for taxable years beginning on or after
613 January 1, 1999, but beginning before December 31, 2010, a taxpayer meeting the requirements
614 of this section may claim the following nonrefundable tax credits:

615 (i) a tax credit of 6% of the purchase price of machinery, equipment, or both:

616 (A) purchased by the taxpayer during the taxable year;

617 (B) that is subject to a tax under Chapter 12, Sales and Use Tax Act; and

618 (C) that is primarily used to conduct qualified research in this state; and
619 (ii) a tax credit of 6% of the purchase price of machinery, equipment, or both:
620 (A) purchased by the taxpayer during the taxable year;
621 (B) that is subject to a tax under Chapter 12, Sales and Use Tax Act;
622 (C) that is donated to a qualified organization; and
623 (D) that is primarily used to conduct basic research in this state.
624 (b) Subject to Subsection (5), a taxpayer may claim a tax credit under this section for
625 the taxable year for which the taxpayer purchases the machinery, equipment, or both.
626 (c) If a taxpayer qualifies for a tax credit under Subsection (2)(a) for a purchase of
627 machinery, equipment, or both, the taxpayer may not claim the tax credit or carry the tax credit
628 forward if the machinery, equipment, or both, is primarily used to conduct qualified research in
629 the state for a time period that is less than 12 consecutive months.
630 (3) For purposes of claiming a tax credit under this section, a unitary group as defined
631 in Section 59-7-101 is considered to be one taxpayer.
632 (4) Notwithstanding Section 41(h), Internal Revenue Code, a tax credit provided for in
633 this section is not terminated if a credit terminates under Section 41, Internal Revenue Code.
634 (5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the
635 taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit
636 exceeding the tax liability:
637 (a) may be carried forward for a period that does not exceed the next 14 taxable years;
638 and
639 (b) may not be carried back to a taxable year preceding the current taxable year.
640 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
641 commission may make rules for purposes of this section prescribing a certification process for
642 qualified organizations to ensure that machinery, equipment, or both provided to the qualified
643 organization is to be primarily used to conduct basic research in this state.
644 (7) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the
645 commission shall provide an electronic report of the modification or repeal to the Revenue and

646 Taxation Interim Committee within 60 days after the day on which the modification or repeal
647 becomes effective.

648 (8) (a) The Revenue and Taxation Interim Committee shall review the tax credits
649 provided for in this section on or before October 1 of the year after the year in which the
650 commission reports under Subsection (7) a modification or repeal of a provision of Section 41,
651 Internal Revenue Code.

652 (b) Notwithstanding Subsection (8)(a), the Revenue and Taxation Interim Committee is
653 not required to review the tax credits provided for in this section if the only modification to a
654 provision of Section 41, Internal Revenue Code, is the extension of the termination date
655 provided for in Section 41(h), Internal Revenue Code.

656 (c) The Revenue and Taxation Interim Committee shall address in a review under this
657 section the:

- 658 (i) cost of the tax credits provided for in this section;
- 659 (ii) purpose and effectiveness of the tax credits provided for in this section;
- 660 (iii) whether the tax credits provided for in this section benefit the state; and
- 661 (iv) whether the tax credits provided for in this section should be:
 - 662 (A) continued;
 - 663 (B) modified; or
 - 664 (C) repealed.

665 (d) If the Revenue and Taxation Interim Committee reviews the tax credits provided
666 for in this section, the committee shall report its findings to the Legislative Management
667 Committee on or before the November interim meeting of the year in which the Revenue and
668 Taxation Interim Committee reviews the tax credits.

669 Section 10. Section **59-7-614.2** is amended to read:

670 **59-7-614.2. Refundable economic development tax credit.**

671 (1) As used in this section:

672 (a) "Business entity" means a taxpayer that meets the definition of "business entity" as
673 defined in Section [63N-2-103](#).

674 (b) "Community development and renewal agency" [~~is as~~] means the same as that term
675 is defined in Section 17C-1-102.

676 (c) "Local government entity" [~~is as~~] means the same as that term is defined in Section
677 63N-2-103.

678 (d) "New incremental jobs" means the same as that term is defined in Section
679 63N-2-103.

680 (e) "New state revenues" means the same as that term is defined in Section 63N-2-103.

681 [~~(d)~~] (f) "Office" means the Governor's Office of Economic Development.

682 (2) Subject to the other provisions of this section, a business entity, local government
683 entity, or community development and renewal agency may claim a refundable tax credit for
684 economic development.

685 (3) The tax credit under this section is the amount listed as the tax credit amount on the
686 tax credit certificate that the office issues to the business entity, local government entity, or
687 community development and renewal agency for the taxable year.

688 (4) A community development and renewal agency may claim a tax credit under this
689 section only if a local government entity assigns the tax credit to the community development
690 and renewal agency in accordance with Section 63N-2-104.

691 (5) (a) In accordance with any rules prescribed by the commission under Subsection
692 (5)(b), the commission shall make a refund to the following that claim a tax credit under this
693 section:

694 (i) a local government entity;

695 (ii) a community development and renewal agency; or

696 (iii) a business entity if the amount of the tax credit exceeds the business entity's tax
697 liability for a taxable year.

698 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
699 commission may make rules providing procedures for making a refund to a business entity,
700 local government entity, or community development and renewal agency as required by
701 Subsection (5)(a).

702 (6) (a) On or before October 1, 2013, and every five years after October 1, 2013, the
703 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
704 make recommendations to the Legislative Management Committee concerning whether the tax
705 credit should be continued, modified, or repealed.

706 (b) For purposes of the study required by this Subsection (6), the office shall provide
707 the following information to the Revenue and Taxation Interim Committee by electronic
708 means:

709 (i) the amount of tax credit that the office grants to each business entity, local
710 government entity, or community development and renewal agency for each calendar year;

711 (ii) the criteria that the office uses in granting a tax credit;

712 (iii) (A) for a business entity, the new state revenues generated by the business entity
713 for the calendar year; or

714 (B) for a local government entity, regardless of whether the local government entity
715 assigns the tax credit in accordance with Section 63N-2-104, the new state revenues generated
716 as a result of a new commercial project within the local government entity for each calendar
717 year;

718 (iv) estimates for each of the next five calendar years of the following:

719 (A) the amount of tax credits that the office will grant;

720 (B) the amount of new state revenues that will be generated; and

721 (C) the number of new incremental jobs within the state that will be generated;

722 [~~(iv)~~] (v) the information contained in the office's latest report to the Legislature under
723 Section 63N-2-106; and

724 [~~(v)~~] (vi) any other information that the Revenue and Taxation Interim Committee
725 requests.

726 (c) The Revenue and Taxation Interim Committee shall ensure that its
727 recommendations under Subsection (6)(a) include an evaluation of:

728 (i) the cost of the tax credit to the state;

729 (ii) the purpose and effectiveness of the tax credit; and

730 (iii) the extent to which the state benefits from the tax credit.

731 Section 11. Section **59-7-614.5** is amended to read:

732 **59-7-614.5. Refundable motion picture tax credit.**

733 (1) As used in this section:

734 (a) "Motion picture company" means a taxpayer that meets the definition of a motion
735 picture company under Section [63N-8-102](#).

736 (b) "Office" means the Governor's Office of Economic Development.

737 (c) "State-approved production" has the same meaning as defined in Section
738 [63N-8-102](#).

739 (2) For taxable years beginning on or after January 1, 2009, a motion picture company
740 may claim a refundable tax credit for a state-approved production.

741 (3) The tax credit under this section is the amount listed as the tax credit amount on the
742 tax credit certificate that the office issues to a motion picture company under Section
743 [63N-8-103](#) for the taxable year.

744 (4) (a) In accordance with any rules prescribed by the commission under Subsection
745 (4)(b), the commission shall make a refund to a motion picture company that claims a tax
746 credit under this section if the amount of the tax credit exceeds the motion picture company's
747 tax liability for a taxable year.

748 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
749 commission may make rules providing procedures for making a refund to a motion picture
750 company as required by Subsection (4)(a).

751 (5) (a) On or before October 1, 2014, and every five years after October 1, 2014, the
752 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
753 make recommendations to the Legislative Management Committee concerning whether the tax
754 credit should be continued, modified, or repealed.

755 (b) For purposes of the study required by this Subsection (5), the office shall provide
756 the following information to the Revenue and Taxation Interim Committee by electronic
757 means:

758 (i) (A) the amount of tax credit that the office grants to each motion picture company
759 for each calendar year; and

760 (B) estimates of the amount of tax credit that the office will grant for each of the next
761 five calendar years;

762 (ii) the criteria that the office uses in granting the tax credit;

763 (iii) the dollars left in the state, as defined in Section 63N-8-102, by each motion
764 picture company for each calendar year;

765 (iv) the information contained in the office's latest report to the Legislature under
766 Section 63N-8-105; and

767 (v) any other information requested by the Revenue and Taxation Interim Committee.

768 (c) The Revenue and Taxation Interim Committee shall ensure that its
769 recommendations under Subsection (5)(a) include an evaluation of:

770 (i) the cost of the tax credit to the state;

771 (ii) the effectiveness of the tax credit; and

772 (iii) the extent to which the state benefits from the tax credit.

773 Section 12. Section 59-7-614.7 is amended to read:

774 **59-7-614.7. Nonrefundable alternative energy development tax credit.**

775 (1) As used in this section:

776 (a) "Alternative energy entity" is as defined in Section 63M-4-502.

777 (b) "Alternative energy project" is as defined in Section 63M-4-502.

778 (c) "Office" is as defined in Section 63M-4-401.

779 (2) Subject to the other provisions of this section, an alternative energy entity may
780 claim a nonrefundable tax credit for alternative energy development as provided in this section.

781 (3) The tax credit under this section is the amount listed as the tax credit amount on a
782 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 5, Alternative
783 Energy Development Tax Credit Act, to the alternative energy entity for the taxable year.

784 (4) An alternative energy entity may carry forward a tax credit under this section for a
785 period that does not exceed the next seven taxable years if:

786 (a) the alternative energy entity is allowed to claim a tax credit under this section for a
787 taxable year; and

788 (b) the amount of the tax credit exceeds the alternative energy entity's tax liability
789 under this chapter for that taxable year.

790 (5) (a) On or before October 1, 2017, and every five years after October 1, 2017, the
791 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
792 make recommendations to the Legislative Management Committee concerning whether the tax
793 credit should be continued, modified, or repealed.

794 (b) For purposes of the study required by this Subsection (5), the office shall provide
795 the following information to the Revenue and Taxation Interim Committee by electronic
796 means:

797 (i) the amount of tax credit that the office grants to each alternative energy entity for
798 each taxable year;

799 (ii) the new state revenues generated by each alternative energy project;

800 (iii) the information contained in the office's latest report to the Legislature under
801 Section 63M-4-505; and

802 (iv) any other information that the Revenue and Taxation Interim Committee requests.

803 (c) The Revenue and Taxation Interim Committee shall ensure that its
804 recommendations under Subsection (5)(a) include an evaluation of:

805 (i) the cost of the tax credit to the state;

806 (ii) the purpose and effectiveness of the tax credit; and

807 (iii) the extent to which the state benefits from the tax credit.

808 Section 13. Section 59-7-614.8 is amended to read:

809 **59-7-614.8. Nonrefundable alternative energy manufacturing tax credit.**

810 (1) As used in this section:

811 (a) "Alternative energy entity" [~~is as~~] means the same as that term is defined in Section
812 63N-2-702.

813 (b) "Alternative energy manufacturing project" [~~is as~~] means the same as that term is

814 defined in Section [63N-2-702](#).

815 (c) "New incremental job within the state" means the same as that term is defined in
816 Section [63N-2-702](#).

817 (d) "New state revenues" means the same as that term is defined in Section [63N-2-702](#).

818 [~~(e)~~] (e) "Office" means the Governor's Office of Economic Development.

819 (2) Subject to the other provisions of this section, an alternative energy entity may
820 claim a nonrefundable tax credit for alternative energy manufacturing as provided in this
821 section.

822 (3) The tax credit under this section is the amount listed as the tax credit amount on a
823 tax credit certificate that the office issues under Title 63N, Chapter 2, Part 7, Alternative
824 Energy Manufacturing Tax Credit Act, to the alternative energy entity for the taxable year.

825 (4) An alternative energy entity may carry forward a tax credit under this section for a
826 period that does not exceed the next seven taxable years if:

827 (a) the alternative energy entity is allowed to claim a tax credit under this section for a
828 taxable year; and

829 (b) the amount of the tax credit exceeds the alternative energy entity's tax liability
830 under this chapter for that taxable year.

831 (5) (a) On or before October 1, 2017, and every five years after October 1, 2017, the
832 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
833 make recommendations to the Legislative Management Committee concerning whether the tax
834 credit should be continued, modified, or repealed.

835 (b) For purposes of the study required by this Subsection (5), the office shall provide
836 the following information to the Revenue and Taxation Interim Committee by electronic
837 means:

838 (i) the amount of tax credit that the office grants to each alternative energy entity for
839 each taxable year;

840 (ii) the new state revenues generated by each alternative energy manufacturing project;

841 (iii) estimates for each of the next five calendar years of the following:

842 (A) the amount of tax credits that the office will grant;
843 (B) the amount of new state revenues that will be generated; and
844 (C) the number of new incremental jobs within the state that will be generated;
845 ~~[(iii)]~~ (iv) the information contained in the office's latest report to the Legislature under
846 Section [63N-2-705](#); and
847 ~~[(iv)]~~ (v) any other information that the Revenue and Taxation Interim Committee
848 requests.

849 (c) The Revenue and Taxation Interim Committee shall ensure that its
850 recommendations under Subsection (5)(a) include an evaluation of:

- 851 (i) the cost of the tax credit to the state;
- 852 (ii) the purpose and effectiveness of the tax credit; and
- 853 (iii) the extent to which the state benefits from the tax credit.

