

Representative Jeremy A. Peterson proposes the following substitute bill:

TAX CREDIT REVIEW AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jeremy A. Peterson

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill provides for a review of certain tax credits.

Highlighted Provisions:

This bill:

- ▶ requires the Revenue and Taxation Interim Committee to review certain credits under the Individual Income Tax Act, the Corporate Income Tax, the Motor and Special Fuel Tax Act, the Taxation of Admitted Insurers, and the Governor's Office of Economic Development; and

- ▶ establishes requirements for the review by the Revenue and Taxation Interim Committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides coordination clauses.

Utah Code Sections Affected:

AMENDS:

59-7-612, as last amended by Laws of Utah 2012, Chapter 405

59-7-614, as last amended by Laws of Utah 2015, Chapters 30, 133 and last amended



- 26 by Coordination Clause, Laws of Utah 2015, Chapter 133
- 27 **59-7-614.2**, as last amended by Laws of Utah 2015, Chapter 283
- 28 **59-7-614.5**, as last amended by Laws of Utah 2015, Chapter 283
- 29 **59-7-614.7**, as enacted by Laws of Utah 2012, Chapter 410
- 30 **59-7-614.8**, as last amended by Laws of Utah 2015, Chapter 283
- 31 **59-7-619**, as enacted by Laws of Utah 2015, Chapter 356
- 32 **59-9-107**, as enacted by Laws of Utah 2014, Chapter 435
- 33 **59-10-1012**, as last amended by Laws of Utah 2012, Chapter 405
- 34 **59-10-1013**, as last amended by Laws of Utah 2011, Chapter 384
- 35 **59-10-1014**, as last amended by Laws of Utah 2015, Chapter 133
- 36 **59-10-1024**, as last amended by Laws of Utah 2011, Chapter 384
- 37 **59-10-1029**, as enacted by Laws of Utah 2012, Chapter 410
- 38 **59-10-1030**, as last amended by Laws of Utah 2015, Chapter 283
- 39 **59-10-1034**, as enacted by Laws of Utah 2015, Chapter 356
- 40 **59-10-1106**, as last amended by Laws of Utah 2015, Chapter 133
- 41 **59-10-1107**, as last amended by Laws of Utah 2015, Chapter 283
- 42 **59-10-1108**, as last amended by Laws of Utah 2015, Chapter 283
- 43 **59-13-202**, as last amended by Laws of Utah 2006, Chapter 223
- 44 **63N-2-106**, as last amended by Laws of Utah 2015, Chapter 344 and renumbered and
- 45 amended by Laws of Utah 2015, Chapter 283
- 46 **63N-2-213**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 47 **63N-2-305**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 48 **63N-2-810**, as renumbered and amended by Laws of Utah 2015, Chapter 283

49 ENACTS:

- 50 **59-7-159**, Utah Code Annotated 1953
- 51 **59-10-137**, Utah Code Annotated 1953

52 **Utah Code Sections Affected by Coordination Clause:**

- 53 **59-7-159**, Utah Code Annotated 1953
- 54 **59-7-614.10**, Utah Code Annotated 1953
- 55 **59-10-137**, Utah Code Annotated 1953
- 56 **59-10-1036**, Utah Code Annotated 1953

57 [63N-2-213](#), as renumbered and amended by Laws of Utah 2015, Chapter 283

58 [63N-2-810](#), as renumbered and amended by Laws of Utah 2015, Chapter 283

59

60 Section 1. Section [59-7-159](#) is enacted to read:

61 **59-7-159. Review of credits allowed under this chapter.**

62 (1) As used in this section, "committee" means the Revenue and Taxation Interim
63 Committee.

64 (2) (a) The committee shall review the tax credits described in this chapter as provided
65 in Subsection (3) and make recommendations to the Legislature concerning whether the tax
66 credits should be continued, modified, or repealed.

67 (b) In conducting the review required under Subsection (2)(a), the committee shall:

68 (i) schedule time on at least one committee agenda to conduct the review;

69 (ii) invite state agencies, individuals, and organizations concerned with the tax credit
70 under review to provide testimony;

71 (iii) (A) invite the Governor's Office of Economic Development to present a summary
72 and analysis of the information for each tax credit regarding which the Governor's Office of
73 Economic Development is required to make a report under this chapter; and

74 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and
75 analysis of the information for each tax credit regarding which the Office of the Legislative
76 Fiscal Analyst is required to make a report under this chapter;

77 (iv) ensure that the committee's recommendations under this section include an
78 evaluation of:

79 (A) the cost of the tax credit to the state;

80 (B) the purpose and effectiveness of the tax credit; and

81 (C) the extent to which the state benefits from the tax credit; and

82 (v) undertake other review efforts as determined by the committee chairs or as
83 otherwise required by law.

84 (3) (a) On or before November 30, 2016, and every three years after November 30,
85 2016, the committee shall conduct the review required under Subsection (2) of the tax credits
86 allowed under the following sections:

87 (i) Section [59-7-605](#);

88 (ii) Section 59-7-610;

89 (iii) Section 59-7-614;

90 (iv) Section 59-7-614.7;

91 (v) Section 59-7-614.8; and

92 (vi) Section 59-7-618.

93 (b) On or before November 30, 2017, and every three years after November 30, 2017,
94 the committee shall conduct the review required under Subsection (2) of the tax credits allowed
95 under the following sections:

96 (i) Section 59-7-601;

97 (ii) Section 59-7-607;

98 (iii) Section 59-7-612;

99 (iv) Section 59-7-614.1;

100 (v) Section 59-7-614.5; and

101 (vi) Section 59-7-614.6.

102 (c) On or before November 30, 2018, and every three years after November 30, 2018,
103 the committee shall conduct the review required under Subsection (2) of the tax credits allowed
104 under the following sections:

105 (i) Section 59-7-609;

106 (ii) Section 59-7-614.2;

107 (iii) Section 59-7-617;

108 (iv) Section 59-7-619; and

109 (v) Section 59-7-620.

110 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
111 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
112 2016.

113 (ii) The committee shall complete a review described in this Subsection (3)(d) three
114 years after the effective date of the tax credit and every three years after the initial review date.

115 Section 2. Section 59-7-612 is amended to read:

116 **59-7-612. Tax credits for research activities conducted in the state -- Carry**
117 **forward -- Commission to report modification or repeal of certain federal provisions --**
118 **Revenue and Taxation Interim Committee study.**

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

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

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

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

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

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

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

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

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

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

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

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

142 (4) For purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

167 (5) (a) If the amount of a tax credit claimed by a taxpayer under Subsection (1)(a)(i) or
168 (ii) exceeds the taxpayer's tax liability under this chapter for a taxable year, the amount of the
169 tax credit exceeding the tax liability:

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

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

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

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

178 (7) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the
179 commission shall report the modification or repeal to the Revenue and Taxation Interim
180 Committee within 60 days after the day on which the modification or repeal becomes effective.

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

185 (b) The review described in Subsection (8)(a) is in addition to the review required by
 186 Section 59-7-159.

187 ~~[(b)]~~ (c) Notwithstanding Subsection (8)(a), the Revenue and Taxation Interim
 188 Committee is not required to review the tax credits provided for in this section if the only
 189 modification to a provision of Section 41, Internal Revenue Code, is the extension of the
 190 termination date provided for in Section 41(h), Internal Revenue Code.

191 ~~[(c)]~~ (d) The Revenue and Taxation Interim Committee shall address in a review under
 192 this section:

- 193 (i) the cost of the tax credits provided for in this section;
- 194 (ii) the purpose and effectiveness of the tax credits provided for in this section;
- 195 (iii) whether the tax credits provided for in this section benefit the state; and
- 196 (iv) whether the tax credits provided for in this section should be:
 - 197 (A) continued;
 - 198 (B) modified; or
 - 199 (C) repealed.

200 ~~[(d)]~~ (e) If the Revenue and Taxation Interim Committee reviews the tax credits
 201 provided for in this section, the committee shall issue a report [its] of the Revenue and
 202 Taxation Interim Committee's findings [to the Legislative Management Committee on or
 203 before the November interim meeting of the year in which the Revenue and Taxation Interim
 204 Committee reviews the tax credits].

205 Section 3. Section **59-7-614** is amended to read:

206 **59-7-614. Renewable energy systems tax credits -- Definitions -- Certification --**
 207 **Rulemaking authority -- Revenue and Taxation Interim Committee study.**

208 (1) As used in this section:

- 209 (a) (i) "Active solar system" means a system of equipment that is capable of:
 - 210 (A) collecting and converting incident solar radiation into thermal, mechanical, or
 - 211 electrical energy; and

212 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate
213 apparatus to storage or to the point of use.

214 (ii) "Active solar system" includes water heating, space heating or cooling, and
215 electrical or mechanical energy generation.

216 (b) "Biomass system" means a system of apparatus and equipment for use in:

217 (i) converting material into biomass energy, as defined in Section 59-12-102; and

218 (ii) transporting the biomass energy by separate apparatus to the point of use or storage.

219 (c) "Commercial energy system" means a system that is:

220 (i) (A) an active solar system;

221 (B) a biomass system;

222 (C) a direct use geothermal system;

223 (D) a geothermal electricity system;

224 (E) a geothermal heat pump system;

225 (F) a hydroenergy system;

226 (G) a passive solar system; or

227 (H) a wind system;

228 (ii) located in the state; and

229 (iii) used:

230 (A) to supply energy to a commercial unit; or

231 (B) as a commercial enterprise.

232 (d) "Commercial enterprise" means an entity, the purpose of which is to produce
233 electrical, mechanical, or thermal energy for sale from a commercial energy system.

234 (e) (i) "Commercial unit" means a building or structure that an entity uses to transact
235 business.

236 (ii) Notwithstanding Subsection (1)(e)(i):

237 (A) with respect to an active solar system used for agricultural water pumping or a wind
238 system, each individual energy generating device is considered to be a commercial unit; or

239 (B) if an energy system is the building or structure that an entity uses to transact
240 business, a commercial unit is the complete energy system itself.

241 (f) "Direct use geothermal system" means a system of apparatus and equipment that
242 enables the direct use of geothermal energy to meet energy needs, including heating a building,

243 an industrial process, and aquaculture.

244 (g) "Geothermal electricity" means energy that is:

245 (i) contained in heat that continuously flows outward from the earth; and

246 (ii) used as a sole source of energy to produce electricity.

247 (h) "Geothermal energy" means energy generated by heat that is contained in the earth.

248 (i) "Geothermal heat pump system" means a system of apparatus and equipment that:

249 (i) enables the use of thermal properties contained in the earth at temperatures well

250 below 100 degrees Fahrenheit; and

251 (ii) helps meet heating and cooling needs of a structure.

252 (j) "Hydroenergy system" means a system of apparatus and equipment that is capable

253 of:

254 (i) intercepting and converting kinetic water energy into electrical or mechanical

255 energy; and

256 (ii) transferring this form of energy by separate apparatus to the point of use or storage.

257 (k) "Office" means the Office of Energy Development created in Section [63M-4-401](#).

258 (l) (i) "Passive solar system" means a direct thermal system that utilizes the structure of

259 a building and its operable components to provide for collection, storage, and distribution of

260 heating or cooling during the appropriate times of the year by utilizing the climate resources

261 available at the site.

262 (ii) "Passive solar system" includes those portions and components of a building that

263 are expressly designed and required for the collection, storage, and distribution of solar energy.

264 (m) (i) "Principal recovery portion" means the portion of a lease payment that

265 constitutes the cost a person incurs in acquiring a commercial energy system.

266 (ii) "Principal recovery portion" does not include:

267 (A) an interest charge; or

268 (B) a maintenance expense.

269 (n) "Residential energy system" means the following used to supply energy to or for a

270 residential unit:

271 (i) an active solar system;

272 (ii) a biomass system;

273 (iii) a direct use geothermal system;

- 274 (iv) a geothermal heat pump system;
- 275 (v) a hydroenergy system;
- 276 (vi) a passive solar system; or
- 277 (vii) a wind system.
- 278 (o) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling
- 279 unit that:
 - 280 (A) is located in the state; and
 - 281 (B) serves as a dwelling for a person, group of persons, or a family.
- 282 (ii) "Residential unit" does not include property subject to a fee under:
 - 283 (A) Section 59-2-404;
 - 284 (B) Section 59-2-405;
 - 285 (C) Section 59-2-405.1;
 - 286 (D) Section 59-2-405.2; or
 - 287 (E) Section 59-2-405.3.
- 288 (p) "Wind system" means a system of apparatus and equipment that is capable of:
 - 289 (i) intercepting and converting wind energy into mechanical or electrical energy; and
 - 290 (ii) transferring these forms of energy by a separate apparatus to the point of use, sale,
 - 291 or storage.
- 292 (2) A taxpayer may claim an energy system tax credit as provided in this section
- 293 against a tax due under this chapter for a taxable year.
- 294 (3) (a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a
- 295 nonrefundable tax credit under this Subsection (3) with respect to a residential unit the taxpayer
- 296 owns or uses if:
 - 297 (i) the taxpayer:
 - 298 (A) purchases and completes a residential energy system to supply all or part of the
 - 299 energy required for the residential unit; or
 - 300 (B) participates in the financing of a residential energy system to supply all or part of
 - 301 the energy required for the residential unit;
 - 302 (ii) the residential energy system is completed and placed in service on or after January
 - 303 1, 2007; and
 - 304 (iii) the taxpayer obtains a written certification from the office in accordance with

305 Subsection (7).

306 (b) (i) Subject to Subsections (3)(b)(ii) through (v), the tax credit is equal to 25% of the
307 reasonable costs of each residential energy system installed with respect to each residential unit
308 the taxpayer owns or uses.

309 (ii) A tax credit under this Subsection (3) may include installation costs.

310 (iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year in
311 which the residential energy system is completed and placed in service.

312 (iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax
313 liability under this chapter for a taxable year, the amount of the tax credit exceeding the
314 liability may be carried forward for a period that does not exceed the next four taxable years.

315 (v) The total amount of tax credit a taxpayer may claim under this Subsection (3) may
316 not exceed \$2,000 per residential unit.