854 Section 14. Section **59-7-701** is amended to read:

855 **59-7-701. Taxation of S corporations.**

856 (1) Except as provided in Section [59-7-102](#) and subject to the other provisions of this
857 part, beginning on July 1, 1994, and ending on the last day of the taxable year that begins on or
858 after January 1, 2012, but begins on or before December 31, 2012, an S corporation is subject
859 to taxation in the same manner as that S corporation is taxed under Subchapter S - Tax
860 Treatment of S Corporations and Their Shareholders, Sec. 1361 et seq., Internal Revenue Code.

861 (2) An S corporation is taxed at the tax rate provided in Section [59-7-104](#).

862 (3) The business income and nonbusiness income of an S corporation is subject to Part
863 3, Allocation and Apportionment of Income - Utah UDITPA Provisions.

864 (4) An S corporation having income derived from or connected with Utah sources shall
865 make a return in accordance with Section [59-10-507](#).

866 (5) An S corporation shall make payments of estimated tax as required by Section
867 [59-7-504](#).

868 (6) An S corporation is subject to Chapter 10, Part 14, Pass-Through Entities and
869 Pass-Through Entity Taxpayers Act.

870 (7) A pass-through entity taxpayer as defined in Section 59-10-1402 of an S
871 corporation is subject to Chapter 10, Part 14, Pass-Through Entities and Pass-Through Entity
872 Taxpayers Act.

873 (8) Provisions under this chapter governing the following apply to an S corporation:

874 (a) an assessment;

875 (b) a penalty;

876 (c) a refund; or

877 (d) a record required for an S corporation.

878 ~~[(9) (a) During the 2011 interim, the Revenue and Taxation Interim Committee shall~~
879 ~~study the fiscal impacts of:]~~

880 ~~[(i) the enactment of Laws of Utah 2009, Chapter 312, and]~~

881 ~~[(ii) the taxation of S corporations under this part.]~~

882 ~~[(b) On or before November 30, 2011, the Revenue and Taxation Interim Committee~~
883 ~~shall report its findings and recommendations on the study to the Executive Appropriations~~
884 ~~Committee.]~~

885 Section 15. Section 59-7-903 is amended to read:

886 **59-7-903. Removal of tax credit from tax return -- Prohibition on claiming or**
887 **carrying forward a tax credit -- Commission publishing requirements.**

888 (1) Subject to Subsection (2), the commission shall remove a tax credit from a tax
889 return and a person filing a tax return may not claim or carry forward the tax credit if:

890 (a) the total amount of tax credit claimed or carried forward by all persons who file a
891 tax return is less than \$10,000 per taxable year for three consecutive taxable years; and

892 (b) less than 10 persons per year for the three consecutive taxable years described in
893 Subsection (1)(a) file a tax return claiming or carrying forward the tax credit.

894 (2) If the commission determines the requirements of Subsection (1) are met, the
895 commission shall remove a tax credit from a tax return and a person filing a tax return may not
896 claim or carry forward the tax credit beginning two taxable years after the January 1
897 immediately following the date the commission determines the requirements of Subsection (1)

898 are met.

899 (3) The commission shall, on or before the November interim meeting of the year after
900 the taxable year in which the commission determines the requirements of Subsection (1) are
901 met, report to the Revenue and Taxation Interim Committee by electronic means that, in
902 accordance with this section:

903 (a) the commission is required to remove a tax credit from a return on which the tax
904 credit appears; and

905 (b) a person filing a tax return may not claim or carry forward the tax credit.

906 (4) (a) Within a 30-day period after making the report required by Subsection (3), the
907 commission shall publish a list in accordance with Subsection (4)(b) stating each tax credit that
908 the commission will remove from a return on which the tax credit appears.

909 (b) The list shall:

910 (i) be published on:

911 (A) the commission's website; and

912 (B) the public legal notice website in accordance with Section [45-1-101](#);

913 (ii) include a statement that:

914 (A) the commission is required to remove the tax credit from each return on which the
915 tax credit appears; and

916 (B) the tax credit may not be claimed or carried forward on a return;

917 (iii) state the taxable year for which the removal described in Subsection (4)(a) takes
918 effect; and

919 (iv) remain available for viewing and searching until the commission publishes a new
920 list in accordance with this Subsection (4).

921 Section 16. Section **59-9-101** is amended to read:

922 **59-9-101. Tax basis -- Rates -- Exemptions -- Rate reductions.**

923 (1) (a) Except as provided in Subsection (1)(b), (1)(d), or (5), an admitted insurer shall
924 pay to the commission on or before March 31 in each year, a tax of 2-1/4% of the total
925 premiums received by it during the preceding calendar year from insurance covering property

926 or risks located in this state.

927 (b) This Subsection (1) does not apply to:

928 (i) workers' compensation insurance, assessed under Subsection (2);

929 (ii) title insurance premiums taxed under Subsection (3);

930 (iii) annuity considerations;

931 (iv) insurance premiums paid by an institution within the state system of higher

932 education as specified in Section 53B-1-102; and

933 (v) ocean marine insurance.

934 (c) The taxable premium under this Subsection (1) shall be reduced by:

935 (i) the premiums returned or credited to policyholders on direct business subject to tax

936 in this state;

937 (ii) the premiums received for reinsurance of property or risks located in this state; and

938 (iii) the dividends, including premium reduction benefits maturing within the year:

939 (A) paid or credited to policyholders in this state; or

940 (B) applied in abatement or reduction of premiums due during the preceding calendar

941 year.

942 (d) (i) For purposes of this Subsection (1)(d):

943 (A) "Utah variable life insurance premium" means an insurance premium paid:

944 (I) by:

945 (Aa) a corporation; or

946 (Bb) a trust established or funded by a corporation; and

947 (II) for variable life insurance covering risks located within the state.

948 (B) "Variable life insurance" means an insurance policy that provides for life

949 insurance, the amount or duration of which varies according to the investment experience of

950 one or more separate accounts that are established and maintained by the insurer pursuant to

951 Title 31A, Insurance Code.

952 (ii) Notwithstanding Subsection (1)(a), beginning on January 1, 2006, the tax on that

953 portion of the total premiums subject to a tax under Subsection (1)(a) that is a Utah variable

954 life insurance premium shall be calculated as follows:

955 (A) 2-1/4% of the first \$100,000 of Utah variable life insurance premiums:

956 (I) paid for each variable life insurance policy; and

957 (II) received by the admitted insurer in the preceding calendar year; and

958 (B) 0.08% of the Utah variable life insurance premiums that exceed \$100,000:

959 (I) paid for the policy described in Subsection (1)(d)(ii)(A); and

960 (II) received by the admitted insurer in the preceding calendar year.

961 ~~[(iii) (A) On or before October 1, 2009, and every three years after October 1, 2009, the~~

962 ~~Revenue and Taxation Interim Committee shall study the rate reduction contained in this~~

963 ~~Subsection (1)(d).]~~

964 ~~[(B) As part of the study required by Subsection (1)(d)(iii)(A) the Revenue and~~

965 ~~Taxation Interim Committee shall:]~~

966 ~~[(F) hear testimony from the commission and industry representatives;]~~

967 ~~[(H) make recommendations concerning whether the rate reduction should be~~

968 ~~continued, modified, or repealed; and]~~

969 ~~[(HH) make findings regarding:]~~

970 ~~[(Aa) the cost of the rate reduction;]~~

971 ~~[(Bb) the purpose and effectiveness of the rate reduction; and]~~

972 ~~[(Cc) any benefits of the rate reduction to the state.]~~

973 (2) (a) An admitted insurer writing workers' compensation insurance in this state,

974 including the Workers' Compensation Fund created under Title 31A, Chapter 33, Workers'

975 Compensation Fund, shall pay to the tax commission, on or before March 31 in each year, a

976 premium assessment on the basis of the total workers' compensation premium income received

977 by the insurer from workers' compensation insurance in this state during the preceding calendar

978 year as follows:

979 (i) on or before December 31, 2010, an amount of equal to or greater than 1%, but

980 equal to or less than 5.75% of the total workers' compensation premium income described in

981 this Subsection (2);

982 (ii) on and after January 1, 2011, but on or before December 31, 2017, an amount of
983 equal to or greater than 1%, but equal to or less than 4.25% of the total workers' compensation
984 premium income described in this Subsection (2); and

985 (iii) on and after January 1, 2018, an amount equal to 1.25% of the total workers'
986 compensation premium income described in this Subsection (2).

987 (b) Total workers' compensation premium income means the net written premium as
988 calculated before any premium reduction for any insured employer's deductible, retention, or
989 reimbursement amounts and also those amounts equivalent to premiums as provided in Section
990 [34A-2-202](#).

991 (c) The percentage of premium assessment applicable for a calendar year shall be
992 determined by the Labor Commission under Subsection (2)(d). The total premium income
993 shall be reduced in the same manner as provided in Subsections (1)(c)(i) and (1)(c)(ii), but not
994 as provided in Subsection (1)(c)(iii). The commission shall promptly remit from the premium
995 assessment collected under this Subsection (2):

996 (i) income to the state treasurer for credit to the Employers' Reinsurance Fund created
997 under Subsection [34A-2-702](#)(1) as follows:

998 (A) on or before December 31, 2009, an amount of up to 5% of the total workers'
999 compensation premium income;

1000 (B) on and after January 1, 2010, but on or before December 31, 2010, an amount of up
1001 to 4.5% of the total workers' compensation premium income;

1002 (C) on and after January 1, 2011, but on or before December 31, 2017, an amount of up
1003 to 3% of the total workers' compensation premium income; and

1004 (D) on and after January 1, 2018, 0% of the total workers' compensation premium
1005 income;

1006 (ii) an amount equal to 0.25% of the total workers' compensation premium income to
1007 the state treasurer for credit to the Workplace Safety Account created by Section [34A-2-701](#);

1008 (iii) an amount of up to 0.5% and any remaining assessed percentage of the total
1009 workers' compensation premium income to the state treasurer for credit to the Uninsured

1010 Employers' Fund created under Section 34A-2-704; and
1011 (iv) beginning on January 1, 2010, 0.5% of the total workers' compensation premium
1012 income to the state treasurer for credit to the Industrial Accident Restricted Account created in
1013 Section 34A-2-705.

1014 (d) (i) The Labor Commission shall determine the amount of the premium assessment
1015 for each year on or before each October 15 of the preceding year. The Labor Commission shall
1016 make this determination following a public hearing. The determination shall be based upon the
1017 recommendations of a qualified actuary.

1018 (ii) The actuary shall recommend a premium assessment rate sufficient to provide
1019 payments of benefits and expenses from the Employers' Reinsurance Fund and to project a
1020 funded condition with assets greater than liabilities by no later than June 30, 2025.

1021 (iii) The actuary shall recommend a premium assessment rate sufficient to provide
1022 payments of benefits and expenses from the Uninsured Employers' Fund and to maintain it at a
1023 funded condition with assets equal to or greater than liabilities.

1024 (iv) At the end of each fiscal year the minimum approximate assets in the Employers'
1025 Reinsurance Fund shall be \$5,000,000 which amount shall be adjusted each year beginning in
1026 1990 by multiplying by the ratio that the total workers' compensation premium income for the
1027 preceding calendar year bears to the total workers' compensation premium income for the
1028 calendar year 1988.

1029 (v) The requirements of Subsection (2)(d)(iv) cease when the future annual
1030 disbursements from the Employers' Reinsurance Fund are projected to be less than the
1031 calculations of the corresponding future minimum required assets. The Labor Commission
1032 shall, after a public hearing, determine if the future annual disbursements are less than the
1033 corresponding future minimum required assets from projections provided by the actuary.

1034 (vi) At the end of each fiscal year the minimum approximate assets in the Uninsured
1035 Employers' Fund shall be \$2,000,000, which amount shall be adjusted each year beginning in
1036 1990 by multiplying by the ratio that the total workers' compensation premium income for the
1037 preceding calendar year bears to the total workers' compensation premium income for the

1038 calendar year 1988.

1039 (e) A premium assessment that is to be transferred into the General Fund may be
1040 collected on premiums received from Utah public agencies.

1041 (3) An admitted insurer writing title insurance in this state shall pay to the commission,
1042 on or before March 31 in each year, a tax of .45% of the total premium received by either the
1043 insurer or by its agents during the preceding calendar year from title insurance concerning
1044 property located in this state. In calculating this tax, "premium" includes the charges made to
1045 an insured under or to an applicant for a policy or contract of title insurance for:

1046 (a) the assumption by the title insurer of the risks assumed by the issuance of the policy
1047 or contract of title insurance; and

1048 (b) abstracting title, title searching, examining title, or determining the insurability of
1049 title, and every other activity, exclusive of escrow, settlement, or closing charges, whether
1050 denominated premium or otherwise, made by a title insurer, an agent of a title insurer, a title
1051 insurance producer, or any of them.

1052 (4) Beginning July 1, 1986, a former county mutual and a former mutual benefit
1053 association shall pay the premium tax or assessment due under this chapter. Premiums
1054 received after July 1, 1986, shall be considered in determining the tax or assessment.

1055 (5) The following insurers are not subject to the premium tax on health care insurance
1056 that would otherwise be applicable under Subsection (1):

1057 (a) an insurer licensed under Title 31A, Chapter 5, Domestic Stock and Mutual
1058 Insurance Corporations;

1059 (b) an insurer licensed under Title 31A, Chapter 7, Nonprofit Health Service Insurance
1060 Corporations;

1061 (c) an insurer licensed under Title 31A, Chapter 8, Health Maintenance Organizations
1062 and Limited Health Plans;

1063 (d) an insurer licensed under Title 31A, Chapter 9, Insurance Fraternal;

1064 (e) an insurer licensed under Title 31A, Chapter 11, Motor Clubs;

1065 (f) an insurer licensed under Title 31A, Chapter 13, Employee Welfare Funds and

1066 Plans; and

1067 (g) an insurer licensed under Title 31A, Chapter 14, Foreign Insurers.

1068 (6) An insurer issuing multiple policies to an insured may not artificially allocate the
1069 premiums among the policies for purposes of reducing the aggregate premium tax or
1070 assessment applicable to the policies.

1071 (7) The retaliatory provisions of Title 31A, Chapter 3, Department Funding, Fees, and
1072 Taxes, apply to the tax or assessment imposed under this chapter.

1073 Section 17. Section **59-10-1002.1** is amended to read:

1074 **59-10-1002.1. Removal of tax credit from tax return and prohibition on claiming**
1075 **or carrying forward a tax credit -- Conditions for removal and prohibition on claiming or**
1076 **carrying forward a tax credit -- Commission publishing requirements.**

1077 (1) As used in this section, "tax return" means a tax return filed in accordance with this
1078 chapter.

1079 (2) Except as provided in Subsection (4), beginning two taxable years after the
1080 requirements of Subsection (3) are met:

1081 (a) the commission shall remove a tax credit allowed under this part from each tax
1082 return on which the tax credit appears; and

1083 (b) a claimant, estate, or trust filing a tax return may not claim or carry forward the tax
1084 credit.

1085 (3) Except as provided in Subsection (4), the commission shall remove a tax credit
1086 allowed under this part from a tax return and a claimant, estate, or trust filing a tax return may
1087 not claim or carry forward the tax credit as provided in Subsection (2) if:

1088 (a) the total amount of the tax credit claimed or carried forward by all claimants,
1089 estates, or trusts filing tax returns is less than \$10,000 per year for three consecutive taxable
1090 years beginning on or after January 1, 2002; and

1091 (b) less than 10 claimants, estates, and trusts per year for the three consecutive taxable
1092 years described in Subsection (3)(a), file a tax return claiming or carrying forward the tax
1093 credit.

1094 (4) This section does not apply to a tax credit under Section 59-10-1027.

1095 (5) The commission shall, on or before the November interim meeting of the year after
1096 the taxable year in which the requirements of Subsection (3) are met, report to the Revenue and
1097 Taxation Interim Committee by electronic means that in accordance with this section:

1098 (a) the commission is required to remove a tax credit from each tax return on which the
1099 tax credit appears; and

1100 (b) a claimant, estate, or trust filing a tax return may not claim or carry forward the tax
1101 credit.

1102 (6) (a) Within a 30-day period after making the report required by Subsection (5), the
1103 commission shall publish a list in accordance with Subsection (6)(b) stating each tax credit that
1104 the commission will remove from a return on which the tax credit appears.

1105 (b) The list shall:

1106 (i) be published on:

1107 (A) the commission's website; and

1108 (B) the public legal notice website in accordance with Section 45-1-101;

1109 (ii) include a statement that:

1110 (A) the commission is required to remove the tax credit from each return on which the
1111 tax credit appears; and

1112 (B) the tax credit may not be claimed or carried forward on a return;

1113 (iii) state the taxable year for which the removal described in Subsection (6)(a) takes
1114 effect; and

1115 (iv) remain available for viewing and searching until the commission publishes a new
1116 list in accordance with this Subsection (6).

1117 Section 18. Section 59-10-1010 is amended to read:

1118 **59-10-1010. Utah low-income housing tax credit.**

1119 (1) As used in this section:

1120 (a) "Allocation certificate" means:

1121 (i) the certificate prescribed by the commission and issued by the Utah Housing

1122 Corporation to each claimant, estate, or trust that specifies the percentage of the annual federal
1123 low-income housing credit that each claimant, estate, or trust may take as an annual tax credit
1124 against a tax imposed by this chapter; or

1125 (ii) a copy of the allocation certificate that the housing sponsor provides to the
1126 claimant, estate, or trust.

1127 (b) "Building" means a qualified low-income building as defined in Section 42(c),
1128 Internal Revenue Code.

1129 (c) "Federal low-income housing credit" means the low-income housing credit under
1130 Section 42, Internal Revenue Code.

1131 (d) "Housing sponsor" means a corporation in the case of a C corporation, a partnership
1132 in the case of a partnership, a corporation in the case of an S corporation, or a limited liability
1133 company in the case of a limited liability company.

1134 (e) "Qualified allocation plan" means the qualified allocation plan adopted by the Utah
1135 Housing Corporation pursuant to Section 42(m), Internal Revenue Code.

1136 (f) "Special low-income housing tax credit certificate" means a certificate:

1137 (i) prescribed by the commission;

1138 (ii) that a housing sponsor issues to a claimant, estate, or trust for a taxable year; and

1139 (iii) that specifies the amount of a tax credit a claimant, estate, or trust may claim under
1140 this section if the claimant, estate, or trust meets the requirements of this section.

1141 (2) (a) For taxable years beginning on or after January 1, 1995, there is allowed a
1142 nonrefundable tax credit against taxes otherwise due under this chapter for a claimant, estate,
1143 or trust issued an allocation certificate.

1144 (b) The tax credit shall be in an amount equal to the greater of the amount of:

1145 (i) federal low-income housing credit to which the claimant, estate, or trust is allowed
1146 during that year multiplied by the percentage specified in an allocation certificate issued by the
1147 Utah Housing Corporation; or

1148 (ii) tax credit specified in the special low-income housing tax credit certificate that the
1149 housing sponsor issues to the claimant, estate, or trust as provided in Subsection (2)(c).

- 1150 (c) For purposes of Subsection (2)(b)(ii), the tax credit is equal to the product of:
- 1151 (i) the total amount of low-income housing tax credit under this section that:
- 1152 (A) a housing sponsor is allowed for a building; and
- 1153 (B) all of the claimants, estates, and trusts may claim with respect to the building if the
- 1154 claimants, estates, and trusts meet the requirements of this section; and
- 1155 (ii) the percentage of tax credit a claimant, estate, or trust may claim:
- 1156 (A) under this section if the claimant, estate, or trust meets the requirements of this
- 1157 section; and
- 1158 (B) as provided in the agreement between the claimant, estate, or trust and the housing
- 1159 sponsor.
- 1160 (d) (i) For the calendar year beginning on January 1, 1995, through the calendar year
- 1161 beginning on January 1, 2015, the aggregate annual tax credit that the Utah Housing
- 1162 Corporation may allocate for the credit period described in Section 42(f), Internal Revenue
- 1163 Code, pursuant to this section and Section 59-7-607 is an amount equal to the product of:
- 1164 (A) 12.5 cents; and
- 1165 (B) the population of Utah.
- 1166 (ii) For purposes of this section, the population of Utah shall be determined in
- 1167 accordance with Section 146(j), Internal Revenue Code.
- 1168 (3) (a) By October 1, 1994, the Utah Housing Corporation shall determine criteria and
- 1169 procedures for allocating the tax credit under this section and Section 59-7-607 and incorporate
- 1170 the criteria and procedures into the Utah Housing Corporation's qualified allocation plan.
- 1171 (b) The Utah Housing Corporation shall create the criteria under Subsection (3)(a)
- 1172 based on:
- 1173 (i) the number of affordable housing units to be created in Utah for low and moderate
- 1174 income persons in the residential housing development of which the building is a part;
- 1175 (ii) the level of area median income being served by the development;
- 1176 (iii) the need for the tax credit for the economic feasibility of the development; and
- 1177 (iv) the extended period for which the development commits to remain as affordable

1178 housing.

1179 (4) (a) The following may apply to the Utah Housing Corporation for a tax credit under
1180 this section:

1181 (i) any housing sponsor that is a claimant, estate, or trust if that housing sponsor has
1182 received an allocation of the federal low-income housing credit; or

1183 (ii) any applicant for an allocation of the federal low-income housing credit if that
1184 applicant is a claimant, estate, or trust.

1185 (b) The Utah Housing Corporation may not require fees for applications of the tax
1186 credit under this section in addition to those fees required for applications for the federal
1187 low-income housing credit.

1188 (5) (a) The Utah Housing Corporation shall determine the amount of the tax credit to
1189 allocate to a qualifying housing sponsor in accordance with the qualified allocation plan of the
1190 Utah Housing Corporation.

1191 (b) (i) The Utah Housing Corporation shall allocate the tax credit to housing sponsors
1192 by issuing an allocation certificate to qualifying housing sponsors.

1193 (ii) The allocation certificate under Subsection (5)(b)(i) shall specify the allowed
1194 percentage of the federal low-income housing credit as determined by the Utah Housing
1195 Corporation.

1196 (c) The percentage specified in an allocation certificate may not exceed 100% of the
1197 federal low-income housing credit.

1198 (6) A housing sponsor shall provide a copy of the allocation certificate to each
1199 claimant, estate, or trust that is issued a special low-income housing tax credit certificate.

1200 (7) (a) A housing sponsor shall provide to the commission a list of:

1201 (i) the claimants, estates, and trusts issued a special low-income housing tax credit
1202 certificate; and

1203 (ii) for each claimant, estate, or trust described in Subsection (7)(a)(i), the amount of
1204 tax credit listed on the special low-income housing tax credit certificate.

1205 (b) A housing sponsor shall provide the list required by Subsection (7)(a):

1206 (i) to the commission;
1207 (ii) on a form provided by the commission; and
1208 (iii) with the housing sponsor's tax return for each taxable year for which the housing
1209 sponsor issues a special low-income housing tax credit certificate described in this Subsection
1210 (7).

1211 (8) (a) All elections made by the claimant, estate, or trust pursuant to Section 42,
1212 Internal Revenue Code, shall apply to this section.

1213 (b) (i) If a claimant, estate, or trust is required to recapture a portion of any federal
1214 low-income housing credit, the claimant, estate, or trust shall also be required to recapture a
1215 portion of any state tax credits authorized by this section.

1216 (ii) The state recapture amount shall be equal to the percentage of the state tax credit
1217 that equals the proportion the federal recapture amount bears to the original federal low-income
1218 housing credit amount subject to recapture.

1219 (9) (a) Any tax credits returned to the Utah Housing Corporation in any year may be
1220 reallocated within the same time period as provided in Section 42, Internal Revenue Code.

1221 (b) Tax credits that are unallocated by the Utah Housing Corporation in any year may
1222 be carried over for allocation in the subsequent year.

1223 (10) (a) Amounts otherwise qualifying for the tax credit, but not allowable because the
1224 tax credit exceeds the tax, may be carried back three years or may be carried forward five years
1225 as a tax credit.

1226 (b) Carryover tax credits under Subsection (10)(a) shall be applied against the tax:

1227 (i) before the application of the tax credits earned in the current year; and

1228 (ii) on a first-earned first-used basis.

1229 (11) Any tax credit taken in this section may be subject to an annual audit by the
1230 commission.

1231 (12) The Utah Housing Corporation shall annually provide an [~~annual~~] electronic
1232 report to the Revenue and Taxation Interim Committee which shall include at least:

1233 (a) the purpose and effectiveness of the tax credits; and

1234 (b) the benefits of the tax credits to the state.

1235 (13) The commission may, in consultation with the Utah Housing Corporation,
1236 promulgate rules to implement this section.

1237 Section 19. Section **59-10-1012** is amended to read:

1238 **59-10-1012. Tax credits for research activities conducted in the state -- Carry**
1239 **forward -- Commission to report modification or repeal of certain federal provisions --**
1240 **Revenue and Taxation Interim Committee study.**

1241 (1) (a) A claimant, estate, or trust meeting the requirements of this section may claim
1242 the following nonrefundable tax credits:

1243 (i) a research tax credit of 5% of the claimant's, estate's, or trust's qualified research
1244 expenses for the current taxable year that exceed the base amount provided for under
1245 Subsection (3);

1246 (ii) a tax credit for a payment to a qualified organization for basic research as provided
1247 in Section 41(e), Internal Revenue Code of 5% for the current taxable year that exceed the base
1248 amount provided for under Subsection (3); and

1249 (iii) a tax credit equal to 7.5% of the claimant's, estate's, or trust's qualified research
1250 expenses for the current taxable year.

1251 (b) Subject to Subsection (4), a claimant, estate, or trust may claim a tax credit under:

1252 (i) Subsection (1)(a)(i) or (1)(a)(iii), for the taxable year for which the claimant, estate,
1253 or trust incurs the qualified research expenses; or

1254 (ii) Subsection (1)(a)(ii), for the taxable year for which the claimant, estate, or trust
1255 makes the payment to the qualified organization.

1256 (c) The tax credits provided for in this section do not include the alternative
1257 incremental credit provided for in Section 41(c)(4), Internal Revenue Code.

1258 (2) Except as specifically provided for in this section:

1259 (a) the tax credits authorized under Subsection (1) shall be calculated as provided in
1260 Section 41, Internal Revenue Code; and

1261 (b) the definitions provided in Section 41, Internal Revenue Code, apply in calculating

1262 the tax credits authorized under Subsection (1).

1263 (3) For purposes of this section:

1264 (a) the base amount shall be calculated as provided in Sections 41(c) and 41(h),
1265 Internal Revenue Code, except that:

1266 (i) the base amount does not include the calculation of the alternative incremental
1267 credit provided for in Section 41(c)(4), Internal Revenue Code;

1268 (ii) a claimant's, estate's, or trust's gross receipts include only those gross receipts
1269 attributable to sources within this state as provided in Section 59-10-118; and

1270 (iii) notwithstanding Section 41(c), Internal Revenue Code, for purposes of calculating
1271 the base amount, a claimant, estate, or trust:

1272 (A) may elect to be treated as a start-up company as provided in Section 41(c)(3)(B),
1273 Internal Revenue Code, regardless of whether the claimant, estate, or trust meets the
1274 requirements of Section 41(c)(3)(B)(i)(I) or (II), Internal Revenue Code; and

1275 (B) may not revoke an election to be treated as a start-up company under Subsection
1276 (3)(a)(iii)(A);

1277 (b) "basic research" is as defined in Section 41(e)(7), Internal Revenue Code, except
1278 that the term includes only basic research conducted in this state;

1279 (c) "qualified research" is as defined in Section 41(d), Internal Revenue Code, except
1280 that the term includes only qualified research conducted in this state;

1281 (d) "qualified research expenses" is as defined and calculated in Section 41(b), Internal
1282 Revenue Code, except that the term includes only:

1283 (i) in-house research expenses incurred in this state; and
1284 (ii) contract research expenses incurred in this state; and

1285 (e) a tax credit provided for in this section is not terminated if a credit terminates under
1286 Section 41, Internal Revenue Code.