317 (c) If a taxpayer sells a residential unit to another person before the taxpayer claims the
318 tax credit under this Subsection (3):

319 (i) the taxpayer may assign the tax credit to the other person; and

320 (ii) (A) if the other person files a return under this chapter, the other person may claim
321 the tax credit under this section as if the other person had met the requirements of this section
322 to claim the tax credit; or

323 (B) if the other person files a return under Chapter 10, Individual Income Tax Act, the
324 other person may claim the tax credit under Section 59-10-1014 as if the other person had met
325 the requirements of Section 59-10-1014 to claim the tax credit.

326 (4) (a) Subject to the other provisions of this Subsection (4), a taxpayer may claim a
327 refundable tax credit under this Subsection (4) with respect to a commercial energy system if:

328 (i) the commercial energy system does not use:

329 (A) wind, geothermal electricity, solar, or biomass equipment capable of producing a
330 total of 660 or more kilowatts of electricity; or

331 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;

332 (ii) the taxpayer purchases or participates in the financing of the commercial energy
333 system;

334 (iii) (A) the commercial energy system supplies all or part of the energy required by
335 commercial units owned or used by the taxpayer; or

336 (B) the taxpayer sells all or part of the energy produced by the commercial energy
337 system as a commercial enterprise;

338 (iv) the commercial energy system is completed and placed in service on or after
339 January 1, 2007; and

340 (v) the taxpayer obtains a written certification from the office in accordance with
341 Subsection (7).

342 (b) (i) Subject to Subsections (4)(b)(ii) through (v), the tax credit is equal to 10% of the
343 reasonable costs of the commercial energy system.

344 (ii) A tax credit under this Subsection (4) may include installation costs.

345 (iii) A taxpayer may claim a tax credit under this Subsection (4) for the taxable year in
346 which the commercial energy system is completed and placed in service.

347 (iv) A tax credit under this Subsection (4) may not be carried forward or carried back.

348 (v) The total amount of tax credit a taxpayer may claim under this Subsection (4) may
349 not exceed \$50,000 per commercial unit.

350 (c) (i) Subject to Subsections (4)(c)(ii) and (iii), a taxpayer that is a lessee of a
351 commercial energy system installed on a commercial unit may claim a tax credit under this
352 Subsection (4) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax
353 credit.

354 (ii) A taxpayer described in Subsection (4)(c)(i) may claim as a tax credit under this
355 Subsection (4) only the principal recovery portion of the lease payments.

356 (iii) A taxpayer described in Subsection (4)(c)(i) may claim a tax credit under this
357 Subsection (4) for a period that does not exceed seven taxable years after the date the lease
358 begins, as stated in the lease agreement.

359 (5) (a) Subject to the other provisions of this Subsection (5), a taxpayer may claim a
360 refundable tax credit under this Subsection (5) with respect to a commercial energy system if:

361 (i) the commercial energy system uses wind, geothermal electricity, or biomass
362 equipment capable of producing a total of 660 or more kilowatts of electricity;

363 (ii) (A) the commercial energy system supplies all or part of the energy required by
364 commercial units owned or used by the taxpayer; or

365 (B) the taxpayer sells all or part of the energy produced by the commercial energy
366 system as a commercial enterprise;

367 (iii) the commercial energy system is completed and placed in service on or after
368 January 1, 2007; and

369 (iv) the taxpayer obtains a written certification from the office in accordance with
370 Subsection (7).

371 (b) (i) Subject to Subsections (5)(b)(ii) and (iii), a tax credit under this Subsection (5)
372 is equal to the product of:

373 (A) 0.35 cents; and

374 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

375 (ii) A tax credit under this Subsection (5) may be claimed for production occurring
376 during a period of 48 months beginning with the month in which the commercial energy
377 system is placed in commercial service.

378 (iii) A tax credit under this Subsection (5) may not be carried forward or carried back.

379 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial
380 unit may claim a tax credit under this Subsection (5) if the taxpayer confirms that the lessor
381 irrevocably elects not to claim the tax credit.

382 (6) (a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a
383 refundable tax credit as provided in this Subsection (6) if:

384 (i) the taxpayer owns a commercial energy system that uses solar equipment capable of
385 producing a total of 660 or more kilowatts of electricity;

386 (ii) (A) the commercial energy system supplies all or part of the energy required by
387 commercial units owned or used by the taxpayer; or

388 (B) the taxpayer sells all or part of the energy produced by the commercial energy
389 system as a commercial enterprise;

390 (iii) the taxpayer does not claim a tax credit under Subsection (4);

391 (iv) the commercial energy system is completed and placed in service on or after
392 January 1, 2015; and

393 (v) the taxpayer obtains a written certification from the office in accordance with
394 Subsection (7).

395 (b) (i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6)
396 is equal to the product of:

397 (A) 0.35 cents; and

398 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

399 (ii) A tax credit under this Subsection (6) may be claimed for production occurring
400 during a period of 48 months beginning with the month in which the commercial energy
401 system is placed in commercial service.

402 (iii) A tax credit under this Subsection (6) may not be carried forward or carried back.

403 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial
404 unit may claim a tax credit under this Subsection (6) if the taxpayer confirms that the lessor
405 irrevocably elects not to claim the tax credit.

406 (7) (a) Before a taxpayer may claim a tax credit under this section, the taxpayer shall
407 obtain a written certification from the office.

408 (b) The office shall issue a taxpayer a written certification if the office determines that:

409 (i) the taxpayer meets the requirements of this section to receive a tax credit; and

410 (ii) the residential energy system or commercial energy system with respect to which
411 the taxpayer seeks to claim a tax credit:

412 (A) has been completely installed;

413 (B) is a viable system for saving or producing energy from renewable resources; and

414 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential
415 energy system or commercial energy system uses the state's renewable and nonrenewable
416 energy resources in an appropriate and economic manner.

417 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
418 office may make rules:

419 (i) for determining whether a residential energy system or commercial energy system
420 meets the requirements of Subsection (7)(b)(ii); and

421 (ii) for purposes of a tax credit under Subsection (3) or (4), establishing the reasonable
422 costs of a residential energy system or a commercial energy system, as an amount per unit of
423 energy production.

424 (d) A taxpayer that obtains a written certification from the office shall retain the
425 certification for the same time period a person is required to keep books and records under
426 Section [59-1-1406](#).

427 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
428 commission may make rules to address the certification of a tax credit under this section.

429 (9) A tax credit under this section is in addition to any tax credits provided under the
430 laws or rules and regulations of the United States.

431 ~~[(10)(a) On or before October 1, 2017, and every five years after 2017, the Revenue
432 and Taxation Interim Committee shall review each tax credit provided by this section and
433 report its recommendations to the Legislative Management Committee concerning whether the
434 tax credit should be continued, modified, or repealed.]~~

435 ~~[(b) The Revenue and Taxation Interim Committee's report under Subsection (10)(a)
436 shall include information concerning the cost of the tax credit, the purpose and effectiveness of
437 the tax credit, and the state's benefit from the tax credit.]~~

438 Section 4. Section **59-7-614.2** is amended to read:

439 **59-7-614.2. Refundable economic development tax credit.**

440 (1) As used in this section:

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

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

445 (c) "Local government entity" ~~[is as]~~ means the same as that term is defined in Section
446 [63N-2-103](#).

447 (d) "Office" means the Governor's Office of Economic Development.

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

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

454 (4) A community development and renewal agency may claim a tax credit under this
455 section only if a local government entity assigns the tax credit to the community development
456 and renewal agency in accordance with Section [63N-2-104](#).

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

460 (i) a local government entity;
461 (ii) a community development and renewal agency; or
462 (iii) a business entity if the amount of the tax credit exceeds the business entity's tax
463 liability for a taxable year.

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

468 (6) (a) ~~[On or before October 1, 2013, and every five years after October 1, 2013]~~ In
469 accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study
470 the tax credit allowed by this section and make recommendations ~~[to the Legislative~~
471 ~~Management Committee]~~ concerning whether the tax credit should be continued, modified, or
472 repealed.

473 (b) ~~[For]~~ Except as provided in Subsection (6)(c), for purposes of the study required by
474 this Subsection (6), the office shall provide the following information ~~[to the Revenue and~~
475 ~~Taxation Interim Committee]~~, if available to the office:

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

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

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

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

485 (iv) the information contained in the office's latest report to the Legislature under
486 Section 63N-2-106; and

487 (v) any other information that the Revenue and Taxation Interim Committee requests.

488 (c) (i) In providing the information described in Subsection (6)(b), the office shall
489 redact information that identifies a recipient of a tax credit under this section.

490 (ii) If, notwithstanding the redactions made under Subsection (6)(c)(i), reporting the

491 information described in Subsection (6)(b) might disclose the identity of a recipient of a tax
 492 credit, the office may file a request with the Revenue and Taxation Interim Committee to
 493 provide the information described in Subsection (6)(b) in the aggregate for all entities and
 494 agencies that receive the tax credit under this section.

495 ~~[(c)]~~ (d) The Revenue and Taxation Interim Committee shall ensure that ~~[its]~~ the
 496 Revenue and Taxation Interim Committee's recommendations under Subsection (6)(a) include
 497 an evaluation of:

- 498 (i) the cost of the tax credit to the state;
- 499 (ii) the purpose and effectiveness of the tax credit; and
- 500 (iii) the extent to which the state benefits from the tax credit.

501 Section 5. Section **59-7-614.5** is amended to read:

502 **59-7-614.5. Refundable motion picture tax credit.**

503 (1) As used in this section:

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

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

507 (c) "State-approved production" ~~[has the same meaning as]~~ means the same as that
 508 term is defined in Section [63N-8-102](#).

509 (2) For a taxable ~~[years]~~ year beginning on or after January 1, 2009, a motion picture
 510 company may claim a refundable tax credit for a state-approved production.

511 (3) The tax credit under this section is the amount listed as the tax credit amount on the
 512 tax credit certificate that the office issues to a motion picture company under Section
 513 [63N-8-103](#) for the taxable year.

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

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

521 (5) (a) ~~[On or before October 1, 2014, and every five years after October 1, 2014]~~ In

522 accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study
523 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
524 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
525 repealed.

526 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
527 required by this Subsection (5), the office shall provide the following information, if available
528 to the office, to the [~~Revenue and Taxation Interim Committee~~] Office of the Legislative Fiscal
529 Analyst:

530 [(i)] (A) the amount of tax credit that the office grants to each motion picture company
531 for each calendar year;

532 [(ii)] (B) the criteria that the office uses in granting the tax credit;

533 [(iii)] (C) the dollars left in the state, as defined in Section 63N-8-102, by each motion
534 picture company for each calendar year;

535 [(iv)] (D) the information contained in the office's latest report to the Legislature under
536 Section 63N-8-105; and

537 [(v)] (E) any other information requested by the [~~Revenue and Taxation Interim~~
538 ~~Committee~~] Office of the Legislative Fiscal Analyst.

539 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
540 redact information that identifies a recipient of a tax credit under this section.

541 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
542 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
543 credit, the office may file a request with the Revenue and Taxation Interim Committee to
544 provide the information described in Subsection (5)(b)(i) in the aggregate for all motion picture
545 companies that receive the tax credit under this section.

546 (c) As part of the study required by this Subsection (5), the Office of the Legislative
547 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
548 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
549 office under Subsection (5)(b).

550 [(c)] (d) The Revenue and Taxation Interim Committee shall ensure that [its] the
551 Revenue and Taxation Interim Committee's recommendations under Subsection (5)(a) include
552 an evaluation of:

- 553 (i) the cost of the tax credit to the state;
554 (ii) the effectiveness of the tax credit; and
555 (iii) the extent to which the state benefits from the tax credit.

556 Section 6. Section **59-7-614.7** is amended to read:

557 **59-7-614.7. Nonrefundable alternative energy development tax credit.**

558 (1) As used in this section:

559 (a) "Alternative energy entity" [~~is as~~] means the same as that term is defined in Section
560 [63M-4-502](#).

561 (b) "Alternative energy project" [~~is as~~] means the same as that term is defined in
562 Section [63M-4-502](#).

563 (c) "Office" [~~is as defined~~] means the Office of Energy Development created in Section
564 [63M-4-401](#).

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

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

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

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

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

576 (5) (a) [~~On or before October 1, 2017, and every five years after October 1, 2017~~] In
577 accordance with Section [59-7-159](#), the Revenue and Taxation Interim Committee shall study
578 the tax credit allowed by this section and make recommendations [to the Legislative
579 Management Committee] concerning whether the tax credit should be continued, modified, or
580 repealed.

581 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
582 required by this Subsection (5), the office shall provide the following information, if available
583 to the office, to the [~~Revenue and Taxation Interim Committee~~] Office of the Legislative Fiscal

584 Analyst:

585 ~~[(i)]~~ (A) the amount of tax credit that the office grants to each alternative energy entity
586 for each taxable year;

587 ~~[(ii)]~~ (B) the new state revenues generated by each alternative energy project;

588 ~~[(iii)]~~ (C) the information contained in the office's latest report ~~[to the Legislature]~~
589 under Section 63M-4-505; and

590 ~~[(iv)]~~ (D) any other information that the ~~[Revenue and Taxation Interim Committee]~~
591 Office of the Legislative Fiscal Analyst requests.

592 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
593 redact information that identifies a recipient of a tax credit under this section.

594 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
595 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
596 credit, the office may file a request with the Revenue and Taxation Interim Committee to
597 provide the information described in Subsection (5)(b)(i) in the aggregate for all alternative
598 energy entities that receive the tax credit under this section.

599 (c) As part of the study required by this Subsection (5), the Office of the Legislative
600 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
601 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
602 office under Subsection (5)(b).

603 ~~[(e)]~~ (d) The Revenue and Taxation Interim Committee shall ensure that ~~[its]~~ the
604 Revenue and Taxation Interim Committee's recommendations under Subsection (5)(a) include
605 an evaluation of:

- 606 (i) the cost of the tax credit to the state;
- 607 (ii) the purpose and effectiveness of the tax credit; and
- 608 (iii) the extent to which the state benefits from the tax credit.

609 Section 7. Section 59-7-614.8 is amended to read:

610 **59-7-614.8. Nonrefundable alternative energy manufacturing tax credit.**

611 (1) As used in this section:

612 (a) "Alternative energy entity" ~~[is as]~~ means the same as that term is defined in Section
613 63N-2-702.

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

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

616 (c) "Office" means the Governor's Office of Economic Development.

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

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

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

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

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

629 (5) (a) [~~On or before October 1, 2017, and every five years after October 1, 2017~~] In
630 accordance with Section [59-7-159](#), the Revenue and Taxation Interim Committee shall study
631 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
632 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
633 repealed.

634 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
635 required by this Subsection (5), the office shall provide the following information, if available
636 to the office, to the [~~Revenue and Taxation Interim Committee~~] Office of the Legislative Fiscal
637 Analyst:

638 [(i)] (A) the amount of tax credit that the office grants to each alternative energy entity
639 for each taxable year;

640 [(ii)] (B) the new state revenues generated by each alternative energy manufacturing
641 project;

642 [(iii)] (C) the information contained in the office's latest report to the Legislature under
643 Section [~~63N-2-705~~] [63N-1-301](#); and

644 [(iv)] (D) any other information that the [~~Revenue and Taxation Interim Committee~~]
645 Office of the Legislative Fiscal Analyst requests.

646 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
647 redact information that identifies a recipient of a tax credit under this section.

648 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
649 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
650 credit, the office may file a request with the Revenue and Taxation Interim Committee to
651 provide the information described in Subsection (5)(b)(i) in the aggregate for all alternative
652 energy entities that receive the tax credit under this section.

653 (c) As part of the study required by this Subsection (5), the Office of the Legislative
654 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
655 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
656 office under Subsection (5)(b).

657 ~~(e)~~ (d) The Revenue and Taxation Interim Committee shall ensure that [its] the
658 Revenue and Taxation Interim Committee's recommendations under Subsection (5)(a) include
659 an evaluation of:

- 660 (i) the cost of the tax credit to the state;
- 661 (ii) the purpose and effectiveness of the tax credit; and
- 662 (iii) the extent to which the state benefits from the tax credit.

663 Section 8. Section **59-7-619** is amended to read:

664 **59-7-619. Nonrefundable high cost infrastructure development tax credit.**

665 (1) As used in this section:

666 (a) "High cost infrastructure project" means the same as that term is defined in Section
667 [63M-4-602](#).

668 (b) "Infrastructure cost-burdened entity" means the same as that term is defined in
669 Section [63M-4-602](#).

670 (c) "Infrastructure-related revenue" means the same as that term is defined in Section
671 [63M-4-602](#).

672 (d) "Office" means the Office of Energy Development created in Section [63M-4-401](#).

673 (2) Subject to the other provisions of this section, a corporation that is an infrastructure
674 cost-burdened entity may claim a nonrefundable tax credit for development of a high cost
675 infrastructure project as provided in this section.

676 (3) The tax credit under this section is the amount listed as the tax credit amount on a

677 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost
678 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for the
679 taxable year.

680 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this
681 section for a period that does not exceed the next seven taxable years if:

682 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
683 section for a taxable year; and

684 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
685 liability under this chapter for that taxable year.

686 (5) (a) [~~On or before October 1, 2020, and every five years after October 1, 2020~~] In
687 accordance with Section 59-7-159, the Revenue and Taxation Interim Committee shall study
688 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
689 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
690 repealed.

691 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
692 required by this Subsection (5), the office shall provide the following information, if available
693 to the office, to the [Revenue and Taxation Interim Committee] Office of the Legislative Fiscal
694 Analyst:

695 [(i)] (A) the amount of tax credit that the office grants to each infrastructure
696 cost-burdened entity for each taxable year;

697 [(ii)] (B) the infrastructure-related revenue generated by each high cost infrastructure
698 project;

699 [(iii)] (C) the information contained in the office's latest report [~~to the Legislature~~]
700 under Section 63M-4-505; and

701 [(iv)] (D) any other information that the [~~Revenue and Taxation Interim Committee~~]
702 Office of the Legislative Fiscal Analyst requests.

703 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
704 redact information that identifies a recipient of a tax credit under this section.

705 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
706 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
707 credit, the office may file a request with the Revenue and Taxation Interim Committee to

708 provide the information described in Subsection (5)(b)(i) in the aggregate for all infrastructure
709 cost-burdened entities that receive the tax credit under this section.

710 (c) As part of the study required by this Subsection (5), the Office of the Legislative
711 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
712 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
713 office under Subsection (5)(b).

714 ~~(c)~~ (d) The Revenue and Taxation Interim Committee shall ensure that the Revenue
715 and Taxation Interim Committee's recommendations under Subsection (5)(a) include an
716 evaluation of:

- 717 (i) the cost of the tax credit to the state;
718 (ii) the purpose and effectiveness of the tax credit; and
719 (iii) the extent to which the state benefits from the tax credit.

720 Section 9. Section **59-9-107** is amended to read:

721 **59-9-107. Nonrefundable small business jobs credit.**

722 (1) As used in this section:

- 723 (a) "Credit allowance date" ~~[is as]~~ means the same as that term is defined in Section
724 63N-2-602.
- 725 (b) "Office" ~~[is as]~~ means the same as that term is defined in Section 63N-1-102.
- 726 (c) "Tax credit certificate" ~~[is as]~~ means the same as that term is defined in Section
727 63N-2-602.

728 (2) An entity may claim a nonrefundable tax credit against a tax liability under this
729 chapter in accordance with this section if the entity is issued a tax credit certificate by the office
730 under Subsection 63N-2-603(11). The office shall issue a tax credit certificate to an entity that
731 is allocated tax credits under Subsection 63N-2-603(11)(e).

732 (3) The tax credit under this section is the amount listed as the tax credit amount on the
733 tax credit certificate issued to the entity for the calendar year.

734 (4) An entity may carry forward a tax credit under this section for seven years if:

- 735 (a) the entity is allowed to claim a tax credit under this section for a calendar year; and
736 (b) the amount of the tax credit exceeds the entity's tax liability under this chapter for
737 that calendar year.

738 (5) An entity required to pay a retaliatory tax levied under this chapter for a reason

739 other than claiming the tax credit may claim the tax credit after the retaliatory tax amount is
740 calculated, and the tax credit may be used to offset retaliatory tax liability.

741 (6) Notwithstanding the other provisions of this section, this section does not apply to
742 an admitted insurer to the extent that the admitted insurer writes workers' compensation
743 insurance in this state and has premiums taxed under Subsection 59-9-101(2).

744 (7) (a) On or before November 30, 2018, and every three years after November 30,
745 2018, the Revenue and Taxation Interim Committee shall review the tax credits provided by
746 this section and make recommendations concerning whether the tax credits should be
747 continued, modified, or repealed.

748 (b) In conducting the review required under Subsection (7)(a), the Revenue and
749 Taxation Interim Committee shall:

750 (i) schedule time on at least one committee agenda to conduct the review;

751 (ii) invite state agencies, individuals, and organizations concerned with the tax credit
752 under review to provide testimony;

753 (iii) ensure that the Revenue and Taxation Interim Committee's recommendations
754 under this section include an evaluation of:

755 (A) the cost of the tax credit to the state;

756 (B) the purpose and effectiveness of the tax credit; and

757 (C) the extent to which the state benefits from the tax credit; and

758 (iv) undertake other review efforts as determined by the chairs of the Revenue and
759 Taxation Interim Committee.

760 Section 10. Section 59-10-137 is enacted to read:

761 **59-10-137. Review of credits allowed under this chapter.**

762 (1) As used in this section, "committee" means the Revenue and Taxation Interim
763 Committee.

764 (2) (a) The committee shall review the tax credits described in this chapter as provided
765 in Subsection (3) and make recommendations concerning whether the tax credits should be
766 continued, modified, or repealed.

767 (b) In conducting the review required under Subsection (2)(a), the committee shall:

768 (i) schedule time on at least one committee agenda to conduct the review;

769 (ii) invite state agencies, individuals, and organizations concerned with the tax credit

770 under review to provide testimony;

771 (iii) (A) invite the Governor's Office of Economic Development to present a summary
772 and analysis of the information for each tax credit regarding which the Governor's Office of
773 Economic Development is required to make a report under this chapter; and

774 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and
775 analysis of the information for each tax credit regarding which the Office of the Legislative
776 Fiscal Analyst is required to make a report under this chapter;

777 (iv) ensure that the committee's recommendations under this section include an
778 evaluation of:

779 (A) the cost of the tax credit to the state;

780 (B) the purpose and effectiveness of the tax credit; and

781 (C) the extent to which the state benefits from the tax credit; and

782 (v) undertake other review efforts as determined by the committee chairs or as
783 otherwise required by law.

784 (3) (a) On or before November 30, 2016, and every three years after November 30,
785 2016, the committee shall conduct the review required under Subsection (2) of the tax credits
786 allowed under the following sections:

787 (i) Section [59-10-1007](#);

788 (ii) Section [59-10-1009](#);

789 (iii) Section [59-10-1014](#);

790 (iv) Section [59-10-1017](#);

791 (v) Section [59-10-1018](#);

792 (vi) Section [59-10-1019](#);

793 (vii) Section [59-10-1024](#);

794 (viii) Section [59-10-1029](#);

795 (ix) Section [59-10-1030](#);

796 (x) Section [59-10-1033](#); and

797 (xi) Section [59-10-1106](#).

798 (b) On or before November 30, 2017, and every three years after November 30, 2017,
799 the committee shall conduct the review required under Subsection (2) of the tax credits allowed
800 under the following sections:

- 801 (i) Section 59-10-1004;
802 (ii) Section 59-10-1010;
803 (iii) Section 59-10-1015;
804 (iv) Section 59-10-1025;
805 (v) Section 59-10-1027;
806 (vi) Section 59-10-1031;
807 (vii) Section 59-10-1032;
808 (viii) Section 59-10-1035;
809 (ix) Section 59-10-1104;
810 (x) Section 59-10-1105;
811 (xi) Section 59-10-1108; and
812 (xii) Section 59-10-1109.

813 (c) On or before November 30, 2018, and every three years after November 30, 2018,
814 the committee shall conduct the review required under Subsection (2) of the tax credits allowed
815 under the following sections:

- 816 (i) Section 59-10-1005;
817 (ii) Section 59-10-1006;
818 (iii) Section 59-10-1012;
819 (iv) Section 59-10-1013;
820 (v) Section 59-10-1021;
821 (vi) Section 59-10-1022;
822 (vii) Section 59-10-1023;
823 (viii) Section 59-10-1028;
824 (ix) Section 59-10-1034; and
825 (x) Section 59-10-1107.

826 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
827 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
828 2016.

829 (ii) The committee shall complete a review described in this Subsection (3)(d) three
830 years after the effective date of the tax credit and every three years after the initial review date.

831 Section 11. Section **59-10-1012** is amended to read:

832 **59-10-1012. Tax credits for research activities conducted in the state -- Carry**
833 **forward -- Commission to report modification or repeal of certain federal provisions --**
834 **Revenue and Taxation Interim Committee study.**

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

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

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

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

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

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

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

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

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

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

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

857 (3) For purposes of this section:

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

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

862 (ii) a claimant's, estate's, or trust's gross receipts include only those gross receipts

863 attributable to sources within this state as provided in Section 59-10-118; and
864 (iii) notwithstanding Section 41(c), Internal Revenue Code, for purposes of calculating
865 the base amount, a claimant, estate, or trust:

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

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

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

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

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

877 (i) in-house research expenses incurred in this state; and
878 (ii) contract research expenses incurred in this state; and

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

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

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

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

887 (b) A claimant, estate, or trust may not carry forward the tax credit allowed by
888 Subsection (1)(a)(iii).

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

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

894 commission shall report the modification or repeal to the Revenue and Taxation Interim
895 Committee within 60 days after the day on which the modification or repeal becomes effective.

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

900 (b) The review described in Subsection (7)(a) is in addition to the review required by
901 Section 59-10-137.

902 ~~[(b)]~~ (c) Notwithstanding Subsection (7)(a), the Revenue and Taxation Interim
903 Committee is not required to review the tax credits provided for in this section if the only
904 modification to a provision of Section 41, Internal Revenue Code, is the extension of the
905 termination date provided for in Section 41(h), Internal Revenue Code.

906 ~~[(c)]~~ (d) The Revenue and Taxation Interim Committee shall address in a review under
907 this section:

- 908 (i) the cost of the tax credits provided for in this section;
909 (ii) the purpose and effectiveness of the tax credits provided for in this section;
910 (iii) whether the tax credits provided for in this section benefit the state; and
911 (iv) whether the tax credits provided for in this section should be:
912 (A) continued;
913 (B) modified; or
914 (C) repealed.

915 ~~[(d)]~~ (e) If the Revenue and Taxation Interim Committee reviews the tax credits
916 provided for in this section, the committee shall issue a report [its] of the Revenue and
917 Taxation Interim Committee's findings [to the Legislative Management Committee on or
918 before the November interim meeting of the year in which the Revenue and Taxation Interim
919 Committee reviews the tax credits].

920 Section 12. Section **59-10-1013** is amended to read:

921 **59-10-1013. Tax credits for machinery, equipment, or both primarily used for**
922 **conducting qualified research or basic research -- Carry forward -- Commission to report**
923 **modification or repeal of certain federal provisions -- Revenue and Taxation Interim**
924 **Committee study.**

925 (1) As used in this section:

926 (a) "Basic research" [~~is as~~] means the same as that term is defined in Section 41(e)(7),
927 Internal Revenue Code, except that the term includes only basic research conducted in this
928 state.

929 (b) "Equipment" includes:

930 (i) a computer;

931 (ii) computer equipment; and

932 (iii) computer software.

933 (c) "Purchase price":

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

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

937 (d) "Qualified organization" [~~is as~~] means the same as that term is defined in Section
938 41(e)(6), Internal Revenue Code.

939 (e) "Qualified research" [~~is as~~] means the same as that term is defined in Section 41(d),
940 Internal Revenue Code, except that the term includes only qualified research conducted in this
941 state.