1287 (4) (a) If the amount of a tax credit claimed by a claimant, estate, or trust under
1288 Subsection (1)(a)(i) or (ii) exceeds the claimant's, estate's, or trust's tax liability under this
1289 chapter for a taxable year, the amount of the tax credit exceeding the tax liability:

1290 (i) may be carried forward for a period that does not exceed the next 14 taxable years;

1291 and

1292 (ii) may not be carried back to a taxable year preceding the current taxable year.

1293 (b) A claimant, estate, or trust may not carry forward the tax credit allowed by

1294 Subsection (1)(a)(iii).

1295 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1296 commission may make rules for purposes of this section prescribing a certification process for

1297 qualified organizations to ensure that amounts paid to the qualified organizations are for basic

1298 research conducted in this state.

1299 (6) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the

1300 commission shall report the modification or repeal by electronic means to the Revenue and

1301 Taxation Interim Committee within 60 days after the day on which the modification or repeal

1302 becomes effective.

1303 (7) (a) The Revenue and Taxation Interim Committee shall review the tax credits

1304 provided for in this section on or before October 1 of the year after the year in which the

1305 commission reports under Subsection (6) a modification or repeal of a provision of Section 41,

1306 Internal Revenue Code.

1307 (b) Notwithstanding Subsection (7)(a), the Revenue and Taxation Interim Committee is

1308 not required to review the tax credits provided for in this section if the only modification to a

1309 provision of Section 41, Internal Revenue Code, is the extension of the termination date

1310 provided for in Section 41(h), Internal Revenue Code.

1311 (c) The Revenue and Taxation Interim Committee shall address in a review under this

1312 section:

1313 (i) the cost of the tax credits provided for in this section;

1314 (ii) the purpose and effectiveness of the tax credits provided for in this section;

1315 (iii) whether the tax credits provided for in this section benefit the state; and

1316 (iv) whether the tax credits provided for in this section should be:

1317 (A) continued;

1318 (B) modified; or

1319 (C) repealed.

1320 (d) If the Revenue and Taxation Interim Committee reviews the tax credits provided
1321 for in this section, the committee shall report its findings to the Legislative Management
1322 Committee on or before the November interim meeting of the year in which the Revenue and
1323 Taxation Interim Committee reviews the tax credits.

1324 Section 20. Section **59-10-1013** is amended to read:

1325 **59-10-1013. Tax credits for machinery, equipment, or both primarily used for**
1326 **conducting qualified research or basic research -- Carry forward -- Commission to report**
1327 **modification or repeal of certain federal provisions -- Revenue and Taxation Interim**
1328 **Committee study.**

1329 (1) As used in this section:

1330 (a) "Basic research" is as defined in Section 41(e)(7), Internal Revenue Code, except
1331 that the term includes only basic research conducted in this state.

1332 (b) "Equipment" includes:

1333 (i) a computer;

1334 (ii) computer equipment; and

1335 (iii) computer software.

1336 (c) "Purchase price":

1337 (i) includes the cost of installing an item of machinery or equipment; and

1338 (ii) does not include a tax imposed under Chapter 12, Sales and Use Tax Act, on an
1339 item of machinery or equipment.

1340 (d) "Qualified organization" is as defined in Section 41(e)(6), Internal Revenue Code.

1341 (e) "Qualified research" is as defined in Section 41(d), Internal Revenue Code, except
1342 that the term includes only qualified research conducted in this state.

1343 (2) (a) Except as provided in Subsection (2)(c), for taxable years beginning on or after
1344 January 1, 1999, but beginning before December 31, 2010, a claimant, estate, or trust meeting
1345 the requirements of this section may claim the following nonrefundable tax credits:

- 1346 (i) a tax credit of 6% of the purchase price of machinery, equipment, or both:
1347 (A) purchased by the claimant, estate, or trust during the taxable year;
1348 (B) that is subject to a tax under Chapter 12, Sales and Use Tax Act; and
1349 (C) that is primarily used to conduct qualified research in this state; and
1350 (ii) a tax credit of 6% of the purchase price paid by the claimant, estate, or trust for
1351 machinery, equipment, or both:
1352 (A) purchased by the claimant, estate, or trust during the taxable year;
1353 (B) that is subject to a tax under Chapter 12, Sales and Use Tax Act;
1354 (C) that is donated to a qualified organization; and
1355 (D) that is primarily used to conduct basic research in this state.
1356 (b) Subject to Subsection (4), a claimant, estate, or trust may claim a tax credit under
1357 this section for the taxable year for which the claimant, estate, or trust purchases the machinery,
1358 equipment, or both.
1359 (c) If a claimant, estate, or trust qualifies for a tax credit under Subsection (2)(a) for a
1360 purchase of machinery, equipment, or both, the claimant, estate, or trust may not claim the tax
1361 credit or carry the tax credit forward if the machinery, equipment, or both, is primarily used to
1362 conduct qualified research in the state for a time period that is less than 12 consecutive months.
1363 (3) Notwithstanding Section 41(h), Internal Revenue Code, a tax credit provided for in
1364 this section is not terminated if a credit terminates under Section 41, Internal Revenue Code.
1365 (4) If the amount of a tax credit claimed by a claimant, estate, or trust under this section
1366 exceeds a claimant's, estate's, or trust's tax liability under this chapter for a taxable year, the
1367 amount of the tax credit exceeding the tax liability:
1368 (a) may be carried forward for a period that does not exceed the next 14 taxable years;
1369 and
1370 (b) may not be carried back to a taxable year preceding the current taxable year.
1371 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1372 commission may make rules for purposes of this section prescribing a certification process for
1373 qualified organizations to ensure that machinery, equipment, or both provided to the qualified

1374 organization is to be primarily used to conduct basic research in this state.

1375 (6) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the
1376 commission shall report the modification or repeal by electronic means to the Revenue and
1377 Taxation Interim Committee within 60 days after the day on which the modification or repeal
1378 becomes effective.

1379 (7) (a) The Revenue and Taxation Interim Committee shall review the tax credits
1380 provided for in this section on or before October 1 of the year after the year in which the
1381 commission reports under Subsection (6) a modification or repeal of a provision of Section 41,
1382 Internal Revenue Code.

1383 (b) Notwithstanding Subsection (7)(a), the Revenue and Taxation Interim Committee is
1384 not required to review the tax credits provided for in this section if the only modification to a
1385 provision of Section 41, Internal Revenue Code, is the extension of the termination date
1386 provided for in Section 41(h), Internal Revenue Code.

1387 (c) The Revenue and Taxation Interim Committee shall address in a review under this
1388 section the:

- 1389 (i) cost of the tax credits provided for in this section;
- 1390 (ii) purpose and effectiveness of the tax credits provided for in this section;
- 1391 (iii) whether the tax credits provided for in this section benefit the state; and
- 1392 (iv) whether the tax credits provided for in this section should be:
 - 1393 (A) continued;
 - 1394 (B) modified; or
 - 1395 (C) repealed.

1396 (d) If the Revenue and Taxation Interim Committee reviews the tax credits provided
1397 for in this section, the committee shall report its findings to the Legislative Management
1398 Committee on or before the November interim meeting of the year in which the Revenue and
1399 Taxation Interim Committee reviews the tax credits.

1400 Section 21. Section **59-10-1029** is amended to read:

1401 **59-10-1029. Nonrefundable alternative energy development tax credit.**

- 1402 (1) As used in this section:
- 1403 (a) "Alternative energy entity" is as defined in Section 63M-4-502.
- 1404 (b) "Alternative energy project" is as defined in Section 63M-4-502.
- 1405 (c) "Office" is as defined in Section 63M-4-401.
- 1406 (2) Subject to the other provisions of this section, an alternative energy entity may
- 1407 claim a nonrefundable tax credit for alternative energy development as provided in this section.
- 1408 (3) The tax credit under this section is the amount listed as the tax credit amount on a
- 1409 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 5, Alternative
- 1410 Energy Development Tax Credit Act, to the alternative energy entity for the taxable year.
- 1411 (4) An alternative energy entity may carry forward a tax credit under this section for a
- 1412 period that does not exceed the next seven taxable years if:
- 1413 (a) the alternative energy entity is allowed to claim a tax credit under this section for a
- 1414 taxable year; and
- 1415 (b) the amount of the tax credit exceeds the alternative energy entity's tax liability
- 1416 under this chapter for that taxable year.
- 1417 (5) (a) On or before October 1, 2017, and every five years after October 1, 2017, the
- 1418 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
- 1419 make recommendations to the Legislative Management Committee concerning whether the tax
- 1420 credit should be continued, modified, or repealed.
- 1421 (b) For purposes of the study required by this Subsection (5), the office shall provide
- 1422 the following information to the Revenue and Taxation Interim Committee by electronic
- 1423 means:
- 1424 (i) the amount of tax credit that the office grants to each alternative energy entity for
- 1425 each taxable year;
- 1426 (ii) the new state revenues generated by each alternative energy project;
- 1427 (iii) the information contained in the office's latest report to the Legislature under
- 1428 Section 63M-4-505; and
- 1429 (iv) any other information that the Revenue and Taxation Interim Committee requests.

1430 (c) The Revenue and Taxation Interim Committee shall ensure that its
1431 recommendations under Subsection (5)(a) include an evaluation of:

- 1432 (i) the cost of the tax credit to the state;
- 1433 (ii) the purpose and effectiveness of the tax credit; and
- 1434 (iii) the extent to which the state benefits from the tax credit.

1435 Section 22. Section **59-10-1030** is amended to read:

1436 **59-10-1030. Nonrefundable alternative energy manufacturing tax credit.**

1437 (1) As used in this section:

1438 (a) "Alternative energy entity" [~~is as~~] means the same as that term is defined in Section
1439 [63N-2-702](#).

1440 (b) "Alternative energy manufacturing project" [~~is as~~] means the same as that term is
1441 defined in Section [63N-2-702](#).

1442 (c) "New incremental job with the state" means the same as that term is defined in
1443 Section [63N-2-702](#).

1444 (d) "New state revenues" means the same as that term is defined in Section [63N-2-702](#).

1445 [~~(e)~~] (e) "Office" means the Governor's Office of Economic Development.

1446 (2) Subject to the other provisions of this section, an alternative energy entity may
1447 claim a nonrefundable tax credit for alternative energy manufacturing as provided in this
1448 section.

1449 (3) The tax credit under this section is the amount listed as the tax credit amount on a
1450 tax credit certificate that the office issues under Title 63N, Chapter 2, Part 7, Alternative
1451 Energy Manufacturing Tax Credit Act, to the alternative energy entity for the taxable year.

1452 (4) An alternative energy entity may carry forward a tax credit under this section for a
1453 period that does not exceed the next seven taxable years if:

1454 (a) the alternative energy entity is allowed to claim a tax credit under this section for a
1455 taxable year; and

1456 (b) the amount of the tax credit exceeds the alternative energy entity's tax liability
1457 under this chapter for that taxable year.

1458 (5) (a) On or before October 1, 2017, and every five years after October 1, 2017, the
1459 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
1460 make recommendations to the Legislative Management Committee concerning whether the tax
1461 credit should be continued, modified, or repealed.

1462 (b) For purposes of the study required by this Subsection (5), the office shall provide
1463 the following information to the Revenue and Taxation Interim Committee by electronic
1464 means:

1465 (i) the amount of tax credit that the office grants to each alternative energy entity for
1466 each taxable year;

1467 (ii) the new state revenues generated by each alternative energy manufacturing project;

1468 (iii) estimates for each of the next five calendar years of the following:

1469 (A) the amount of tax credits that the office will grant;

1470 (B) the amount of new state revenues that will be generated; and

1471 (C) the number of new incremental jobs within the state that will be generated;

1472 ~~[(iii)]~~ (iv) the information contained in the office's latest report to the Legislature under
1473 Section [63N-2-705](#); and

1474 ~~[(iv)]~~ (v) any other information that the Revenue and Taxation Interim Committee
1475 requests.

1476 (c) The Revenue and Taxation Interim Committee shall ensure that its
1477 recommendations under Subsection (5)(a) include an evaluation of:

1478 (i) the cost of the tax credit to the state;

1479 (ii) the purpose and effectiveness of the tax credit; and

1480 (iii) the extent to which the state benefits from the tax credit.

1481 Section 23. Section **59-10-1107** is amended to read:

1482 **59-10-1107. Refundable economic development tax credit.**

1483 (1) As used in this section:

1484 (a) "Business entity" means a claimant, estate, or trust that meets the definition of
1485 "business entity" as defined in Section [63N-2-103](#).

1486 (b) "New incremental jobs" means the same as that term is defined in Section
1487 63N-2-103.

1488 (c) "New state revenues" means the same as that term is defined in Section 63N-2-103.

1489 ~~[(b)]~~ (d) "Office" means the Governor's Office of Economic Development.

1490 (2) Subject to the other provisions of this section, a business entity may claim a
1491 refundable tax credit for economic development.

1492 (3) The tax credit under this section is the amount listed as the tax credit amount on the
1493 tax credit certificate that the office issues to the business entity for the taxable year.

1494 (4) (a) In accordance with any rules prescribed by the commission under Subsection
1495 (4)(b), the commission shall make a refund to a business entity that claims a tax credit under
1496 this section if the amount of the tax credit exceeds the business entity's tax liability for a
1497 taxable year.

1498 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1499 commission may make rules providing procedures for making a refund to a business entity as
1500 required by Subsection (4)(a).

1501 (5) (a) On or before October 1, 2013, and every five years after October 1, 2013, the
1502 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
1503 make recommendations to the Legislative Management Committee concerning whether the tax
1504 credit should be continued, modified, or repealed.