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

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

946 (A) purchased by the claimant, estate, or trust during the taxable year;

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

948 (C) that is primarily used to conduct qualified research in this state; and

949 (ii) a tax credit of 6% of the purchase price paid by the claimant, estate, or trust for
950 machinery, equipment, or both:

951 (A) purchased by the claimant, estate, or trust during the taxable year;

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

953 (C) that is donated to a qualified organization; and

954 (D) that is primarily used to conduct basic research in this state.

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

956 this section for the taxable year for which the claimant, estate, or trust purchases the machinery,
957 equipment, or both.

958 (c) If a claimant, estate, or trust qualifies for a tax credit under Subsection (2)(a) for a
959 purchase of machinery, equipment, or both, the claimant, estate, or trust may not claim the tax
960 credit or carry the tax credit forward if the machinery, equipment, or both, is primarily used to
961 conduct qualified research in the state for a time period that is less than 12 consecutive months.

962 (3) Notwithstanding Section 41(h), Internal Revenue Code, a tax credit provided for in
963 this section is not terminated if a credit terminates under Section 41, Internal Revenue Code.

964 (4) If the amount of a tax credit claimed by a claimant, estate, or trust under this section
965 exceeds a claimant's, estate's, or trust's tax liability under this chapter for a taxable year, the
966 amount of the tax credit exceeding the tax liability:

967 (a) may be carried forward for a period that does not exceed the next 14 taxable years;
968 and

969 (b) may not be carried back to a taxable year preceding the current taxable year.

970 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
971 commission may make rules for purposes of this section prescribing a certification process for
972 qualified organizations to ensure that machinery, equipment, or both provided to the qualified
973 organization is to be primarily used to conduct basic research in this state.

974 (6) If a provision of Section 41, Internal Revenue Code, is modified or repealed, the
975 commission shall report the modification or repeal to the Revenue and Taxation Interim
976 Committee within 60 days after the day on which the modification or repeal becomes effective.

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

981 (b) The review described in Subsection (7)(a) is in addition to the review required by
982 Section 59-10-137.

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

987 ~~[(e)]~~ (d) The Revenue and Taxation Interim Committee shall address in a review under
 988 this section the:

- 989 (i) cost of the tax credits provided for in this section;
- 990 (ii) purpose and effectiveness of the tax credits provided for in this section;
- 991 (iii) whether the tax credits provided for in this section benefit the state; and
- 992 (iv) whether the tax credits provided for in this section should be:
 - 993 (A) continued;
 - 994 (B) modified; or
 - 995 (C) repealed.

996 ~~[(d)]~~ (e) If the Revenue and Taxation Interim Committee reviews the tax credits
 997 provided for in this section, the committee shall issue a report [its] of the Revenue and
 998 Taxation Interim Committee's findings [to the Legislative Management Committee on or
 999 before the November interim meeting of the year in which the Revenue and Taxation Interim
 1000 Committee reviews the tax credits].

1001 Section 13. Section **59-10-1014** is amended to read:

1002 **59-10-1014. Nonrefundable renewable energy systems tax credits -- Definitions --**
 1003 **Certification -- Rulemaking authority -- Revenue and Taxation Interim Committee study.**

1004 (1) As used in this section:

1005 (a) (i) "Active solar system" means a system of equipment that is capable of:

1006 (A) collecting and converting incident solar radiation into thermal, mechanical, or
 1007 electrical energy; and

1008 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate
 1009 apparatus to storage or to the point of use.

1010 (ii) "Active solar system" includes water heating, space heating or cooling, and
 1011 electrical or mechanical energy generation.

1012 (b) "Biomass system" means a system of apparatus and equipment for use in:

1013 (i) converting material into biomass energy, as defined in Section [59-12-102](#); and

1014 (ii) transporting the biomass energy by separate apparatus to the point of use or storage.

1015 (c) "Direct use geothermal system" means a system of apparatus and equipment that
 1016 enables the direct use of geothermal energy to meet energy needs, including heating a building,
 1017 an industrial process, and aquaculture.

- 1018 (d) "Geothermal electricity" means energy that is:
1019 (i) contained in heat that continuously flows outward from the earth; and
1020 (ii) used as a sole source of energy to produce electricity.
- 1021 (e) "Geothermal energy" means energy generated by heat that is contained in the earth.
1022 (f) "Geothermal heat pump system" means a system of apparatus and equipment that:
1023 (i) enables the use of thermal properties contained in the earth at temperatures well
1024 below 100 degrees Fahrenheit; and
1025 (ii) helps meet heating and cooling needs of a structure.
- 1026 (g) "Hydroenergy system" means a system of apparatus and equipment that is capable
1027 of:
1028 (i) intercepting and converting kinetic water energy into electrical or mechanical
1029 energy; and
1030 (ii) transferring this form of energy by separate apparatus to the point of use or storage.
- 1031 (h) "Office" means the Office of Energy Development created in Section [63M-4-401](#).
1032 (i) (i) "Passive solar system" means a direct thermal system that utilizes the structure of
1033 a building and its operable components to provide for collection, storage, and distribution of
1034 heating or cooling during the appropriate times of the year by utilizing the climate resources
1035 available at the site.
1036 (ii) "Passive solar system" includes those portions and components of a building that
1037 are expressly designed and required for the collection, storage, and distribution of solar energy.
- 1038 (j) (i) "Principal recovery portion" means the portion of a lease payment that
1039 constitutes the cost a person incurs in acquiring a residential energy system.
1040 (ii) "Principal recovery portion" does not include:
1041 (A) an interest charge; or
1042 (B) a maintenance expense.
- 1043 (k) "Residential energy system" means the following used to supply energy to or for a
1044 residential unit:
1045 (i) an active solar system;
1046 (ii) a biomass system;
1047 (iii) a direct use geothermal system;
1048 (iv) a geothermal heat pump system;

- 1049 (v) a hydroenergy system;
- 1050 (vi) a passive solar system; or
- 1051 (vii) a wind system.
- 1052 (l) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling
- 1053 unit that:
- 1054 (A) is located in the state; and
- 1055 (B) serves as a dwelling for a person, group of persons, or a family.
- 1056 (ii) "Residential unit" does not include property subject to a fee under:
- 1057 (A) Section 59-2-404;
- 1058 (B) Section 59-2-405;
- 1059 (C) Section 59-2-405.1;
- 1060 (D) Section 59-2-405.2; or
- 1061 (E) Section 59-2-405.3.
- 1062 (m) "Wind system" means a system of apparatus and equipment that is capable of:
- 1063 (i) intercepting and converting wind energy into mechanical or electrical energy; and
- 1064 (ii) transferring these forms of energy by a separate apparatus to the point of use or
- 1065 storage.
- 1066 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in
- 1067 this section against a tax due under this chapter for a taxable year.
- 1068 (3) (a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust
- 1069 may claim a nonrefundable tax credit under this Subsection (3) with respect to a residential unit
- 1070 the claimant, estate, or trust owns or uses if:
- 1071 (i) the claimant, estate, or trust:
- 1072 (A) purchases and completes a residential energy system to supply all or part of the
- 1073 energy required for the residential unit; or
- 1074 (B) participates in the financing of a residential energy system to supply all or part of
- 1075 the energy required for the residential unit;
- 1076 (ii) the residential energy system is completed and placed in service on or after January
- 1077 1, 2007; and
- 1078 (iii) the claimant, estate, or trust obtains a written certification from the office in
- 1079 accordance with Subsection (4).

1080 (b) (i) Subject to Subsections (3)(b)(ii) through (vi), the tax credit is equal to 25% of
1081 the reasonable costs of each residential energy system installed with respect to each residential
1082 unit the claimant, estate, or trust owns or uses.

1083 (ii) A tax credit under this Subsection (3) may include installation costs.

1084 (iii) A claimant, estate, or trust may claim a tax credit under this Subsection (3) for the
1085 taxable year in which the residential energy system is completed and placed in service.

1086 (iv) If the amount of a tax credit under this Subsection (3) exceeds a claimant's,
1087 estate's, or trust's tax liability under this chapter for a taxable year, the amount of the tax credit
1088 exceeding the liability may be carried forward for a period that does not exceed the next four
1089 taxable years.

1090 (v) The total amount of tax credit a claimant, estate, or trust may claim under this
1091 Subsection (3) may not exceed \$2,000 per residential unit.

1092 (vi) A claimant, estate, or trust may claim a tax credit with respect to additional
1093 residential energy systems or parts of residential energy systems for a subsequent taxable year
1094 if the total amount of tax credit the claimant, estate, or trust claims does not exceed \$2,000 per
1095 residential unit.

1096 (c) (i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that leases a
1097 residential energy system installed on a residential unit may claim a tax credit under this
1098 Subsection (3) if the claimant, estate, or trust confirms that the lessor irrevocably elects not to
1099 claim the tax credit.

1100 (ii) A claimant, estate, or trust described in Subsection (3)(c)(i) that leases a residential
1101 energy system may claim as a tax credit under this Subsection (3) only the principal recovery
1102 portion of the lease payments.

1103 (iii) A claimant, estate, or trust described in Subsection (3)(c)(i) that leases a residential
1104 energy system may claim a tax credit under this Subsection (3) for a period that does not
1105 exceed seven taxable years after the date the lease begins, as stated in the lease agreement.

1106 (d) If a claimant, estate, or trust sells a residential unit to another person before the
1107 claimant, estate, or trust claims the tax credit under this Subsection (3):

1108 (i) the claimant, estate, or trust may assign the tax credit to the other person; and

1109 (ii) (A) if the other person files a return under Chapter 7, Corporate Franchise and
1110 Income Taxes, the other person may claim the tax credit as if the other person had met the

1111 requirements of Section 59-7-614 to claim the tax credit; or

1112 (B) if the other person files a return under this chapter, the other person may claim the
1113 tax credit under this section as if the other person had met the requirements of this section to
1114 claim the tax credit.

1115 (4) (a) Before a claimant, estate, or trust may claim a tax credit under this section, the
1116 claimant, estate, or trust shall obtain a written certification from the office.

1117 (b) The office shall issue a claimant, estate, or trust a written certification if the office
1118 determines that:

1119 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax
1120 credit; and

1121 (ii) the office determines that the residential energy system with respect to which the
1122 claimant, estate, or trust seeks to claim a tax credit:

1123 (A) has been completely installed;

1124 (B) is a viable system for saving or producing energy from renewable resources; and

1125 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential
1126 energy system uses the state's renewable and nonrenewable energy resources in an appropriate
1127 and economic manner.

1128 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1129 office may make rules:

1130 (i) for determining whether a residential energy system meets the requirements of
1131 Subsection (4)(b)(ii); and

1132 (ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs
1133 of a residential energy system, as an amount per unit of energy production.

1134 (d) A claimant, estate, or trust that obtains a written certification from the office shall
1135 retain the certification for the same time period a person is required to keep books and records
1136 under Section 59-1-1406.

1137 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1138 commission may make rules to address the certification of a tax credit under this section.

1139 (6) A tax credit under this section is in addition to any tax credits provided under the
1140 laws or rules and regulations of the United States.

1141 (7) A purchaser of one or more solar units that claims a tax credit under Section

1142 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this
1143 section for that purchase.

1144 ~~[(8)(a) On or before October 1, 2017, and every five years after 2017, the Revenue and~~
1145 ~~Taxation Interim Committee shall review each tax credit provided by this section and report its~~
1146 ~~recommendations to the Legislative Management Committee concerning whether the tax credit~~
1147 ~~should be continued, modified, or repealed.]~~

1148 ~~[(b) The Revenue and Taxation Interim Committee's report under Subsection (8)(a)~~
1149 ~~shall include information concerning the cost of the tax credit, the purpose and effectiveness of~~
1150 ~~the tax credit, and the state's benefit from the tax credit.]~~

1151 Section 14. Section 59-10-1024 is amended to read:

1152 **59-10-1024. Nonrefundable tax credit for qualifying solar projects.**

1153 (1) As used in this section:

1154 (a) "Active solar system" ~~[is as]~~ means the same as that term is defined in Section
1155 59-10-1014.

1156 (b) "Purchaser" means a claimant, estate, or trust that purchases one or more solar units
1157 from a qualifying political subdivision.

1158 (c) "Qualifying political subdivision" means:

1159 (i) a city or town in this state;

1160 (ii) an interlocal entity created under Title 11, Chapter 13, Interlocal Cooperation Act;

1161 or

1162 (iii) a special service district created under Title 17D, Chapter 1, Special Service
1163 District Act.

1164 (d) "Qualifying solar project" means the portion of an active solar system:

1165 (i) that a qualifying political subdivision:

1166 (A) constructs;

1167 (B) controls; or

1168 (C) owns;

1169 (ii) with respect to which the qualifying political subdivision described in Subsection

1170 (1)(c)(i) sells one or more solar units; and

1171 (iii) that generates electrical output that is furnished:

1172 (A) to one or more residential units; or

1173 (B) for the benefit of one or more residential units.
1174 (e) "Residential unit" [~~is as~~] means the same as that term is defined in Section
1175 59-10-1014.
1176 (f) "Solar unit" means a portion of the electrical output:
1177 (i) of a qualifying solar project;
1178 (ii) that a qualifying political subdivision sells to a purchaser; and
1179 (iii) the purchase of which requires that the purchaser agree to bear a proportionate
1180 share of the expense of the qualifying solar project:
1181 (A) in accordance with a written agreement between the purchaser and the qualifying
1182 political subdivision;
1183 (B) in exchange for a credit on the purchaser's electrical bill; and
1184 (C) as determined by a formula established by the qualifying political subdivision.
1185 (2) Subject to Subsection (3), for taxable years beginning on or after January 1, 2009, a
1186 purchaser may claim a nonrefundable tax credit equal to the product of:
1187 (a) the amount the purchaser pays to purchase one or more solar units during the
1188 taxable year; and
1189 (b) 25%.
1190 (3) For a taxable year, a tax credit under this section may not exceed \$2,000 on a
1191 return.
1192 (4) A purchaser may carry forward a tax credit under this section for a period that does
1193 not exceed the next four taxable years if:
1194 (a) the purchaser is allowed to claim a tax credit under this section for a taxable year;
1195 and
1196 (b) the amount of the tax credit exceeds the purchaser's tax liability under this chapter
1197 for that taxable year.
1198 (5) Subject to Section 59-10-1014, a tax credit under this section is in addition to any
1199 other tax credit allowed by this chapter.
1200 [~~(6) (a) On or before October 1, 2012, and every five years after October 1, 2012, the~~
1201 ~~Revenue and Taxation Interim Committee shall review the tax credit allowed by this section~~
1202 ~~and report its recommendations to the Legislative Management Committee concerning whether~~
1203 ~~the tax credit should be continued, modified, or repealed.]~~

1204 ~~[(b) The Revenue and Taxation Interim Committee's report under Subsection (6)(a)~~
1205 ~~shall include information concerning the cost of the tax credit, the purpose and effectiveness of~~
1206 ~~the tax credit, and the state's benefit from the tax credit.]~~

1207 Section 15. Section **59-10-1029** is amended to read:

1208 **59-10-1029. Nonrefundable alternative energy development tax credit.**

1209 (1) As used in this section:

1210 (a) "Alternative energy entity" ~~[is as]~~ means the same as that term is defined in Section
1211 63M-4-502.

1212 (b) "Alternative energy project" ~~[is as]~~ means the same as that term is defined in
1213 Section 63M-4-502.

1214 (c) "Office" ~~[is as defined]~~ means the Office of Energy Development created in Section
1215 63M-4-401.

1216 (2) Subject to the other provisions of this section, an alternative energy entity may
1217 claim a nonrefundable tax credit for alternative energy development as provided in this section.

1218 (3) The tax credit under this section is the amount listed as the tax credit amount on a
1219 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 5, Alternative
1220 Energy Development Tax Credit Act, to the alternative energy entity for the taxable year.

1221 (4) An alternative energy entity may carry forward a tax credit under this section for a
1222 period that does not exceed the next seven taxable years if:

1223 (a) the alternative energy entity is allowed to claim a tax credit under this section for a
1224 taxable year; and

1225 (b) the amount of the tax credit exceeds the alternative energy entity's tax liability
1226 under this chapter for that taxable year.

1227 (5) (a) ~~[On or before October 1, 2017, and every five years after October 1, 2017]~~ In
1228 accordance with Section 59-10-137, the Revenue and Taxation Interim Committee shall study
1229 the tax credit allowed by this section and make recommendations ~~[to the Legislative~~
1230 ~~Management Committee]~~ concerning whether the tax credit should be continued, modified, or
1231 repealed.

1232 (b) ~~[For]~~ (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
1233 required by this Subsection (5), the office shall provide the following information, if available
1234 to the office, to the [Revenue and Taxation Interim Committee] Office of the Legislative Fiscal

1235 Analyst:

1236 ~~[(i)]~~ (A) the amount of tax credit that the office grants to each alternative energy entity
1237 for each taxable year;

1238 ~~[(ii)]~~ (B) the new state revenues generated by each alternative energy project;

1239 ~~[(iii)]~~ (C) the information contained in the office's latest report ~~[to the Legislature]~~
1240 under Section 63M-4-505; and

1241 ~~[(iv)]~~ (D) any other information that the ~~[Revenue and Taxation Interim Committee]~~
1242 Office of the Legislative Fiscal Analyst requests.

1243 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
1244 redact information that identifies a recipient of a tax credit under this section.

1245 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
1246 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
1247 credit, the office may file a request with the Revenue and Taxation Interim Committee to
1248 provide the information described in Subsection (5)(b)(i) in the aggregate for all alternative
1249 energy entities that receive the tax credit under this section.

1250 (c) As part of the study required by this Subsection (5), the Office of the Legislative
1251 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
1252 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
1253 office under Subsection (5)(b).

1254 ~~[(e)]~~ (d) The Revenue and Taxation Interim Committee shall ensure that ~~[its]~~ the
1255 Revenue and Taxation Interim Committee's recommendations under Subsection (5)(a) include
1256 an evaluation of:

- 1257 (i) the cost of the tax credit to the state;
- 1258 (ii) the purpose and effectiveness of the tax credit; and
- 1259 (iii) the extent to which the state benefits from the tax credit.

1260 Section 16. Section 59-10-1030 is amended to read:

1261 **59-10-1030. Nonrefundable alternative energy manufacturing tax credit.**

1262 (1) As used in this section:

1263 (a) "Alternative energy entity" ~~[is as]~~ means the same as that term is defined in Section
1264 63N-2-702.

1265 (b) "Alternative energy manufacturing project" ~~[is as]~~ means the same as that term is

1266 defined in Section [63N-2-702](#).

1267 (c) "Office" means the Governor's Office of Economic Development.

1268 (2) Subject to the other provisions of this section, an alternative energy entity may
1269 claim a nonrefundable tax credit for alternative energy manufacturing as provided in this
1270 section.

1271 (3) The tax credit under this section is the amount listed as the tax credit amount on a
1272 tax credit certificate that the office issues under Title 63N, Chapter 2, Part 7, Alternative
1273 Energy Manufacturing Tax Credit Act, to the alternative energy entity for the taxable year.

1274 (4) An alternative energy entity may carry forward a tax credit under this section for a
1275 period that does not exceed the next seven taxable years if:

1276 (a) the alternative energy entity is allowed to claim a tax credit under this section for a
1277 taxable year; and

1278 (b) the amount of the tax credit exceeds the alternative energy entity's tax liability
1279 under this chapter for that taxable year.

1280 (5) (a) [~~On or before October 1, 2017, and every five years after October 1, 2017~~] In
1281 accordance with Section [59-10-137](#), the Revenue and Taxation Interim Committee shall study
1282 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
1283 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
1284 repealed.

1285 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
1286 required by this Subsection (5), the office shall provide the following information, if available
1287 to the office, to the [~~Revenue and Taxation Interim Committee~~] Office of the Legislative Fiscal
1288 Analyst:

1289 [(i)] (A) the amount of tax credit that the office grants to each alternative energy entity
1290 for each taxable year;

1291 [(ii)] (B) the new state revenues generated by each alternative energy manufacturing
1292 project;

1293 [(iii)] (C) the information contained in the office's latest report to the Legislature under
1294 Section [63N-2-705](#); and

1295 [(iv)] (D) any other information that the [~~Revenue and Taxation Interim Committee~~]
1296 Office of the Legislative Fiscal Analyst requests.

1297 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
1298 redact information that identifies a recipient of a tax credit under this section.

1299 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
1300 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
1301 credit, the office may file a request with the Revenue and Taxation Interim Committee to
1302 provide the information described in Subsection (5)(b)(i) in the aggregate for all alternative
1303 energy entities that receive the tax credit under this section.

1304 (c) As part of the study required by this Subsection (5), the Office of the Legislative
1305 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
1306 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
1307 office under Subsection (5)(b).

1308 ~~(c)~~ (d) The Revenue and Taxation Interim Committee shall ensure that its
1309 recommendations under Subsection (5)(a) include an evaluation of:

- 1310 (i) the cost of the tax credit to the state;
1311 (ii) the purpose and effectiveness of the tax credit; and
1312 (iii) the extent to which the state benefits from the tax credit.

1313 Section 17. Section **59-10-1034** is amended to read:

1314 **59-10-1034. Nonrefundable high cost infrastructure development tax credit.**

1315 (1) As used in this section:

1316 (a) "High cost infrastructure project" means the same as that term is defined in Section
1317 [63M-4-602](#).

1318 (b) "Infrastructure cost-burdened entity" means the same as that term is defined in
1319 Section [63M-4-602](#).

1320 (c) "Infrastructure-related revenue" means the same as that term is defined in Section
1321 [63M-4-602](#).

1322 (d) "Office" means the Office of Energy Development created in Section [63M-4-401](#).

1323 (2) Subject to the other provisions of this section, a claimant, estate, or trust that is an
1324 infrastructure cost-burdened entity may claim a nonrefundable tax credit for development of a
1325 high cost infrastructure project as provided in this section.

1326 (3) The tax credit under this section is the amount listed as the tax credit amount on a
1327 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost

1328 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for the
1329 taxable year.

1330 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this
1331 section for a period that does not exceed the next seven taxable years if:

1332 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
1333 section for a taxable year; and

1334 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
1335 liability under this chapter for that taxable year.

1336 (5) (a) [~~On or before October 1, 2020, and every five years after October 1, 2020~~] In
1337 accordance with Section 59-10-137, the Revenue and Taxation Interim Committee shall study
1338 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
1339 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
1340 repealed.

1341 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
1342 required by this Subsection (5), the office shall provide the following information, if available
1343 to the office, to the [Revenue and Taxation Interim Committee] Office of the Legislative Fiscal
1344 Analyst:

1345 [(i)] (A) the amount of tax credit that the office grants to each infrastructure
1346 cost-burdened entity for each taxable year;

1347 [(ii)] (B) the infrastructure-related revenue generated by each high cost infrastructure
1348 project;

1349 [(iii)] (C) the information contained in the office's latest report [~~to the Legislature~~]
1350 under Section 63M-4-505; and

1351 [(iv)] (D) any other information that the [~~Revenue and Taxation Interim Committee~~]
1352 Office of the Legislative Fiscal Analyst requests.

1353 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
1354 redact information that identifies a recipient of a tax credit under this section.

1355 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
1356 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
1357 credit, the office may file a request with the Revenue and Taxation Interim Committee to
1358 provide the information described in Subsection (5)(b)(i) in the aggregate for all infrastructure

1359 cost-burdened entities that receive the tax credit under this section.

1360 (c) As part of the study required by this Subsection (5), the Office of the Legislative
1361 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
1362 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
1363 office under Subsection (5)(b).

1364 ~~[(c)]~~ (d) The Revenue and Taxation Interim Committee shall ensure that the Revenue
1365 and Taxation Interim Committee's recommendations under Subsection (5)(a) include an
1366 evaluation of:

- 1367 (i) the cost of the tax credit to the state;
1368 (ii) the purpose and effectiveness of the tax credit; and
1369 (iii) the extent to which the state benefits from the tax credit.

1370 Section 18. Section **59-10-1106** is amended to read:

1371 **59-10-1106. Refundable renewable energy systems tax credits -- Definitions --**
1372 **Certification -- Rulemaking authority -- Revenue and Taxation Interim Committee study.**

1373 (1) As used in this section:

1374 (a) "Active solar system" ~~[has the same meaning as]~~ means the same as that term is
1375 defined in Section 59-10-1014.

1376 (b) "Biomass system" ~~[has the same meaning as]~~ means the same as that term is
1377 defined in Section 59-10-1014.

1378 (c) "Commercial energy system" ~~[has the same meaning as]~~ means the same as that
1379 term is defined in Section 59-7-614.

1380 (d) "Commercial enterprise" ~~[has the same meaning as]~~ means the same as that term is
1381 defined in Section 59-7-614.

1382 (e) (i) "Commercial unit" ~~[has the same meaning as]~~ means the same as that term is
1383 defined in Section 59-7-614.

1384 (ii) Notwithstanding Subsection (1)(e)(i):

1385 (A) with respect to an active solar system used for agricultural water pumping or a
1386 wind system, each individual energy generating device is considered to be a commercial unit;
1387 or

1388 (B) if an energy system is the building or structure that a claimant, estate, or trust uses
1389 to transact business, a commercial unit is the complete energy system itself.

1390 (f) "Direct use geothermal system" [~~has the same meaning as~~] means the same as that
1391 term is defined in Section 59-10-1014.

1392 (g) "Geothermal electricity" [~~has the same meaning as~~] means the same as that term is
1393 defined in Section 59-10-1014.

1394 (h) "Geothermal energy" [~~has the same meaning as~~] means the same as that term is
1395 defined in Section 59-10-1014.

1396 (i) "Geothermal heat pump system" [~~has the same meaning as~~] means the same as that
1397 term is defined in Section 59-10-1014.

1398 (j) "Hydroenergy system" [~~has the same meaning as~~] means the same as that term is
1399 defined in Section 59-10-1014.

1400 (k) "Office" means the Office of Energy Development created in Section 63M-4-401.

1401 (l) "Passive solar system" [~~has the same meaning as~~] means the same as that term is
1402 defined in Section 59-10-1014.

1403 (m) "Principal recovery portion" [~~has the same meaning as~~] means the same as that
1404 term is defined in Section 59-10-1014.

1405 (n) "Wind system" [~~has the same meaning as~~] means the same as that term is defined in
1406 Section 59-10-1014.

1407 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in
1408 this section against a tax due under this chapter for a taxable year.

1409 (3) (a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust
1410 may claim a refundable tax credit under this Subsection (3) with respect to a commercial
1411 energy system if:

1412 (i) the commercial energy system does not use:

1413 (A) wind, geothermal electricity, solar, or biomass equipment capable of producing a
1414 total of 660 or more kilowatts of electricity; or

1415 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;

1416 (ii) the claimant, estate, or trust purchases or participates in the financing of the
1417 commercial energy system;

1418 (iii) (A) the commercial energy system supplies all or part of the energy required by
1419 commercial units owned or used by the claimant, estate, or trust; or

1420 (B) the claimant, estate, or trust sells all or part of the energy produced by the

1421 commercial energy system as a commercial enterprise;

1422 (iv) the commercial energy system is completed and placed in service on or after
1423 January 1, 2007; and

1424 (v) the claimant, estate, or trust obtains a written certification from the office in
1425 accordance with Subsection (6).

1426 (b) (i) Subject to Subsections (3)(b)(ii) through (v), the tax credit is equal to 10% of the
1427 reasonable costs of the commercial energy system.

1428 (ii) A tax credit under this Subsection (3) may include installation costs.

1429 (iii) A claimant, estate, or trust may claim a tax credit under this Subsection (3) for the
1430 taxable year in which the commercial energy system is completed and placed in service.

1431 (iv) A tax credit under this Subsection (3) may not be carried forward or carried back.

1432 (v) The total amount of tax credit a claimant, estate, or trust may claim under this
1433 Subsection (3) may not exceed \$50,000 per commercial unit.

1434 (c) (i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that is a
1435 lessee of a commercial energy system installed on a commercial unit may claim a tax credit
1436 under this Subsection (3) if the claimant, estate, or trust confirms that the lessor irrevocably
1437 elects not to claim the tax credit.