1505 (b) For purposes of the study required by this Subsection (5), the office shall provide
1506 the following information to the Revenue and Taxation Interim Committee by electronic
1507 means:

1508 (i) the amount of tax credit the office grants to each taxpayer for each calendar year;

1509 (ii) the criteria the office uses in granting a tax credit;

1510 (iii) the new state revenues generated by each taxpayer for each calendar year;

1511 (iv) estimates for each of the next five calendar years of the following:

1512 (A) the amount of tax credits that the office will grant;

1513 (B) the amount of new state revenues that will be generated; and

1514 (C) the number of new incremental jobs within the state that will be generated;
1515 ~~[(iv)]~~ (v) the information contained in the office's latest report to the Legislature under
1516 Section 63N-2-106; and
1517 ~~[(v)]~~ (vi) any other information that the Revenue and Taxation Interim Committee
1518 requests.

1519 (c) The Revenue and Taxation Interim Committee shall ensure that its
1520 recommendations under Subsection (5)(a) include an evaluation of:

- 1521 (i) the cost of the tax credit to the state;
- 1522 (ii) the purpose and effectiveness of the tax credit; and
- 1523 (iii) the extent to which the state benefits from the tax credit.

1524 Section 24. Section 59-10-1108 is amended to read:

1525 **59-10-1108. Refundable motion picture tax credit.**

1526 (1) As used in this section:

- 1527 (a) "Motion picture company" means a claimant, estate, or trust that meets the
1528 definition of a motion picture company under Section 63N-8-102.
- 1529 (b) "Office" means the Governor's Office of Economic Development.
- 1530 (c) "State-approved production" has the same meaning as defined in Section
1531 63N-8-102.

1532 (2) For taxable years beginning on or after January 1, 2009, a motion picture company
1533 may claim a refundable tax credit for a state-approved production.

1534 (3) The tax credit under this section is the amount listed as the tax credit amount on the
1535 tax credit certificate that the office issues to a motion picture company under Section
1536 63N-8-103 for the taxable year.

1537 (4) (a) In accordance with any rules prescribed by the commission under Subsection
1538 (4)(b), the commission shall make a refund to a motion picture company that claims a tax
1539 credit under this section if the amount of the tax credit exceeds the motion picture company's
1540 tax liability for the taxable year.

1541 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1542 commission may make rules providing procedures for making a refund to a motion picture
1543 company as required by Subsection (4)(a).

1544 (5) (a) On or before October 1, 2014, and every five years after October 1, 2014, the
1545 Revenue and Taxation Interim Committee shall study the tax credit allowed by this section and
1546 make recommendations to the Legislative Management Committee concerning whether the tax
1547 credit should be continued, modified, or repealed.

1548 (b) For purposes of the study required by this Subsection (5), the office shall provide
1549 the following information to the Revenue and Taxation Interim Committee by electronic
1550 means:

1551 (i) (A) the amount of tax credit the office grants to each taxpayer for each calendar
1552 year; and

1553 (B) estimates of the amount of tax credit that the office will grant for each of the next
1554 five calendar years;

1555 (ii) the criteria the office uses in granting a tax credit;

1556 (iii) the dollars left in the state, as defined in Section 63N-8-102, by each motion
1557 picture company for each calendar year;

1558 (iv) the information contained in the office's latest report to the Legislature under
1559 Section 63N-8-105; and

1560 (v) any other information requested by the Revenue and Taxation Interim Committee.

1561 (c) The Revenue and Taxation Interim Committee shall ensure that its
1562 recommendations under Subsection (5)(a) include an evaluation of:

1563 (i) the cost of the tax credit to the state;

1564 (ii) the effectiveness of the tax credit; and

1565 (iii) the extent to which the state benefits from the tax credit.

1566 Section 25. Section 59-10-1304 is amended to read:

1567 **59-10-1304. Removal of designation and prohibitions on collection for certain**
1568 **contributions on income tax return -- Conditions for removal and prohibitions on**
1569 **collection -- Commission publication requirements.**

1570 (1) (a) If a contribution or combination of contributions described in Subsection (1)(b)
1571 generate less than \$30,000 per year for three consecutive years, the commission shall remove
1572 the designation for the contribution from the individual income tax return and may not collect
1573 the contribution from a resident or nonresident individual beginning two taxable years after the
1574 three-year period for which the contribution generates less than \$30,000 per year.

1575 (b) The following contributions apply to Subsection (1)(a):

1576 (i) the contribution provided for in Section 59-10-1306;

1577 (ii) the sum of the contributions provided for in Subsection 59-10-1307(1);

1578 (iii) the contribution provided for in Section 59-10-1308;

1579 (iv) the contribution provided for in Section 59-10-1310;

1580 (v) the contribution provided for in Section 59-10-1315;

1581 (vi) the sum of the contributions provided for in:

1582 (A) Section 59-10-1316; and

1583 (B) Section 59-10-1317; or

1584 (vii) the contribution provided for in Section 59-10-1318.

1585 (2) If the commission removes the designation for a contribution under Subsection (1),
1586 the commission shall report to the Revenue and Taxation Interim Committee by electronic
1587 means that the commission removed the designation on or before the November interim
1588 meeting of the year in which the commission determines to remove the designation.

1589 (3) (a) Within a 30-day period after making the report required by Subsection (2), the
1590 commission shall publish a list in accordance with Subsection (3)(b) stating each contribution
1591 that the commission will remove from the individual income tax return.

1592 (b) The list shall:

1593 (i) be published on:

1594 (A) the commission's website; and

1595 (B) the public legal notice website in accordance with Section 45-1-101;

1596 (ii) include a statement that the commission:

1597 (A) is required to remove the contribution from the individual income tax return; and

1598 (B) may not collect the contribution;

1599 (iii) state the taxable year for which the removal described in Subsection (3)(a) takes
1600 effect; and

1601 (iv) remain available for viewing and searching until the commission publishes a new
1602 list in accordance with this Subsection (3).

1603 Section 26. Section **59-12-103.1** is amended to read:

1604 **59-12-103.1. Action by Supreme Court of the United States authorizing or action**
1605 **by Congress permitting a state to require certain sellers to collect a sales or use tax --**
1606 **Collection of tax by commission -- Commission report to Revenue and Taxation Interim**
1607 **Committee -- Revenue and Taxation Interim Committee study -- Division of Finance**
1608 **requirement to make certain deposits.**

1609 (1) Except as provided in Section **59-12-107.1**, a seller shall remit a tax to the
1610 commission as provided in Section **59-12-107** if:

1611 (a) the Supreme Court of the United States issues a decision authorizing a state to
1612 require the following sellers to collect a sales or use tax:

1613 (i) a seller that does not meet one or more of the criteria described in Subsection
1614 **59-12-107(2)(a)**; or

1615 (ii) a seller that is not a seller required to pay or collect and remit sales and use taxes
1616 under Subsection **59-12-107(2)(b)**; or

1617 (b) Congress permits the state to require the following sellers to collect a sales or use
1618 tax:

1619 (i) a seller that does not meet one or more of the criteria described in Subsection
1620 **59-12-107(2)(a)**; or

1621 (ii) a seller that is not a seller required to pay or collect and remit sales and use taxes
1622 under Subsection **59-12-107(2)(b)**.

1623 (2) The commission shall:

1624 (a) collect the tax described in Subsection (1) from the seller:

1625 (i) to the extent:

1626 (A) authorized by the Supreme Court of the United States; or
1627 (B) permitted by Congress; and
1628 (ii) beginning on the first day of a calendar quarter as prescribed by the Revenue and
1629 Taxation Interim Committee; and
1630 (b) make a report to the Revenue and Taxation Interim Committee by electronic
1631 means:
1632 (i) regarding the actions taken by:
1633 (A) the Supreme Court of the United States; or
1634 (B) Congress; and
1635 (ii) (A) stating the amount of state revenue collected at the time of the report, if any;
1636 and
1637 (B) estimating the state sales and use tax rate reduction that would offset the amount of
1638 state revenue estimated to be collected for the current fiscal year and the next fiscal year; and
1639 [~~(iii)(A) at~~] (c) report to the Revenue and Taxation Interim Committee at:
1640 (i) the Revenue and Taxation Interim Committee meeting immediately following the
1641 day on which the actions of the Supreme Court of the United States or Congress become
1642 effective; and
1643 [~~(B)~~] (ii) any other meeting of the Revenue and Taxation Interim Committee as
1644 requested by the chairs of the committee.
1645 (3) The Revenue and Taxation Interim Committee shall after [~~hearing~~] receiving the
1646 commission's [~~report~~] reports under [~~Subsection~~] Subsections (2)(b) and (c):
1647 (a) review the actions taken by:
1648 (i) the Supreme Court of the United States; or
1649 (ii) Congress;
1650 (b) direct the commission regarding the day on which the commission is required to
1651 collect the tax described in Subsection (1); and
1652 (c) make recommendations to the Legislative Management Committee:
1653 (i) regarding whether as a result of the actions of the Supreme Court of the United

1654 States or Congress any provisions of this chapter should be amended or repealed; and
1655 (ii) within a one-year period after the day on which the commission makes a report
1656 under Subsection (2)(b)(c).

1657 (4) The Division of Finance shall deposit a portion of the revenue collected under this
1658 section into the Remote Sales Restricted Account as required by Section 59-12-103.2.

1659 Section 27. Section 59-12-104 is amended to read:

1660 **59-12-104. Exemptions.**

1661 Exemptions from the taxes imposed by this chapter are as follows:

1662 (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax
1663 under Chapter 13, Motor and Special Fuel Tax Act;

1664 (2) subject to Section 59-12-104.6, sales to the state, its institutions, and its political
1665 subdivisions; however, this exemption does not apply to sales of:

1666 (a) construction materials except:

1667 (i) construction materials purchased by or on behalf of institutions of the public
1668 education system as defined in Utah Constitution Article X, Section 2, provided the
1669 construction materials are clearly identified and segregated and installed or converted to real
1670 property which is owned by institutions of the public education system; and

1671 (ii) construction materials purchased by the state, its institutions, or its political
1672 subdivisions which are installed or converted to real property by employees of the state, its
1673 institutions, or its political subdivisions; or

1674 (b) tangible personal property in connection with the construction, operation,
1675 maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities
1676 providing additional project capacity, as defined in Section 11-13-103;

1677 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:

1678 (i) the proceeds of each sale do not exceed \$1; and

1679 (ii) the seller or operator of the vending machine reports an amount equal to 150% of
1680 the cost of the item described in Subsection (3)(b) as goods consumed; and

1681 (b) Subsection (3)(a) applies to:

1682 (i) food and food ingredients; or
1683 (ii) prepared food;
1684 (4) (a) sales of the following to a commercial airline carrier for in-flight consumption:
1685 (i) alcoholic beverages;
1686 (ii) food and food ingredients; or
1687 (iii) prepared food;
1688 (b) sales of tangible personal property or a product transferred electronically:
1689 (i) to a passenger;
1690 (ii) by a commercial airline carrier; and
1691 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or
1692 (c) services related to Subsection (4)(a) or (b);
1693 (5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts
1694 and equipment:
1695 (A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002
1696 North American Industry Classification System of the federal Executive Office of the
1697 President, Office of Management and Budget; and
1698 (II) for:
1699 (Aa) installation in an aircraft, including services relating to the installation of parts or
1700 equipment in the aircraft;
1701 (Bb) renovation of an aircraft; or
1702 (Cc) repair of an aircraft; or
1703 (B) for installation in an aircraft operated by a common carrier in interstate or foreign
1704 commerce; or
1705 (ii) beginning on October 1, 2008, sales of parts and equipment for installation in an
1706 aircraft operated by a common carrier in interstate or foreign commerce; and
1707 (b) notwithstanding the time period of Subsection [59-1-1410\(8\)](#) for filing for a refund,
1708 a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a
1709 refund:

- 1710 (i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;
- 1711 (ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;
- 1712 (iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for
1713 the sale prior to filing for the refund;
- 1714 (iv) for sales and use taxes paid under this chapter on the sale;
- 1715 (v) in accordance with Section 59-1-1410; and
- 1716 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
1717 the person files for the refund on or before September 30, 2011;
- 1718 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
1719 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
1720 exhibitor, distributor, or commercial television or radio broadcaster;
- 1721 (7) (a) subject to Subsection (7)(b), sales of cleaning or washing of tangible personal
1722 property if the cleaning or washing of the tangible personal property is not assisted cleaning or
1723 washing of tangible personal property;
- 1724 (b) if a seller that sells at the same business location assisted cleaning or washing of
1725 tangible personal property and cleaning or washing of tangible personal property that is not
1726 assisted cleaning or washing of tangible personal property, the exemption described in
1727 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
1728 or washing of the tangible personal property; and
- 1729 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,
1730 Utah Administrative Rulemaking Act, the commission may make rules:
- 1731 (i) governing the circumstances under which sales are at the same business location;
1732 and
- 1733 (ii) establishing the procedures and requirements for a seller to separately account for
1734 sales of assisted cleaning or washing of tangible personal property;
- 1735 (8) sales made to or by religious or charitable institutions in the conduct of their regular
1736 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are
1737 fulfilled;

1738 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of
1739 this state if the vehicle is:

1740 (a) not registered in this state; and

1741 (b) (i) not used in this state; or

1742 (ii) used in this state:

1743 (A) if the vehicle is not used to conduct business, for a time period that does not
1744 exceed the longer of:

1745 (I) 30 days in any calendar year; or

1746 (II) the time period necessary to transport the vehicle to the borders of this state; or

1747 (B) if the vehicle is used to conduct business, for the time period necessary to transport
1748 the vehicle to the borders of this state;

1749 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

1750 (i) the item is intended for human use; and

1751 (ii) (A) a prescription was issued for the item; or

1752 (B) the item was purchased by a hospital or other medical facility; and

1753 (b) (i) Subsection (10)(a) applies to:

1754 (A) a drug;

1755 (B) a syringe; or

1756 (C) a stoma supply; and

1757 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1758 commission may by rule define the terms:

1759 (A) "syringe"; or

1760 (B) "stoma supply";