1438 (ii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim as a tax
1439 credit under this Subsection (3) only the principal recovery portion of the lease payments.

1440 (iii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim a tax credit
1441 under this Subsection (3) for a period that does not exceed seven taxable years after the date the
1442 lease begins, as stated in the lease agreement.

1443 (4) (a) Subject to the other provisions of this Subsection (4), a claimant, estate, or trust
1444 may claim a refundable tax credit under this Subsection (4) with respect to a commercial
1445 energy system if:

1446 (i) the commercial energy system uses wind, geothermal electricity, or biomass
1447 equipment capable of producing a total of 660 or more kilowatts of electricity;

1448 (ii) (A) the commercial energy system supplies all or part of the energy required by
1449 commercial units owned or used by the claimant, estate, or trust; or

1450 (B) the claimant, estate, or trust sells all or part of the energy produced by the
1451 commercial energy system as a commercial enterprise;

1452 (iii) the commercial energy system is completed and placed in service on or after
1453 January 1, 2007; and

1454 (iv) the claimant, estate, or trust obtains a written certification from the office in
1455 accordance with Subsection (6).

1456 (b) (i) Subject to Subsections (4)(b)(ii) and (iii), a tax credit under this Subsection (4)
1457 is equal to the product of:

1458 (A) 0.35 cents; and

1459 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

1460 (ii) A tax credit under this Subsection (4) may be claimed for production occurring
1461 during a period of 48 months beginning with the month in which the commercial energy
1462 system is placed in commercial service.

1463 (iii) A tax credit under this Subsection (4) may not be carried forward or back.

1464 (c) A claimant, estate, or trust that is a lessee of a commercial energy system installed
1465 on a commercial unit may claim a tax credit under this Subsection (4) if the claimant, estate, or
1466 trust confirms that the lessor irrevocably elects not to claim the tax credit.

1467 (5) (a) Subject to the other provisions of this Subsection (5), a claimant, estate, or trust
1468 may claim a refundable tax credit as provided in this Subsection (5) if:

1469 (i) the claimant, estate, or trust owns a commercial energy system that uses solar
1470 equipment capable of producing a total of 660 or more kilowatts of electricity;

1471 (ii) (A) the commercial energy system supplies all or part of the energy required by
1472 commercial units owned or used by the claimant, estate, or trust; or

1473 (B) the claimant, estate, or trust sells all or part of the energy produced by the
1474 commercial energy system as a commercial enterprise;

1475 (iii) the claimant, estate, or trust does not claim a tax credit under Subsection (3);

1476 (iv) the commercial energy system is completed and placed in service on or after
1477 January 1, 2015; and

1478 (v) the claimant, estate, or trust obtains a written certification from the office in
1479 accordance with Subsection (6).

1480 (b) (i) Subject to Subsections (5)(b)(ii) and (iii), a tax credit under this Subsection (5)
1481 is equal to the product of:

1482 (A) 0.35 cents; and

1483 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

1484 (ii) A tax credit under this Subsection (5) may be claimed for production occurring
1485 during a period of 48 months beginning with the month in which the commercial energy
1486 system is placed in commercial service.

1487 (iii) A tax credit under this Subsection (5) may not be carried forward or carried back.

1488 (c) A claimant, estate, or trust that is a lessee of a commercial energy system installed
1489 on a commercial unit may claim a tax credit under this Subsection (5) if the claimant, estate, or
1490 trust confirms that the lessor irrevocably elects not to claim the tax credit.

1491 (6) (a) Before a claimant, estate, or trust may claim a tax credit under this section, the
1492 claimant, estate, or trust shall obtain a written certification from the office.

1493 (b) The office shall issue a claimant, estate, or trust a written certification if the office
1494 determines that:

1495 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax
1496 credit; and

1497 (ii) the office determines that the commercial energy system with respect to which the
1498 claimant, estate, or trust seeks to claim a tax credit:

1499 (A) has been completely installed;

1500 (B) is a viable system for saving or producing energy from renewable resources; and

1501 (C) is safe, reliable, efficient, and technically feasible to ensure that the commercial
1502 energy system uses the state's renewable and nonrenewable resources in an appropriate and
1503 economic manner.

1504 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1505 office may make rules:

1506 (i) for determining whether a commercial energy system meets the requirements of
1507 Subsection (6)(b)(ii); and

1508 (ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs
1509 of a commercial energy system, as an amount per unit of energy production.

1510 (d) A claimant, estate, or trust that obtains a written certification from the office shall
1511 retain the certification for the same time period a person is required to keep books and records
1512 under Section [59-1-1406](#).

1513 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

1514 commission may make rules to address the certification of a tax credit under this section.

1515 (8) A tax credit under this section is in addition to any tax credits provided under the
1516 laws or rules and regulations of the United States.

1517 (9) A purchaser of one or more solar units that claims a tax credit under Section
1518 [59-10-1024](#) for the purchase of the one or more solar units may not claim a tax credit under this
1519 section for that purchase.

1520 [~~(10) (a) On or before October 1, 2017, and every five years after 2017, the Revenue
1521 and Taxation Interim Committee shall review each tax credit provided by this section and
1522 report its recommendations to the Legislative Management Committee concerning whether the
1523 credit should be continued, modified, or repealed.~~]

1524 [~~(b) The Revenue and Taxation Interim Committee's report under Subsection (10)(a)
1525 shall include information concerning the cost of the credit, the purpose and effectiveness of the
1526 credit, and the state's benefit from the credit.~~]

1527 Section 19. Section [59-10-1107](#) is amended to read:

1528 **59-10-1107. Refundable economic development tax credit.**

1529 (1) As used in this section:

1530 (a) "Business entity" means a claimant, estate, or trust that meets the definition of
1531 ^[~~^~~]business entity^[~~^~~] as defined in Section [63N-2-103](#).

1532 (b) "Office" means the Governor's Office of Economic Development.

1533 (2) Subject to the other provisions of this section, a business entity may claim a
1534 refundable tax credit for economic development.

1535 (3) The tax credit under this section is the amount listed as the tax credit amount on the
1536 tax credit certificate that the office issues to the business entity 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 business entity that claims a tax credit under
1539 this section if the amount of the tax credit exceeds the business entity's tax liability for a
1540 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 business entity as
1543 required by Subsection (4)(a).

1544 (5) (a) [~~On or before October 1, 2013, and every five years after October 1, 2013~~] In

1545 accordance with Section 59-10-137, the Revenue and Taxation Interim Committee shall study
 1546 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
 1547 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
 1548 repealed.

1549 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
 1550 required by this Subsection (5), the office shall provide the following information [~~to the~~
 1551 ~~Revenue and Taxation Interim Committee~~], if available to the office:

1552 [(i)] (A) the amount of tax credit the office grants to each taxpayer for each calendar
 1553 year;

1554 [(ii)] (B) the criteria the office uses in granting a tax credit;

1555 [(iii)] (C) the new state revenues generated by each taxpayer for each calendar year;

1556 [(iv)] (D) the information contained in the office's latest report to the Legislature under
 1557 Section 63N-2-106; and

1558 [(v)] (E) any other information that the Revenue and Taxation Interim Committee
 1559 requests.

1560 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
 1561 redact information that identifies a recipient of a tax credit under this section.

1562 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
 1563 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
 1564 credit, the office may file a request with the Revenue and Taxation Interim Committee to
 1565 provide the information described in Subsection (5)(b)(i) in the aggregate for all taxpayers that
 1566 receive the tax credit under this section.

1567 (c) The Revenue and Taxation Interim Committee shall ensure that [~~its~~] the Revenue
 1568 and Taxation Interim Committee's recommendations under Subsection (5)(a) include an
 1569 evaluation of:

1570 (i) the cost of the tax credit to the state;

1571 (ii) the purpose and effectiveness of the tax credit; and

1572 (iii) the extent to which the state benefits from the tax credit.

1573 Section 20. Section **59-10-1108** is amended to read:

1574 **59-10-1108. Refundable motion picture tax credit.**

1575 (1) As used in this section:

1576 (a) "Motion picture company" means a claimant, estate, or trust that meets the
1577 definition of a motion picture company under Section 63N-8-102.

1578 (b) "Office" means the Governor's Office of Economic Development.

1579 (c) "State-approved production" [~~has the same meaning as~~] means the same as that
1580 term is defined in Section 63N-8-102.

1581 (2) For a taxable [~~years~~] year beginning on or after January 1, 2009, a motion picture
1582 company may claim a refundable tax credit for a state-approved production.

1583 (3) The tax credit under this section is the amount listed as the tax credit amount on the
1584 tax credit certificate that the office issues to a motion picture company under Section
1585 63N-8-103 for the taxable year.

1586 (4) (a) In accordance with any rules prescribed by the commission under Subsection
1587 (4)(b), the commission shall make a refund to a motion picture company that claims a tax
1588 credit under this section if the amount of the tax credit exceeds the motion picture company's
1589 tax liability for the taxable year.

1590 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1591 commission may make rules providing procedures for making a refund to a motion picture
1592 company as required by Subsection (4)(a).

1593 (5) (a) [~~On or before October 1, 2014, and every five years after October 1, 2014,~~] In
1594 accordance with Section 59-10-137, the Revenue and Taxation Interim Committee shall study
1595 the tax credit allowed by this section and make recommendations [~~to the Legislative~~
1596 ~~Management Committee~~] concerning whether the tax credit should be continued, modified, or
1597 repealed.

1598 (b) [~~For~~] (i) Except as provided in Subsection (5)(b)(ii), for purposes of the study
1599 required by this Subsection (5), the office shall provide the following information, if available
1600 to the office, to the [Revenue and Taxation Interim Committee] Office of the Legislative Fiscal
1601 Analyst:

1602 [(i)] (A) the amount of tax credit the office grants to each taxpayer for each calendar
1603 year;

1604 [(ii)] (B) the criteria the office uses in granting a tax credit;

1605 [(iii)] (C) the dollars left in the state, as defined in Section 63N-8-102, by each motion
1606 picture company for each calendar year;

1607 ~~[(iv)]~~ (D) the information contained in the office's latest report to the Legislature under
 1608 Section 63N-8-105; and

1609 ~~[(v)]~~ (E) any other information requested by the ~~[Revenue and Taxation Interim~~
 1610 ~~Committee]~~ Office of the Legislative Fiscal Analyst.

1611 (ii) (A) In providing the information described in Subsection (5)(b)(i), the office shall
 1612 redact information that identifies a recipient of a tax credit under this section.

1613 (B) If, notwithstanding the redactions made under Subsection (5)(b)(ii), reporting the
 1614 information described in Subsection (5)(b)(i) might disclose the identity of a recipient of a tax
 1615 credit, the office may file a request with the Revenue and Taxation Interim Committee to
 1616 provide the information described in Subsection (5)(b)(i) in the aggregate for all taxpayers that
 1617 receive the tax credit under this section.

1618 (c) As part of the study required by this Subsection (5), the Office of the Legislative
 1619 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
 1620 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
 1621 office under Subsection (5)(b).

1622 ~~[(e)]~~ (d) The Revenue and Taxation Interim Committee shall ensure that ~~[its]~~ the
 1623 Revenue and Taxation Interim Committee's recommendations under Subsection (5)(a) include
 1624 an evaluation of:

- 1625 (i) the cost of the tax credit to the state;
- 1626 (ii) the effectiveness of the tax credit; and
- 1627 (iii) the extent to which the state benefits from the tax credit.

1628 Section 21. Section **59-13-202** is amended to read:

1629 **59-13-202. Refund of tax for agricultural uses on individual income and**
 1630 **corporate franchise and income tax returns -- Application for permit for refund --**
 1631 **Division of Finance to pay claims -- Rules permitted to enforce part -- Penalties.**

1632 (1) As used in this section:

1633 (a) (i) Except as provided in Subsection (1)(a)(ii), "claimant" means a resident or
 1634 nonresident person.

1635 (ii) "Claimant" does not include an estate or trust.

1636 (b) "Estate" means a nonresident estate or a resident estate.

1637 (c) "Refundable tax credit" or "tax credit" means a tax credit that a claimant, estate, or

1638 trust may claim:

1639 (i) as provided by statute; and

1640 (ii) regardless of whether, for the taxable year for which the claimant, estate, or trust
1641 claims the tax credit, the claimant, estate, or trust has a tax liability under:

1642 (A) Chapter 7, Corporate Franchise and Income Taxes; or

1643 (B) Chapter 10, Individual Income Tax Act.

1644 (d) "Trust" means a nonresident trust or a resident trust.

1645 (2) Any claimant, estate, or trust that purchases and uses any motor fuel within the state
1646 for the purpose of operating or propelling stationary farm engines and self-propelled farm
1647 machinery used for nonhighway agricultural uses, and that has paid the tax on the motor fuel as
1648 provided by this part, is entitled to a refund of the tax subject to the conditions and limitations
1649 provided under this part.

1650 (3) (a) A claimant, estate, or trust desiring a nonhighway agricultural use refund under
1651 this part shall claim the refund as a refundable tax credit on the tax return the claimant, estate,
1652 or trust files under:

1653 (i) Chapter 7, Corporate Franchise and Income Taxes; or

1654 (ii) Chapter 10, Individual Income Tax Act.

1655 (b) A claimant, estate, or trust not subject to filing a tax return described in Subsection
1656 (3)(a) shall obtain a permit and file claims on a calendar year basis.

1657 (c) Any claimant, estate, or trust claiming a refundable tax credit under this section is
1658 required to furnish any or all of the information outlined in this section upon request of the
1659 commission.

1660 (d) A refundable tax credit under this section is allowed only on purchases on which
1661 tax is paid during the taxable year covered by the tax return.