1761 (11) purchases or leases exempt under Section [19-12-201](#);

1762 (12) (a) sales of an item described in Subsection (12)(c) served by:

1763 (i) the following if the item described in Subsection (12)(c) is not available to the
1764 general public:

1765 (A) a church; or

1766 (B) a charitable institution;

1767 (ii) an institution of higher education if:

1768 (A) the item described in Subsection (12)(c) is not available to the general public; or

1769 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan

1770 offered by the institution of higher education; or

1771 (b) sales of an item described in Subsection (12)(c) provided for a patient by:

1772 (i) a medical facility; or

1773 (ii) a nursing facility; and

1774 (c) Subsections (12)(a) and (b) apply to:

1775 (i) food and food ingredients;

1776 (ii) prepared food; or

1777 (iii) alcoholic beverages;

1778 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property

1779 or a product transferred electronically by a person:

1780 (i) regardless of the number of transactions involving the sale of that tangible personal

1781 property or product transferred electronically by that person; and

1782 (ii) not regularly engaged in the business of selling that type of tangible personal

1783 property or product transferred electronically;

1784 (b) this Subsection (13) does not apply if:

1785 (i) the sale is one of a series of sales of a character to indicate that the person is

1786 regularly engaged in the business of selling that type of tangible personal property or product

1787 transferred electronically;

1788 (ii) the person holds that person out as regularly engaged in the business of selling that

1789 type of tangible personal property or product transferred electronically;

1790 (iii) the person sells an item of tangible personal property or product transferred

1791 electronically that the person purchased as a sale that is exempt under Subsection (25); or

1792 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of

1793 this state in which case the tax is based upon:

1794 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
1795 sold; or

1796 (B) in the absence of a bill of sale or other written evidence of value, the fair market
1797 value of the vehicle or vessel being sold at the time of the sale as determined by the
1798 commission; and

1799 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1800 commission shall make rules establishing the circumstances under which:

1801 (i) a person is regularly engaged in the business of selling a type of tangible personal
1802 property or product transferred electronically;

1803 (ii) a sale of tangible personal property or a product transferred electronically is one of
1804 a series of sales of a character to indicate that a person is regularly engaged in the business of
1805 selling that type of tangible personal property or product transferred electronically; or

1806 (iii) a person holds that person out as regularly engaged in the business of selling a type
1807 of tangible personal property or product transferred electronically;

1808 (14) (a) amounts paid or charged for a purchase or lease:

1809 (i) by a manufacturing facility located in the state; and

1810 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
1811 machinery, equipment, or normal operating repair or replacement parts have an economic life
1812 of three or more years and are used:

1813 (A) in the manufacturing process to manufacture an item sold as tangible personal
1814 property; or

1815 (B) for a scrap recycler, to process an item sold as tangible personal property;

1816 (b) amounts paid or charged for a purchase or lease:

1817 (i) by an establishment:

1818 (A) described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS Code
1819 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal Mining, or
1820 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the 2002 North
1821 American Industry Classification System of the federal Executive Office of the President,

1822 Office of Management and Budget; and
1823 (B) located in the state; and
1824 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
1825 machinery, equipment, or normal operating repair or replacement parts have an economic life
1826 of three or more years and are used in:
1827 (A) the production process to produce an item sold as tangible personal property;
1828 (B) research and development;
1829 (C) transporting, storing, or managing tailings, overburden, or similar waste materials
1830 produced from mining;
1831 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in
1832 mining; or
1833 (E) preventing, controlling, or reducing dust or other pollutants from mining;
1834 (c) amounts paid or charged for a purchase or lease:
1835 (i) by an establishment:
1836 (A) described in NAICS Code 518112, Web Search Portals, of the 2002 North
1837 American Industry Classification System of the federal Executive Office of the President,
1838 Office of Management and Budget; and
1839 (B) located in the state; and
1840 (ii) of machinery, equipment, or normal operating repair or replacement parts if the
1841 machinery, equipment, or normal operating repair or replacement parts:
1842 (A) are used in the operation of the web search portal; and
1843 (B) have an economic life of three or more years; and
1844 (d) for purposes of this Subsection (14) and in accordance with Title 63G, Chapter 3,
1845 Utah Administrative Rulemaking Act, the commission:
1846 (i) shall by rule define the term "establishment"; and
1847 (ii) may by rule define what constitutes:
1848 (A) processing an item sold as tangible personal property;
1849 (B) the production process, to produce an item sold as tangible personal property; or

1850 (C) research and development; ~~[and]~~
1851 ~~[(e) on or before October 1, 2016, and every five years after October 1, 2016, the~~
1852 ~~commission shall:]~~
1853 ~~[(i) review the exemptions described in this Subsection (14) and make~~
1854 ~~recommendations to the Revenue and Taxation Interim Committee concerning whether the~~
1855 ~~exemptions should be continued, modified, or repealed; and]~~
1856 ~~[(ii) include in its report:]~~
1857 ~~[(A) an estimate of the cost of the exemptions;]~~
1858 ~~[(B) the purpose and effectiveness of the exemptions; and]~~
1859 ~~[(C) the benefits of the exemptions to the state;]~~
1860 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:
1861 (i) tooling;
1862 (ii) special tooling;
1863 (iii) support equipment;
1864 (iv) special test equipment; or
1865 (v) parts used in the repairs or renovations of tooling or equipment described in
1866 Subsections (15)(a)(i) through (iv); and
1867 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:
1868 (i) the tooling, equipment, or parts are used or consumed exclusively in the
1869 performance of any aerospace or electronics industry contract with the United States
1870 government or any subcontract under that contract; and
1871 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
1872 title to the tooling, equipment, or parts is vested in the United States government as evidenced
1873 by:
1874 (A) a government identification tag placed on the tooling, equipment, or parts; or
1875 (B) listing on a government-approved property record if placing a government
1876 identification tag on the tooling, equipment, or parts is impractical;
1877 (16) sales of newspapers or newspaper subscriptions;

1878 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a
1879 product transferred electronically traded in as full or part payment of the purchase price, except
1880 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,
1881 trade-ins are limited to other vehicles only, and the tax is based upon:

1882 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
1883 vehicle being traded in; or

1884 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
1885 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
1886 commission; and

1887 (b) Subsection (17)(a) does not apply to the following items of tangible personal
1888 property or products transferred electronically traded in as full or part payment of the purchase
1889 price:

1890 (i) money;

1891 (ii) electricity;

1892 (iii) water;

1893 (iv) gas; or

1894 (v) steam;

1895 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property
1896 or a product transferred electronically used or consumed primarily and directly in farming
1897 operations, regardless of whether the tangible personal property or product transferred
1898 electronically:

1899 (A) becomes part of real estate; or

1900 (B) is installed by a:

1901 (I) farmer;

1902 (II) contractor; or

1903 (III) subcontractor; or

1904 (ii) sales of parts used in the repairs or renovations of tangible personal property or a
1905 product transferred electronically if the tangible personal property or product transferred

1906 electronically is exempt under Subsection (18)(a)(i); and
1907 (b) amounts paid or charged for the following are subject to the taxes imposed by this
1908 chapter:
1909 (i) (A) subject to Subsection (18)(b)(i)(B), the following if used in a manner that is
1910 incidental to farming:
1911 (I) machinery;
1912 (II) equipment;
1913 (III) materials; or
1914 (IV) supplies; and
1915 (B) tangible personal property that is considered to be used in a manner that is
1916 incidental to farming includes:
1917 (I) hand tools; or
1918 (II) maintenance and janitorial equipment and supplies;
1919 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product
1920 transferred electronically if the tangible personal property or product transferred electronically
1921 is used in an activity other than farming; and
1922 (B) tangible personal property or a product transferred electronically that is considered
1923 to be used in an activity other than farming includes:
1924 (I) office equipment and supplies; or
1925 (II) equipment and supplies used in:
1926 (Aa) the sale or distribution of farm products;
1927 (Bb) research; or
1928 (Cc) transportation; or
1929 (iii) a vehicle required to be registered by the laws of this state during the period
1930 ending two years after the date of the vehicle's purchase;
1931 (19) sales of hay;
1932 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or
1933 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

1934 garden, farm, or other agricultural produce is sold by:

1935 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other
1936 agricultural produce;

1937 (b) an employee of the producer described in Subsection (20)(a); or

1938 (c) a member of the immediate family of the producer described in Subsection (20)(a);

1939 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued
1940 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

1941 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,
1942 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,
1943 wholesaler, or retailer for use in packaging tangible personal property to be sold by that
1944 manufacturer, processor, wholesaler, or retailer;

1945 (23) a product stored in the state for resale;

1946 (24) (a) purchases of a product if:

1947 (i) the product is:

1948 (A) purchased outside of this state;

1949 (B) brought into this state:

1950 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and

1951 (II) by a nonresident person who is not living or working in this state at the time of the
1952 purchase;

1953 (C) used for the personal use or enjoyment of the nonresident person described in
1954 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

1955 (D) not used in conducting business in this state; and

1956 (ii) for:

1957 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of
1958 the product for a purpose for which the product is designed occurs outside of this state;

1959 (B) a boat, the boat is registered outside of this state; or

1960 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
1961 outside of this state;

1962 (b) the exemption provided for in Subsection (24)(a) does not apply to:
1963 (i) a lease or rental of a product; or
1964 (ii) a sale of a vehicle exempt under Subsection (33); and
1965 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
1966 purposes of Subsection (24)(a), the commission may by rule define what constitutes the
1967 following:
1968 (i) conducting business in this state if that phrase has the same meaning in this
1969 Subsection (24) as in Subsection (63);
1970 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)
1971 as in Subsection (63); or
1972 (iii) a purpose for which a product is designed if that phrase has the same meaning in
1973 this Subsection (24) as in Subsection (63);
1974 (25) a product purchased for resale in this state, in the regular course of business, either
1975 in its original form or as an ingredient or component part of a manufactured or compounded
1976 product;
1977 (26) a product upon which a sales or use tax was paid to some other state, or one of its
1978 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
1979 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
1980 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
1981 Act;
1982 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a
1983 person for use in compounding a service taxable under the subsections;
1984 (28) purchases made in accordance with the special supplemental nutrition program for
1985 women, infants, and children established in 42 U.S.C. Sec. 1786;
1986 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other
1987 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
1988 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
1989 the President, Office of Management and Budget;

- 1990 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
1991 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:
1992 (a) not registered in this state; and
1993 (b) (i) not used in this state; or
1994 (ii) used in this state:
1995 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
1996 time period that does not exceed the longer of:
1997 (I) 30 days in any calendar year; or
1998 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
1999 the borders of this state; or
2000 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time
2001 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
2002 state;
2003 (31) sales of aircraft manufactured in Utah;
2004 (32) amounts paid for the purchase of telecommunications service for purposes of
2005 providing telecommunications service;
2006 (33) sales, leases, or uses of the following:
2007 (a) a vehicle by an authorized carrier; or
2008 (b) tangible personal property that is installed on a vehicle:
2009 (i) sold or leased to or used by an authorized carrier; and
2010 (ii) before the vehicle is placed in service for the first time;
2011 (34) (a) 45% of the sales price of any new manufactured home; and
2012 (b) 100% of the sales price of any used manufactured home;
2013 (35) sales relating to schools and fundraising sales;
2014 (36) sales or rentals of durable medical equipment if:
2015 (a) a person presents a prescription for the durable medical equipment; and
2016 (b) the durable medical equipment is used for home use only;
2017 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in

2018 Section [72-11-102](#); and

2019 (b) the commission shall by rule determine the method for calculating sales exempt

2020 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

2021 (38) sales to a ski resort of:

2022 (a) snowmaking equipment;

2023 (b) ski slope grooming equipment;

2024 (c) passenger ropeways as defined in Section [72-11-102](#); or

2025 (d) parts used in the repairs or renovations of equipment or passenger ropeways

2026 described in Subsections (38)(a) through (c);

2027 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;

2028 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for

2029 amusement, entertainment, or recreation an unassisted amusement device as defined in Section

2030 [59-12-102](#);

2031 (b) if a seller that sells or rents at the same business location the right to use or operate

2032 for amusement, entertainment, or recreation one or more unassisted amusement devices and

2033 one or more assisted amusement devices, the exemption described in Subsection (40)(a)

2034 applies if the seller separately accounts for the sales or rentals of the right to use or operate for

2035 amusement, entertainment, or recreation for the assisted amusement devices; and

2036 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,

2037 Utah Administrative Rulemaking Act, the commission may make rules:

2038 (i) governing the circumstances under which sales are at the same business location;

2039 and

2040 (ii) establishing the procedures and requirements for a seller to separately account for

2041 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for

2042 assisted amusement devices;

2043 (41) (a) sales of photocopies by:

2044 (i) a governmental entity; or

2045 (ii) an entity within the state system of public education, including:

2046 (A) a school; or
2047 (B) the State Board of Education; or
2048 (b) sales of publications by a governmental entity;
2049 (42) amounts paid for admission to an athletic event at an institution of higher
2050 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
2051 20 U.S.C. Sec. 1681 et seq.;

2052 (43) (a) sales made to or by:
2053 (i) an area agency on aging; or
2054 (ii) a senior citizen center owned by a county, city, or town; or
2055 (b) sales made by a senior citizen center that contracts with an area agency on aging;

2056 (44) sales or leases of semiconductor fabricating, processing, research, or development
2057 materials regardless of whether the semiconductor fabricating, processing, research, or
2058 development materials:
2059 (a) actually come into contact with a semiconductor; or
2060 (b) ultimately become incorporated into real property;

2061 (45) an amount paid by or charged to a purchaser for accommodations and services
2062 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
2063 59-12-104.2;

2064 (46) beginning on September 1, 2001, the lease or use of a vehicle issued a temporary
2065 sports event registration certificate in accordance with Section 41-3-306 for the event period
2066 specified on the temporary sports event registration certificate;