1662 (4) In order to obtain a permit for a refund of motor fuel tax paid, an application shall
1663 be filed containing:

1664 (a) the name of the claimant, estate, or trust;

1665 (b) the claimant's, estate's, or trust's address;

1666 (c) location and number of acres owned and operated, location and number of acres
1667 rented and operated, the latter of which shall be verified by a signed statement from the legal
1668 owner;

1669 (d) number of acres planted to each crop, type of soil, and whether irrigated or dry; and

1670 (e) make, size, type of fuel used, and power rating of each piece of equipment using
1671 fuel. If the claimant, estate, or trust is an operator of self-propelled or tractor-pulled farm
1672 machinery with which the claimant, estate, or trust works for hire doing custom jobs for other
1673 farmers, the application shall include information the commission requires and shall all be
1674 contained in, and be considered part of, the original application. The claimant, estate, or trust
1675 shall also file with the application a certificate from the county assessor showing each piece of
1676 equipment using fuel. This original application and all information contained in it constitutes a
1677 permanent file with the commission in the name of the claimant, estate, or trust.

1678 (5) Any claimant, estate, or trust claiming the right to a refund of motor fuel tax paid
1679 shall file a claim with the commission by April 15 of each year for the refund for the previous
1680 calendar year. The claim shall state the name and address of the claimant, estate, or trust, the
1681 number of gallons of motor fuel purchased for nonhighway agricultural uses, and the amount
1682 paid for the motor fuel. The claimant, estate, or trust shall retain the original invoice to support
1683 the claim. No more than one claim for a tax refund may be filed annually by each user of
1684 motor fuel purchased for nonhighway agricultural uses.

1685 (6) Upon commission approval of the claim for a refund, the Division of Finance shall
1686 pay the amount found due to the claimant, estate, or trust. The total amount of claims for
1687 refunds shall be paid from motor fuel taxes.

1688 (7) The commission may [~~promulgate~~] make rules to enforce this part[;] and may
1689 refuse to accept as evidence of purchase or payment any instruments [~~which~~] that show
1690 alteration or [~~which~~] that fail to indicate the quantity of the purchase, the price of the motor
1691 fuel, a statement that it is purchased for purposes other than transportation, and the date of
1692 purchase and delivery. If the commission is not satisfied with the evidence submitted in
1693 connection with the claim, it may reject the claim or require additional evidence.

1694 (8) Any claimant, estate, or trust aggrieved by the decision of the commission with
1695 respect to a refundable tax credit or refund may file a request for agency action, requesting a
1696 hearing before the commission.

1697 (9) Any claimant, estate, or trust that makes any false claim, report, or statement, as
1698 claimant, estate, trust, agent, or creditor, with intent to defraud or secure a refund to which the
1699 claimant, estate, or trust is not entitled, is subject to the criminal penalties provided under

1700 Section [59-1-401](#), and the commission shall initiate the filing of a complaint for alleged
1701 violations of this part. In addition to these penalties, the claimant, estate, or trust may not
1702 receive any refund as a claimant, estate, or trust or as a creditor of a claimant, estate, or trust for
1703 refund for a period of five years.

1704 (10) Refunds to which a claimant, estate, or trust is entitled under this part shall be paid
1705 from the Transportation Fund.

1706 (11) (a) On or before November 30, 2017, and every three years after November 30,
1707 2017, the Revenue and Taxation Interim Committee shall review the tax credits provided by
1708 this section and make recommendations concerning whether the tax credits should be
1709 continued, modified, or repealed.

1710 (b) In conducting the review required under Subsection (11)(a), the Revenue and
1711 Taxation Interim Committee shall:

1712 (i) schedule time on at least one committee agenda to conduct the review;

1713 (ii) invite state agencies, individuals, and organizations concerned with the credit under
1714 review to provide testimony;

1715 (iii) ensure that the Revenue and Taxation Interim Committee's recommendations
1716 under this section include an evaluation of:

1717 (A) the cost of the tax credit to the state;

1718 (B) the purpose and effectiveness of the tax credit; and

1719 (C) the extent to which the state benefits from the tax credit; and

1720 (iv) undertake other review efforts as determined by the chairs of the Revenue and
1721 Taxation Interim Committee.

1722 Section 22. Section **63N-2-106** is amended to read:

1723 **63N-2-106. Reports -- Posting monthly and annual reports -- Audit and study of**
1724 **tax credits.**

1725 (1) The office shall include the following information in the annual written report
1726 described in Section [63N-1-301](#):

1727 (a) the office's success in attracting new commercial projects to development zones
1728 under this part and the corresponding increase in new incremental jobs;

1729 (b) how many new incremental jobs and high paying jobs are employees of a company
1730 that received tax credits under this part, including the number of employees who work for a

- 1731 third-party rather than directly for a company, receiving the tax credits under this part;
- 1732 (c) the estimated amount of tax credit commitments made by the office and the period
1733 of time over which tax credits will be paid;
- 1734 (d) the economic impact on the state from new state revenues and the provision of tax
1735 credits under this part;
- 1736 (e) the estimated costs and economic benefits of the tax credit commitments made by
1737 the office;
- 1738 (f) the actual costs and economic benefits of the tax credit commitments made by the
1739 office; and
- 1740 (g) tax credit commitments made by the office, with the associated calculation.
- 1741 (2) Each month, the office shall post on its website and on a state website:
- 1742 (a) the new tax credit commitments made by the office during the previous month; and
1743 (b) the estimated costs and economic benefits of those tax credit commitments.
- 1744 (3) (a) On or before November 1, 2014, and every three years after November 1, 2014,
1745 the office shall:
- 1746 (i) conduct an audit of the tax credits allowed under Section [63N-2-105](#);
- 1747 (ii) study the tax credits allowed under Section [63N-2-105](#); and
- 1748 (iii) make recommendations concerning whether the tax credits should be continued,
1749 modified, or repealed.
- 1750 (b) The audit shall include an evaluation of:
- 1751 (i) the cost of the tax credits;
- 1752 (ii) the purposes and effectiveness of the tax credits;
- 1753 (iii) the extent to which the state benefits from the tax credits; and
- 1754 (iv) the state's return on investment under this part measured by new state revenues,
1755 compared with the costs of tax credits provided and GOED's expenses in administering this
1756 part.
- 1757 (c) The office shall provide the results of the audit described in this Subsection (3):
- 1758 (i) in the written annual report described in Subsection (1); and
- 1759 (ii) as part of the review described in Sections [59-7-159](#) and [59-10-137](#).
- 1760 Section 23. Section **63N-2-213** is amended to read:
- 1761 **63N-2-213. State tax credits.**

1762 (1) Subject to the limitations of Subsections (2) through (4), the following
1763 nonrefundable tax credits against a tax under Title 59, Chapter 7, Corporate Franchise and
1764 Income Taxes, or Title 59, Chapter 10, Individual Income Tax Act, are applicable in an
1765 enterprise zone:

1766 (a) a tax credit of \$750 may be claimed by a business entity for each new full-time
1767 employee position created within the enterprise zone;

1768 (b) an additional \$500 tax credit may be claimed if the new full-time employee position
1769 created within the enterprise zone pays at least 125% of:

1770 (i) the county average monthly nonagricultural payroll wage for the respective industry
1771 as determined by the Department of Workforce Services; or

1772 (ii) if the county average monthly nonagricultural payroll wage is not available for the
1773 respective industry, the total average monthly nonagricultural payroll wage in the respective
1774 county where the enterprise zone is located;

1775 (c) an additional tax credit of \$750 may be claimed if the new full-time employee
1776 position created within the enterprise zone is in a business entity that adds value to agricultural
1777 commodities through manufacturing or processing;

1778 (d) an additional tax credit of \$200 may be claimed for two consecutive years for each
1779 new full-time employee position created within the enterprise zone that is filled by an
1780 employee who is insured under an employer-sponsored health insurance program if the
1781 employer pays at least 50% of the premium cost for the year for which the credit is claimed;

1782 (e) a tax credit of 50% of the value of a cash contribution to a private nonprofit
1783 corporation, except that the credit claimed may not exceed \$100,000:

1784 (i) that is exempt from federal income taxation under Section 501(c)(3), Internal
1785 Revenue Code;

1786 (ii) whose primary purpose is community and economic development; and

1787 (iii) that has been accredited by the Governor's Rural Partnership Board;

1788 (f) a tax credit of 25% of the first \$200,000 spent on rehabilitating a building in the
1789 enterprise zone that has been vacant for two years or more; and

1790 (g) an annual investment tax credit of 10% of the first \$250,000 in investment, and 5%
1791 of the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable
1792 property.

1793 (2) (a) Subject to the limitations of Subsection (2)(b), a business entity claiming tax
1794 credits under Subsections (1)(a) through (d) may claim the tax credits for up to 30 full-time
1795 employee positions per taxable year.

1796 (b) A business entity that received a tax credit for one or more new full-time employee
1797 positions under Subsections (1)(a) through (d) in a prior taxable year may claim a tax credit for
1798 a new full-time employee position in a subsequent taxable year under Subsections (1)(a)
1799 through (d) if:

1800 (i) the business entity has created a new full-time position within the enterprise zone;
1801 and

1802 (ii) the total number of full-time employee positions at the business entity at any point
1803 during the tax year for which the tax credit is being claimed is greater than the number of
1804 full-time employee positions that existed at the business entity at any point during the taxable
1805 year immediately preceding the taxable year for which the credit is being claimed.

1806 (c) Construction jobs are not eligible for the tax credits under Subsections (1)(a)
1807 through (d).

1808 (3) If the amount of a tax credit under this section exceeds a business entity's tax
1809 liability under this chapter for a taxable year, the business entity may carry forward the amount
1810 of the tax credit exceeding the liability for a period that does not exceed the next three taxable
1811 years.

1812 (4) Tax credits under Subsections (1)(a) through (g) may not be claimed by a business
1813 entity primarily engaged in retail trade or by a public utilities business.

1814 (5) A business entity that has no employees:

1815 (a) may not claim tax credits under Subsections (1)(a) through (d); and

1816 (b) may claim tax credits under Subsections (1)(e) through (g).

1817 (6) A business entity may not claim or carry forward a tax credit available under this
1818 part for a taxable year during which the business entity has claimed the targeted business
1819 income tax credit available under Section [63N-2-305](#).

1820 (7) (a) On or before November 30, 2018, and every three years after November 30,
1821 2018, the Revenue and Taxation Interim Committee shall review the tax credits provided by
1822 this section and make recommendations concerning whether the tax credits should be
1823 continued, modified, or repealed.

1824 (b) In conducting the review required under this Subsection (7), the Revenue and
1825 Taxation Interim Committee shall:
1826 (i) schedule time on at least one committee agenda to conduct the review;
1827 (ii) invite state agencies, individuals, and organizations concerned with the credit under
1828 review to provide testimony;
1829 (iii) ensure that the Revenue and Taxation Interim Committee's recommendations
1830 under this section include an evaluation of:
1831 (A) the cost of the tax credit to the state;
1832 (B) the purpose and effectiveness of the tax credit; and
1833 (C) the extent to which the state benefits from the tax credit; and
1834 (iv) undertake other review efforts as determined by the chairs of the Revenue and
1835 Taxation Interim Committee.

1836 Section 24. Section **63N-2-305** is amended to read:

1837 **63N-2-305. Targeted business income tax credit structure -- Duties of the local**
1838 **zone administrator -- Duties of the State Tax Commission.**

1839 (1) A business applicant that is certified under Subsection **63N-2-304(3)** and issued a
1840 targeted business tax credit eligibility form by the office under Subsection (8) may claim a
1841 refundable tax credit:

1842 (a) against the business applicant's tax liability under:

1843 (i) Title 59, Chapter 7, Corporate Franchise and Income Taxes; or

1844 (ii) Title 59, Chapter 10, Individual Income Tax Act; and

1845 (b) subject to requirements and limitations provided by this part.

1846 (2) The total amount of the targeted business income tax credits allowed under this part
1847 for all business applicants may not exceed \$300,000 in any fiscal year.

1848 (3) (a) A targeted business income tax credit allowed under this part for each
1849 community investment project provided by a business applicant may not:

1850 (i) be claimed by a business applicant for more than seven consecutive taxable years
1851 from the date the business applicant first qualifies for a targeted business income tax credit on
1852 the basis of a community investment project;

1853 (ii) be carried forward or carried back;

1854 (iii) exceed \$100,000 in total amount for the community investment project period

1855 during which the business applicant is eligible to claim a targeted business income tax credit;
1856 or

1857 (iv) exceed in any year that the targeted business income tax credit is claimed the lesser
1858 of:

1859 (A) 50% of the maximum amount allowed by the local zone administrator; or

1860 (B) the allocated cap amount determined by the office under Subsection 63N-2-304(5).

1861 (b) A business applicant may apply to the local zone administrator to claim a targeted
1862 business income tax credit allowed under this part for each community investment project
1863 provided by the business applicant as the basis for its eligibility for a targeted business income
1864 tax credit.

1865 (4) Subject to other provisions of this section, the local zone administrator shall
1866 establish for each business applicant that qualifies for a targeted business income tax credit:

1867 (a) criteria for maintaining eligibility for the targeted business income tax credit that
1868 are reasonably related to the community investment project that is the basis for the business
1869 applicant's targeted business income tax credit;

1870 (b) the maximum amount of the targeted business income tax credit the business
1871 applicant is allowed for the community investment project period;

1872 (c) the time period over which the total amount of the targeted business income tax
1873 credit may be claimed;

1874 (d) the maximum amount of the targeted business income tax credit that the business
1875 applicant will be allowed to claim each year; and

1876 (e) requirements for a business applicant to report to the local zone administrator
1877 specifying:

1878 (i) the frequency of the business applicant's reports to the local zone administrator,
1879 which shall be made at least quarterly; and

1880 (ii) the information needed by the local zone administrator to monitor the business
1881 applicant's compliance with this Subsection (4) or Section 63N-2-304 that shall be included in
1882 the report.

1883 (5) In accordance with Subsection (4)(e), a business applicant allowed a targeted
1884 business income tax credit under this part shall report to the local zone administrator.

1885 (6) The amount of a targeted business income tax credit that a business applicant is

1886 allowed to claim for a taxable year shall be reduced by 25% for each quarter in which the office
1887 or the local zone administrator determines that the business applicant has failed to comply with
1888 a requirement of Subsection (3) or Section 63N-2-304.

1889 (7) The office or local zone administrator may audit a business applicant to ensure:

1890 (a) eligibility for a targeted business income tax credit; or

1891 (b) compliance with Subsection (3) or Section 63N-2-304.