2067 (47) (a) sales or uses of electricity, if the sales or uses are made under a tariff adopted
2068 by the Public Service Commission of Utah only for purchase of electricity produced from a
2069 new alternative energy source, as designated in the tariff by the Public Service Commission of
2070 Utah; and
2071 (b) the exemption under Subsection (47)(a) applies to the portion of the tariff rate a
2072 customer pays under the tariff described in Subsection (47)(a) that exceeds the tariff rate under
2073 the tariff described in Subsection (47)(a) that the customer would have paid absent the tariff;

- 2074 (48) sales or rentals of mobility enhancing equipment if a person presents a
2075 prescription for the mobility enhancing equipment;
- 2076 (49) sales of water in a:
2077 (a) pipe;
2078 (b) conduit;
2079 (c) ditch; or
2080 (d) reservoir;
- 2081 (50) sales of currency or coins that constitute legal tender of a state, the United States,
2082 or a foreign nation;
- 2083 (51) (a) sales of an item described in Subsection (51)(b) if the item:
2084 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
2085 (ii) has a gold, silver, or platinum content of 50% or more; and
2086 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
2087 (i) ingot;
2088 (ii) bar;
2089 (iii) medallion; or
2090 (iv) decorative coin;
- 2091 (52) amounts paid on a sale-leaseback transaction;
- 2092 (53) sales of a prosthetic device:
2093 (a) for use on or in a human; and
2094 (b) (i) for which a prescription is required; or
2095 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
- 2096 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
2097 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
2098 or equipment is primarily used in the production or postproduction of the following media for
2099 commercial distribution:
2100 (i) a motion picture;
2101 (ii) a television program;

2102 (iii) a movie made for television;
2103 (iv) a music video;
2104 (v) a commercial;
2105 (vi) a documentary; or
2106 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
2107 commission by administrative rule made in accordance with Subsection (54)(d); or
2108 (b) purchases, leases, or rentals of machinery or equipment by an establishment
2109 described in Subsection (54)(c) that is used for the production or postproduction of the
2110 following are subject to the taxes imposed by this chapter:
2111 (i) a live musical performance;
2112 (ii) a live news program; or
2113 (iii) a live sporting event;
2114 (c) the following establishments listed in the 1997 North American Industry
2115 Classification System of the federal Executive Office of the President, Office of Management
2116 and Budget, apply to Subsections (54)(a) and (b):
2117 (i) NAICS Code 512110; or
2118 (ii) NAICS Code 51219; and
2119 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2120 commission may by rule:
2121 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
2122 or
2123 (ii) define:
2124 (A) "commercial distribution";
2125 (B) "live musical performance";
2126 (C) "live news program"; or
2127 (D) "live sporting event";
2128 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
2129 on or before June 30, 2027, of tangible personal property that:

2130 (i) is leased or purchased for or by a facility that:
2131 (A) is an alternative energy electricity production facility;
2132 (B) is located in the state; and
2133 (C) (I) becomes operational on or after July 1, 2004; or
2134 (II) has its generation capacity increased by one or more megawatts on or after July 1,
2135 2004, as a result of the use of the tangible personal property;
2136 (ii) has an economic life of five or more years; and
2137 (iii) is used to make the facility or the increase in capacity of the facility described in
2138 Subsection (55)(a)(i) operational up to the point of interconnection with an existing
2139 transmission grid including:
2140 (A) a wind turbine;
2141 (B) generating equipment;
2142 (C) a control and monitoring system;
2143 (D) a power line;
2144 (E) substation equipment;
2145 (F) lighting;
2146 (G) fencing;
2147 (H) pipes; or
2148 (I) other equipment used for locating a power line or pole; and
2149 (b) this Subsection (55) does not apply to:
2150 (i) tangible personal property used in construction of:
2151 (A) a new alternative energy electricity production facility; or
2152 (B) the increase in the capacity of an alternative energy electricity production facility;
2153 (ii) contracted services required for construction and routine maintenance activities;
2154 and
2155 (iii) unless the tangible personal property is used or acquired for an increase in capacity
2156 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or
2157 acquired after:

2158 (A) the alternative energy electricity production facility described in Subsection
2159 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or
2160 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described
2161 in Subsection (55)(a)(iii);
2162 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
2163 on or before June 30, 2027, of tangible personal property that:
2164 (i) is leased or purchased for or by a facility that:
2165 (A) is a waste energy production facility;
2166 (B) is located in the state; and
2167 (C) (I) becomes operational on or after July 1, 2004; or
2168 (II) has its generation capacity increased by one or more megawatts on or after July 1,
2169 2004, as a result of the use of the tangible personal property;
2170 (ii) has an economic life of five or more years; and
2171 (iii) is used to make the facility or the increase in capacity of the facility described in
2172 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
2173 transmission grid including:
2174 (A) generating equipment;
2175 (B) a control and monitoring system;
2176 (C) a power line;
2177 (D) substation equipment;
2178 (E) lighting;
2179 (F) fencing;
2180 (G) pipes; or
2181 (H) other equipment used for locating a power line or pole; and
2182 (b) this Subsection (56) does not apply to:
2183 (i) tangible personal property used in construction of:
2184 (A) a new waste energy facility; or
2185 (B) the increase in the capacity of a waste energy facility;

2186 (ii) contracted services required for construction and routine maintenance activities;
2187 and

2188 (iii) unless the tangible personal property is used or acquired for an increase in capacity
2189 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:

2190 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
2191 described in Subsection (56)(a)(iii); or

2192 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
2193 in Subsection (56)(a)(iii);

2194 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on
2195 or before June 30, 2027, of tangible personal property that:

2196 (i) is leased or purchased for or by a facility that:

2197 (A) is located in the state;

2198 (B) produces fuel from alternative energy, including:

2199 (I) methanol; or

2200 (II) ethanol; and

2201 (C) (I) becomes operational on or after July 1, 2004; or

2202 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as
2203 a result of the installation of the tangible personal property;

2204 (ii) has an economic life of five or more years; and

2205 (iii) is installed on the facility described in Subsection (57)(a)(i);

2206 (b) this Subsection (57) does not apply to:

2207 (i) tangible personal property used in construction of:

2208 (A) a new facility described in Subsection (57)(a)(i); or

2209 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or

2210 (ii) contracted services required for construction and routine maintenance activities;

2211 and

2212 (iii) unless the tangible personal property is used or acquired for an increase in capacity
2213 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

- 2214 (A) the facility described in Subsection (57)(a)(i) is operational; or
2215 (B) the increased capacity described in Subsection (57)(a)(i) is operational;
2216 (58) (a) subject to Subsection (58)(b) or (c), sales of tangible personal property or a
2217 product transferred electronically to a person within this state if that tangible personal property
2218 or product transferred electronically is subsequently shipped outside the state and incorporated
2219 pursuant to contract into and becomes a part of real property located outside of this state;
2220 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other
2221 state or political entity to which the tangible personal property is shipped imposes a sales, use,
2222 gross receipts, or other similar transaction excise tax on the transaction against which the other
2223 state or political entity allows a credit for sales and use taxes imposed by this chapter; and
2224 (c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund,
2225 a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a
2226 refund:
2227 (i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;
2228 (ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on
2229 which the sale is made;
2230 (iii) if the person did not claim the exemption allowed by this Subsection (58) for the
2231 sale prior to filing for the refund;
2232 (iv) for sales and use taxes paid under this chapter on the sale;
2233 (v) in accordance with Section 59-1-1410; and
2234 (vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if
2235 the person files for the refund on or before June 30, 2011;
2236 (59) purchases:
2237 (a) of one or more of the following items in printed or electronic format:
2238 (i) a list containing information that includes one or more:
2239 (A) names; or
2240 (B) addresses; or
2241 (ii) a database containing information that includes one or more:

2242 (A) names; or
2243 (B) addresses; and
2244 (b) used to send direct mail;
2245 (60) redemptions or repurchases of a product by a person if that product was:
2246 (a) delivered to a pawnbroker as part of a pawn transaction; and
2247 (b) redeemed or repurchased within the time period established in a written agreement
2248 between the person and the pawnbroker for redeeming or repurchasing the product;
2249 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
2250 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
2251 and
2252 (ii) has a useful economic life of one or more years; and
2253 (b) the following apply to Subsection (61)(a):
2254 (i) telecommunications enabling or facilitating equipment, machinery, or software;
2255 (ii) telecommunications equipment, machinery, or software required for 911 service;
2256 (iii) telecommunications maintenance or repair equipment, machinery, or software;
2257 (iv) telecommunications switching or routing equipment, machinery, or software; or
2258 (v) telecommunications transmission equipment, machinery, or software;
2259 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
2260 personal property or a product transferred electronically that are used in the research and
2261 development of alternative energy technology; and
2262 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2263 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
2264 purchases of tangible personal property or a product transferred electronically that are used in
2265 the research and development of alternative energy technology;
2266 (63) (a) purchases of tangible personal property or a product transferred electronically
2267 if:
2268 (i) the tangible personal property or product transferred electronically is:
2269 (A) purchased outside of this state;

2270 (B) brought into this state at any time after the purchase described in Subsection
2271 (63)(a)(i)(A); and

2272 (C) used in conducting business in this state; and

2273 (ii) for:

2274 (A) tangible personal property or a product transferred electronically other than the
2275 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
2276 for a purpose for which the property is designed occurs outside of this state; or

2277 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
2278 outside of this state;

2279 (b) the exemption provided for in Subsection (63)(a) does not apply to:

2280 (i) a lease or rental of tangible personal property or a product transferred electronically;
2281 or

2282 (ii) a sale of a vehicle exempt under Subsection (33); and

2283 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
2284 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
2285 following:

2286 (i) conducting business in this state if that phrase has the same meaning in this
2287 Subsection (63) as in Subsection (24);

2288 (ii) the first use of tangible personal property or a product transferred electronically if
2289 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

2290 (iii) a purpose for which tangible personal property or a product transferred
2291 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
2292 Subsection (24);

2293 (64) sales of disposable home medical equipment or supplies if:

2294 (a) a person presents a prescription for the disposable home medical equipment or
2295 supplies;

2296 (b) the disposable home medical equipment or supplies are used exclusively by the
2297 person to whom the prescription described in Subsection (64)(a) is issued; and

2298 (c) the disposable home medical equipment and supplies are listed as eligible for
2299 payment under:

2300 (i) Title XVIII, federal Social Security Act; or
2301 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

2302 (65) sales:

2303 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
2304 District Act; or

2305 (b) of tangible personal property to a subcontractor of a public transit district, if the
2306 tangible personal property is:

2307 (i) clearly identified; and
2308 (ii) installed or converted to real property owned by the public transit district;

2309 (66) sales of construction materials:

2310 (a) purchased on or after July 1, 2010;
2311 (b) purchased by, on behalf of, or for the benefit of an international airport:

2312 (i) located within a county of the first class; and
2313 (ii) that has a United States customs office on its premises; and

2314 (c) if the construction materials are:

2315 (i) clearly identified;
2316 (ii) segregated; and
2317 (iii) installed or converted to real property:

2318 (A) owned or operated by the international airport described in Subsection (66)(b); and
2319 (B) located at the international airport described in Subsection (66)(b);

2320 (67) sales of construction materials:

2321 (a) purchased on or after July 1, 2008;
2322 (b) purchased by, on behalf of, or for the benefit of a new airport:

2323 (i) located within a county of the second class; and
2324 (ii) that is owned or operated by a city in which an airline as defined in Section
2325 [59-2-102](#) is headquartered; and

- 2326 (c) if the construction materials are:
- 2327 (i) clearly identified;
- 2328 (ii) segregated; and
- 2329 (iii) installed or converted to real property:
- 2330 (A) owned or operated by the new airport described in Subsection (67)(b);
- 2331 (B) located at the new airport described in Subsection (67)(b); and
- 2332 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 2333 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- 2334 (69) purchases and sales described in Section [63H-4-111](#);
- 2335 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 2336 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 2337 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 2338 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 2339 powered aircraft; or
- 2340 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 2341 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 2342 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 2343 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 2344 powered aircraft;
- 2345 (71) subject to Section [59-12-104.4](#), sales of a textbook for a higher education course:
- 2346 (a) to a person admitted to an institution of higher education; and
- 2347 (b) by a seller, other than a bookstore owned by an institution of higher education, if
- 2348 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
- 2349 textbook for a higher education course;
- 2350 (72) a license fee or tax a municipality imposes in accordance with Subsection
- 2351 [10-1-203](#)(5) on a purchaser from a business for which the municipality provides an enhanced
- 2352 level of municipal services;
- 2353 (73) amounts paid or charged for construction materials used in the construction of a

2354 new or expanding life science research and development facility in the state, if the construction
2355 materials are:

2356 (a) clearly identified;

2357 (b) segregated; and

2358 (c) installed or converted to real property;

2359 (74) amounts paid or charged for:

2360 (a) a purchase or lease of machinery and equipment that:

2361 (i) are used in performing qualified research:

2362 (A) as defined in Section 41(d), Internal Revenue Code; and

2363 (B) in the state; and

2364 (ii) have an economic life of three or more years; and

2365 (b) normal operating repair or replacement parts:

2366 (i) for the machinery and equipment described in Subsection (74)(a); and

2367 (ii) that have an economic life of three or more years;

2368 (75) a sale or lease of tangible personal property used in the preparation of prepared

2369 food if:

2370 (a) for a sale:

2371 (i) the ownership of the seller and the ownership of the purchaser are identical; and

2372 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

2373 tangible personal property prior to making the sale; or

2374 (b) for a lease:

2375 (i) the ownership of the lessor and the ownership of the lessee are identical; and

2376 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible

2377 personal property prior to making the lease;

2378 (76) (a) purchases of machinery or equipment if:

2379 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,

2380 Gambling, and Recreation Industries, of the 2012 North American Industry Classification

2381 System of the federal Executive Office of the President, Office of Management and Budget;

2382 (ii) the machinery or equipment:
2383 (A) has an economic life of three or more years; and
2384 (B) is used by one or more persons who pay admission or user fees described in
2385 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
2386 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
2387 (A) amounts paid or charged as admission or user fees described in Subsection
2388 59-12-103(1)(f); and
2389 (B) subject to taxation under this chapter; and
2390 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2391 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
2392 previous calendar quarter is:
2393 (i) amounts paid or charged as admission or user fees described in Subsection
2394 59-12-103(1)(f); and
2395 (ii) subject to taxation under this chapter; ~~and~~
2396 ~~[(c) on or before the November 2018 interim meeting, and every five years after the~~
2397 ~~November 2018 interim meeting, the commission shall review the exemption provided in this~~
2398 ~~Subsection (76) and report to the Revenue and Taxation Interim Committee on:]~~
2399 ~~[(i) the revenue lost to the state and local taxing jurisdictions as a result of the~~
2400 ~~exemption;]~~
2401 ~~[(ii) the purpose and effectiveness of the exemption; and]~~
2402 ~~[(iii) whether the exemption benefits the state;]~~
2403 (77) purchases of a short-term lodging consumable by a business that provides
2404 accommodations and services described in Subsection 59-12-103(1)(i);
2405 (78) amounts paid or charged to access a database:
2406 (a) if the primary purpose for accessing the database is to view or retrieve information
2407 from the database; and
2408 (b) not including amounts paid or charged for a:
2409 (i) digital audiowork;

- 2410 (ii) digital audio-visual work; or
- 2411 (iii) digital book;
- 2412 (79) amounts paid or charged for a purchase or lease made by an electronic financial
- 2413 payment service, of:
 - 2414 (a) machinery and equipment that:
 - 2415 (i) are used in the operation of the electronic financial payment service; and
 - 2416 (ii) have an economic life of three or more years; and
 - 2417 (b) normal operating repair or replacement parts that:
 - 2418 (i) are used in the operation of the electronic financial payment service; and
 - 2419 (ii) have an economic life of three or more years;
- 2420 (80) beginning on April 1, 2013, sales of a fuel cell as defined in Section 54-15-102;
- 2421 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 2422 product transferred electronically if the tangible personal property or product transferred
- 2423 electronically:
 - 2424 (a) is stored, used, or consumed in the state; and
 - 2425 (b) is temporarily brought into the state from another state:
 - 2426 (i) during a disaster period as defined in Section 53-2a-1202;
 - 2427 (ii) by an out-of-state business as defined in Section 53-2a-1202;
 - 2428 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and
 - 2429 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;
- 2430 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
- 2431 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and
- 2432 Recreation Program;
- 2433 (83) amounts paid or charged for a purchase or lease of molten magnesium; and
- 2434 (84) (a) except as provided in Subsection (84)(b), amounts paid or charged for a
- 2435 purchase or lease made by a drilling equipment manufacturer of machinery, equipment,
- 2436 materials, or normal operating repair or replacement parts:
 - 2437 (i) that are used or consumed exclusively in the drilling equipment manufacturer's

- 2438 manufacturing process; and
- 2439 (ii) except for office:
- 2440 (A) equipment; or
- 2441 (B) supplies; and
- 2442 (b) beginning on July 1, 2015, and ending on June 30, 2017, a person may claim an
- 2443 exemption described in Subsection (84)(a) only by filing for a refund:
- 2444 (i) of 50% of the tax paid on the amounts paid or charged; and
- 2445 (ii) in accordance with Section 59-1-1410.

2446 Section 28. Section 59-12-104.2 is amended to read:

2447 **59-12-104.2. Exemption for accommodations and services taxed by the Navajo**
2448 **Nation.**

2449 (1) As used in this section "tribal taxing area" means the geographical area that:

2450 (a) is subject to the taxing authority of the Navajo Nation; and

2451 (b) consists of:

2452 (i) notwithstanding the issuance of a patent, all land:

2453 (A) within the limits of an Indian reservation under the jurisdiction of the federal
2454 government; and

2455 (B) including any rights-of-way running through the reservation; and

2456 (ii) all Indian allotments the Indian titles to which have not been extinguished,
2457 including any rights-of-way running through an Indian allotment.

2458 (2) (a) Beginning July 1, 2001, amounts paid by or charged to a purchaser for
2459 accommodations and services described in Subsection 59-12-103(1)(i) are exempt from the tax
2460 imposed by Subsection 59-12-103(2)(a)(i)(A) or (2)(d)(i)(A)(I) to the extent permitted under
2461 Subsection (2)(b) if:

2462 (i) the accommodations and services described in Subsection 59-12-103(1)(i) are
2463 provided within:

2464 (A) the state; and

2465 (B) a tribal taxing area;

2466 (ii) the Navajo Nation imposes and collects a tax on the amounts paid by or charged to
2467 the purchaser for the accommodations and services described in Subsection 59-12-103(1)(i);

2468 (iii) the Navajo Nation imposes the tax described in Subsection (2)(a)(ii) without
2469 regard to whether or not the purchaser that pays or is charged for the accommodations and
2470 services is an enrolled member of the Navajo Nation; and

2471 (iv) the requirements of Subsection (4) are met.

2472 (b) If but for Subsection (2)(a) the amounts paid by or charged to a purchaser for
2473 accommodations and services described in Subsection (2)(a) are subject to a tax imposed by
2474 Subsection 59-12-103(2)(a)(i)(A) or (2)(d)(i)(A)(I):

2475 (i) the seller shall collect and pay to the state the difference described in Subsection (3)
2476 if that difference is greater than \$0; and

2477 (ii) a person may not require the state to provide a refund, a credit, or similar tax relief
2478 if the difference described in Subsection (3) is equal to or less than \$0.

2479 (3) The difference described in Subsection (2)(b) is equal to the difference between:

2480 (a) the amount of tax imposed by Subsection 59-12-103(2)(a)(i)(A) or (2)(d)(i)(A)(I)
2481 on the amounts paid by or charged to a purchaser for accommodations and services described
2482 in Subsection 59-12-103(1)(i); less

2483 (b) the tax imposed and collected by the Navajo Nation on the amounts paid by or
2484 charged to a purchaser for the accommodations and services described in Subsection
2485 59-12-103(1)(i).

2486 (4) (a) If, on or after July 1, 2001, the Navajo Nation changes the tax rate of a tax
2487 imposed on amounts paid by or charged to a purchaser for accommodations and services
2488 described in Subsection 59-12-103(1)(i), any change in the amount of the exemption under
2489 Subsection (2) as a result of the change in the tax rate is not effective until the first day of the
2490 calendar quarter after a 90-day period beginning on the date the commission receives notice
2491 meeting the requirements of Subsection (4)(b) from the Navajo Nation.

2492 (b) The notice described in Subsection (4)(a) shall state:

2493 (i) that the Navajo Nation has changed or will change the tax rate of a tax imposed on

2494 amounts paid by or charged to a purchaser for accommodations and services described in
 2495 Subsection 59-12-103(1)(i);

2496 (ii) the effective date of the rate change on the tax described in Subsection (4)(b)(i);
 2497 and

2498 (iii) the new rate of the tax described in Subsection (4)(b)(i).

2499 [~~(5) Beginning with the 2006 interim, the Revenue and Taxation Interim Committee;~~]

2500 [~~(a) shall review the exemption provided for in this section one or more times every~~
 2501 ~~five years;~~]

2502 [~~(b) shall determine on or before the November interim meeting of the year in which~~
 2503 ~~the Revenue and Taxation Interim Committee reviews the exemption provided for in this~~
 2504 ~~section whether the exemption should be;~~]

2505 [~~(i) continued;~~]

2506 [~~(ii) modified; or~~]

2507 [~~(iii) repealed; and~~]

2508 [~~(c) may review any other issue related to the exemption provided for in this section as~~
 2509 ~~determined by the Revenue and Taxation Interim Committee.~~]

2510 Section 29. Section 59-12-104.5 is amended to read:

2511 **59-12-104.5. Revenue and Taxation Interim Committee review of sales and use**
 2512 **taxes.**

2513 The Revenue and Taxation Interim Committee shall:

2514 (1) review Subsection 59-12-104(28) before October 1 of the year after the year in
 2515 which Congress permits a state to participate in the special supplemental nutrition program
 2516 under 42 U.S.C. Sec. 1786 even if state or local sales taxes are collected within the state on
 2517 purchases of food under that program; and

2518 (2) review Subsection 59-12-104(21) before October 1 of the year after the year in
 2519 which Congress permits a state to participate in the SNAP as defined in Section 35A-1-102,
 2520 even if state or local sales taxes are collected within the state on purchases of food under that
 2521 program[; ~~and~~].

2522 [~~(3) review Subsection 59-12-104(62) before the October 2011 interim meeting.~~]

2523 Section 30. Section **59-23-4** is amended to read:

2524 **59-23-4. Brine shrimp royalty -- Royalty rate -- Commission to prepare billing**
2525 **statement -- Deposit of revenue.**

2526 (1) A person shall pay for each tax year a brine shrimp royalty of 3.75 cents multiplied
2527 by the total number of pounds of unprocessed brine shrimp eggs that the person harvests within
2528 the state during the tax year.

2529 (2) (a) A person that harvests unprocessed brine shrimp eggs shall report to the
2530 Department of Natural Resources the total number of pounds of unprocessed brine shrimp eggs
2531 harvested by that person for that tax year on or before the February 15 immediately following
2532 the last day of that tax year.

2533 (b) The Department of Natural Resources shall provide the following information to
2534 the commission on or before the March 1 immediately following the last day of a tax year:

2535 (i) the total number of pounds of unprocessed brine shrimp eggs harvested for that tax
2536 year; and

2537 (ii) for each person that harvested unprocessed brine shrimp eggs for that tax year:

2538 (A) the total number of pounds of unprocessed brine shrimp eggs harvested by that
2539 person for that tax year; and

2540 (B) a current billing address for that person; and

2541 (iii) any additional information required by the commission.

2542 (c) (i) The commission shall prepare and mail a billing statement to each person that
2543 harvested unprocessed brine shrimp eggs in a tax year by the March 30 immediately following
2544 the last day of a tax year.

2545 (ii) The billing statement under Subsection (2)(c)(i) shall specify:

2546 (A) the total number of pounds of unprocessed brine shrimp eggs harvested by that
2547 person for that tax year;

2548 (B) the brine shrimp royalty that the person owes; and

2549 (C) the date that the brine shrimp royalty payment is due as provided in Section

2550 59-23-5.

2551 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
2552 commission may make rules prescribing the information required under Subsection (2)(b)(iii).

2553 (3) Revenue generated by the brine shrimp royalty shall be deposited in the Species
2554 Protection Account created in Section 79-2-303.

2555 [~~(4) Beginning with the 2004 interim, the Revenue and Taxation Interim Committee:]~~

2556 [~~(a) shall review the brine shrimp royalty imposed under this section at least every five~~
2557 ~~years;~~]

2558 [~~(b) shall determine on or before the November interim meeting of the year in which~~
2559 ~~the Revenue and Taxation Interim Committee reviews the brine shrimp royalty imposed under~~
2560 ~~this section whether the brine shrimp royalty should be continued, modified, or repealed; and]~~

2561 [~~(c) may review any other issue related to the brine shrimp royalty imposed under this~~
2562 ~~part.]~~

2563 Section 31. Section 63M-4-505 is amended to read:

2564 **63M-4-505. Report to the Legislature.**

2565 The office shall annually provide an electronic report [~~annually~~] to the Public Utilities
2566 and Technology Interim Committee and the Revenue and Taxation Interim Committee
2567 describing:

2568 (1) its success in attracting alternative energy projects to the state and the resulting
2569 increase in new state revenues under this part;

2570 (2) the amount of tax credits the office has granted or will grant and the time period
2571 during which the tax credits have been or will be granted; and

2572 (3) the economic impact on the state by comparing new state revenues to tax credits
2573 that have been or will be granted under this part.

2574 Section 32. Section 63N-2-810 is amended to read:

2575 **63N-2-810. Reports on tax credit certificates -- Study by legislative committees.**

2576 (1) The office shall include the following information in the annual written report
2577 described in Section 63N-1-301:

- 2578 (a) the total amount listed on tax credit certificates the office issues under this part;
- 2579 (b) the criteria that the office uses in prioritizing the issuance of tax credits amongst tax
- 2580 credit applicants under this part; and
- 2581 (c) the economic impact on the state related to providing tax credits under this part.
- 2582 (2) (a) On or before November 1, 2016, and every five years after November 1, 2016,
- 2583 the Revenue and Taxation Interim Committee shall:
- 2584 (i) study the tax credits allowed under Sections [59-7-614.6](#), [59-10-1025](#), and
- 2585 [59-10-1109](#); and
- 2586 (ii) make recommendations concerning whether the tax credits should be continued,
- 2587 modified, or repealed.
- 2588 (b) The study under Subsection (2)(a) shall include an evaluation of:
- 2589 (i) the cost of the tax credits under Sections [59-7-614.6](#), [59-10-1025](#), and [59-10-1109](#);
- 2590 (ii) the purposes and effectiveness of the tax credits; and
- 2591 (iii) the extent to which the state benefits from the tax credits.
- 2592 (c) For purposes of the study required by this Subsection (2), the office shall provide
- 2593 the following information to the Revenue and Taxation Interim Committee by electronic
- 2594 means:
- 2595 (i) the amount of tax credits that the office grants to each eligible business entity for
- 2596 each taxable year;
- 2597 (ii) the amount of eligible new state tax revenues generated by each eligible product or
- 2598 project;
- 2599 (iii) estimates for each of the next five calendar years of the following:
- 2600 (A) the amount of tax credits that the office will grant;
- 2601 (B) the amount of eligible new state tax revenues that will be generated; and
- 2602 (C) the number of new incremental jobs within the state that will be generated;
- 2603 (iv) the information contained in the office's latest report to the Legislature under
- 2604 Section [63N-2-705](#); and
- 2605 (v) any other information that the Revenue and Taxation Interim Committee requests.

2606 Section 33. **Repealer.**

2607 This bill repeals:

2608 Section **59-26-110**, Revenue and Taxation Interim Committee study.