1892 (8) The office shall issue a targeted business income tax credit eligibility form in a
1893 form jointly developed by the State Tax Commission and the office no later than 30 days after
1894 the last day of the business applicant's taxable year showing:

1895 (a) the maximum amount of the targeted business income tax credit that the business
1896 applicant is eligible for that taxable year;

1897 (b) any reductions in the maximum amount of the targeted business income tax credit
1898 because of failure to comply with a requirement of Subsection (3) or Section 63N-2-304;

1899 (c) the allocated cap amount that the business applicant may claim for that taxable
1900 year; and

1901 (d) the actual amount of the targeted business income tax credit that the business
1902 applicant may claim for that taxable year.

1903 (9) (a) A business applicant shall retain the targeted business income tax credit
1904 eligibility form provided by the office under this Subsection (9).

1905 (b) The State Tax Commission may audit a business applicant to ensure:

1906 (i) eligibility for a targeted business income tax credit; or

1907 (ii) compliance with Subsection (3) or Section 63N-2-304.

1908 (10) (a) On or before November 30, 2018, and every three years after November 30,
1909 2018, the Revenue and Taxation Interim Committee shall review the tax credits provided by
1910 this section and make recommendations concerning whether the tax credits should be
1911 continued, modified, or repealed.

1912 (b) In conducting the review required under this Subsection (10), the Revenue and
1913 Taxation Interim Committee shall:

1914 (i) schedule time on at least one committee agenda to conduct the review;

1915 (ii) invite state agencies, individuals, and organizations concerned with the credit under
1916 review to provide testimony;

1917 (iii) ensure that the Revenue and Taxation Interim Committee's recommendations
 1918 under this section include an evaluation of:
 1919 (A) the cost of the tax credit to the state;
 1920 (B) the purpose and effectiveness of the tax credit; and
 1921 (C) the extent to which the state benefits from the tax credit; and
 1922 (iv) undertake other review efforts as determined by the chairs of the Revenue and
 1923 Taxation Interim Committee.

1924 Section 25. Section **63N-2-810** is amended to read:

1925 **63N-2-810. Reports on tax credit certificates -- Study by legislative committees.**

1926 ~~[(t)]~~ The office shall include the following information in the annual written report
 1927 described in Section **63N-1-301**:

1928 ~~[(a)]~~ (1) the total amount listed on tax credit certificates the office issues under this
 1929 part;

1930 ~~[(b)]~~ (2) the criteria that the office uses in prioritizing the issuance of tax credits
 1931 amongst tax credit applicants under this part; and

1932 ~~[(c)]~~ (3) the economic impact on the state related to providing tax credits under this
 1933 part.

1934 ~~[(2)(a) On or before November 1, 2016, and every five years after November 1, 2016,~~
 1935 ~~the Revenue and Taxation Interim Committee shall:]~~

1936 ~~[(i) study the tax credits allowed under Sections **59-7-614.6**, **59-10-1025**, and~~
 1937 ~~**59-10-1109**; and]~~

1938 ~~[(ii) make recommendations concerning whether the tax credits should be continued,~~
 1939 ~~modified, or repealed.]~~

1940 ~~[(b) The study under Subsection (2)(a) shall include an evaluation of:]~~

1941 ~~[(i) the cost of the tax credits under Sections **59-7-614.6**, **59-10-1025**, and~~
 1942 ~~**59-10-1109**;~~

1943 ~~[(ii) the purposes and effectiveness of the tax credits; and]~~

1944 ~~[(iii) the extent to which the state benefits from the tax credits.]~~

1945 Section 26. **Coordinating H.B. 310 with H.B. 26 -- Substantive and technical**
 1946 **amendments.**

1947 If this H.B. 310 and H.B. 26, Revenue and Taxation Interim Committee Report

1948 Amendments, both pass and become law, it is the intent of the Legislature that the Office of
1949 Legislative Research and General Counsel shall prepare the Utah Code database for publication
1950 by amending Subsection 63N-2-810(2) to read:

1951 ~~“(2) (a) [On or before November 1, 2016, and every five years after November 1, 2016]~~
1952 In accordance with Sections 59-7-159 and 59-10-137, the Revenue and Taxation Interim
1953 Committee shall:

1954 (i) study the tax credits allowed under Sections 59-7-614.6, 59-10-1025, and
1955 59-10-1109; and

1956 (ii) make recommendations concerning whether the tax credits should be continued,
1957 modified, or repealed.

1958 ~~[(b) The study under Subsection (2)(a) shall include an evaluation of:]~~

1959 ~~[(i) the cost of the tax credits under Sections 59-7-614.6, 59-10-1025, and~~
1960 ~~59-10-1109;]~~

1961 ~~[(ii) the purposes and effectiveness of the tax credits; and]~~

1962 ~~[(iii) the extent to which the state benefits from the tax credits.]~~

1963 (b) Except as provided in Subsection (2)(c), for purposes of the study required by this
1964 Subsection (2), the office shall provide the following information, if available to the office, to
1965 the Office of the Legislative Fiscal Analyst by electronic means:

1966 (i) the amount of tax credits that the office grants to each eligible business entity for
1967 each taxable year;

1968 (ii) the amount of eligible new state tax revenues generated by each eligible product or
1969 project;

1970 (iii) estimates for each of the next three calendar years of the following:

1971 (A) the amount of tax credits that the office will grant;

1972 (B) the amount of eligible new state tax revenues that will be generated; and

1973 (C) the number of new incremental jobs within the state that will be generated;

1974 (iv) the information contained in the office's latest report to the Legislature under
1975 Section 63N-2-705; and

1976 (v) any other information that the Office of the Legislative Fiscal Analyst requests.

1977 (c) (i) In providing the information described in Subsection (2)(b), the office shall
1978 redact information that identifies a recipient of a tax credit under this section.

1979 (ii) If, notwithstanding the redactions made under Subsection (2)(c)(i), reporting the
 1980 information described in Subsection (2)(b) might disclose the identity of a recipient of a tax
 1981 credit, the office may file a request with the Revenue and Taxation Interim Committee to
 1982 provide the information described in Subsection (2)(b) in the aggregate for all entities that
 1983 receive the tax credit under this section.

1984 (d) As a part of the study required by this Subsection (2), the Office of the Legislative
 1985 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
 1986 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
 1987 office under Subsection (2)(b).

1988 (e) The Revenue and Taxation Interim Committee shall ensure that the Revenue and
 1989 Taxation Interim Committee's recommendations under Subsection (2)(a) include an evaluation
 1990 of:

- 1991 (i) the cost of the tax credits under Sections [59-7-614.6](#), [59-10-1025](#), and [59-10-1109](#);
 1992 (ii) the purpose and effectiveness of the tax credits; and
 1993 (iii) the extent to which the state benefits from the tax credits."

1994 **Section 27. Coordinating H.B. 310 with H.B. 31 -- Substantive and technical**
 1995 **amendments.**

1996 If this H.B. 310 and H.B. 31, Enterprise Zone Amendments, both pass and become law,
 1997 it is the intent of the Legislature that the Office of Legislative Research and General Counsel
 1998 shall prepare the Utah Code database for publication by:

1999 (1) modifying Subsection [59-7-159](#)(3)(c) to add a new (iii) to read:

2000 "(iii) Section [59-7-614.10](#)";;

2001 (2) modifying Subsection [59-7-614.10](#)(6) to read:

2002 "(6) (a) In accordance with Section [59-7-159](#), the Revenue and Taxation Interim
 2003 Committee shall study the tax credit allowed by this section and make recommendations
 2004 concerning whether the tax credit should be continued, modified, or repealed.

2005 (b) (i) Except as provided in Subsection (6)(b)(ii), for purposes of the study required by
 2006 this Subsection (6), the office shall provide by electronic means the following information, if
 2007 available to the office, for each calendar year to the Office of the Legislative Fiscal Analyst:

2008 (A) the amount of tax credits provided in each development zone;

2009 (B) the number of new full-time employee positions reported to obtain tax credits in

2010 each development zone;
2011 (C) the amount of tax credits awarded for rehabilitating a building in each development
2012 zone;
2013 (D) the amount of tax credits awarded for investing in a plant, equipment, or other
2014 depreciable property in each development zone;
2015 (E) the information related to the tax credit contained in the office's latest report to the
2016 Legislature under Section [63N-1-301](#); and
2017 (F) other information as requested by the Office of the Legislative Fiscal Analyst.
2018 (ii) (A) In providing the information described in Subsection (6)(b)(i), the office shall
2019 redact information that identifies a recipient of a tax credit under this section.
2020 (B) If, notwithstanding the redactions made under Subsection (6)(b)(ii), reporting the
2021 information described in Subsection (6)(b)(i) might disclose the identity of a recipient of a tax
2022 credit, the office may file a request with the Revenue and Taxation Interim Committee to
2023 provide the information described in Subsection (6)(b)(i) in the aggregate for all development
2024 zones that receive the tax credit under this section.
2025 (c) As part of the study required by this Subsection (6), the Office of the Legislative
2026 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
2027 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
2028 office under Subsection (6)(b).
2029 (d) The Revenue and Taxation Interim Committee shall ensure that the Revenue and
2030 Taxation Interim Committee's recommendations under Subsection (6)(a) include an evaluation
2031 of:
2032 (i) the cost of the tax credit to the state;
2033 (ii) the purpose and effectiveness of the tax credit; and
2034 (iii) the extent to which the state benefits from the tax credit.";
2035 (3) modifying Subsection [59-10-137](#)(3)(c) to add a new (x) to read:
2036 "(x) Section [59-10-1036](#); and";
2037 (4) modifying Subsection [59-10-1036](#)(6) to read:
2038 "(6) (a) In accordance with Section [59-10-137](#), the Revenue and Taxation Interim
2039 Committee shall study the tax credit allowed by this section and make recommendations
2040 concerning whether the tax credit should be continued, modified, or repealed.

2041 (b) (i) Except as provided in Subsection (6)(b)(ii), for purposes of the study required by
2042 this Subsection (6), the office shall provide by electronic means the following information, if
2043 available to the office, for each calendar year to the Office of the Legislative Fiscal Analyst:

2044 (A) the amount of tax credits provided in each development zone;

2045 (B) the number of new full-time employee positions reported to obtain tax credits in
2046 each development zone;

2047 (C) the amount of tax credits awarded for rehabilitating a building in each development
2048 zone;

2049 (D) the amount of tax credits awarded for investing in a plant, equipment, or other
2050 depreciable property in each development zone;

2051 (E) the information related to the tax credit contained in the office's latest report to the
2052 Legislature under Section [63N-1-301](#); and

2053 (F) other information as requested by the Office of the Legislative Fiscal Analyst.

2054 (ii) (A) In providing the information described in Subsection (6)(b)(i), the office shall
2055 redact information that identifies a recipient of a tax credit under this section.

2056 (B) If, notwithstanding the redactions made under Subsection (6)(b)(ii), reporting the
2057 information described in Subsection (6)(b)(i) might disclose the identity of a recipient of a tax
2058 credit, the office may file a request with the Revenue and Taxation Interim Committee to
2059 provide the information described in Subsection (6)(b)(i) in the aggregate for all development
2060 zones that receive the tax credit under this section.

2061 (c) As part of the study required by this Subsection (6), the Office of the Legislative
2062 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
2063 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
2064 office under Subsection (6)(b).

2065 (d) The Revenue and Taxation Interim Committee shall ensure that the Revenue and
2066 Taxation Interim Committee's recommendations under Subsection (6)(a) include an evaluation
2067 of:

2068 (i) the cost of the tax credit to the state;

2069 (ii) the purpose and effectiveness of the tax credit; and

2070 (iii) the extent to which the state benefits from the tax credit."; and

2071 (5) eliminating Subsection [63N-2-213\(7\)](#) in H.B. 310, Tax Credit Review

2072 Amendments.

2073 Section 28. **Coordinating H.B. 310 with H.B. 26 and S.B. 171 -- Substantive and**
2074 **technical amendments.**

2075 If this H.B. 310, H.B. 26, Revenue and Taxation Interim Committee Report
2076 Amendments, and S.B. 171, Economic Development Tax Credits Amendments, all pass and
2077 become law, it is the intent of the Legislature that the Office of Legislative Research and
2078 General Counsel shall prepare the Utah Code database for publication by amending Subsection
2079 63N-2-810(2) to read:

2080 "(2) (a) [~~On or before November 1, 2016, and every five years after November 1, 2016]~~
2081 In accordance with Section 59-10-137, the Revenue and Taxation Interim Committee shall:

2082 (i) study the tax [~~credits~~] credit allowed under [~~Sections 59-7-614.6,~~] Section
2083 59-10-1025[~~, and 59-10-1109~~]; and

2084 (ii) make recommendations concerning whether the tax [~~credits~~] credit should be
2085 continued, modified, or repealed.

2086 [~~(b) The study under Subsection (2)(a) shall include an evaluation of:~~]

2087 [(i) the cost of the tax credits under Sections 59-7-614.6, 59-10-1025, and
2088 59-10-1109];

2089 [(ii) the purposes and effectiveness of the tax credits; and]

2090 [(iii) the extent to which the state benefits from the tax credits.]

2091 (b) Except as provided in Subsection (2)(c), for purposes of the study required by this
2092 Subsection (2), the office shall provide the following information, if available to the office, to
2093 the Office of the Legislative Fiscal Analyst by electronic means:

2094 (i) the amount of tax credit that the office grants to each eligible business entity for
2095 each taxable year;

2096 (ii) the amount of eligible new state tax revenues generated by each eligible product or
2097 project;

2098 (iii) estimates for each of the next three calendar years of the following:

2099 (A) the amount of tax credit that the office will grant;

2100 (B) the amount of eligible new state tax revenues that will be generated; and

2101 (C) the number of new incremental jobs within the state that will be generated;

2102 (iv) the information contained in the office's latest report to the Legislature under

2103 Section 63N-2-705; and

2104 (v) any other information that the Office of the Legislative Fiscal Analyst requests.

2105 (c) (i) In providing the information described in Subsection (2)(b), the office shall
2106 redact information that identifies a recipient of a tax credit under this section.

2107 (ii) If, notwithstanding the redactions made under Subsection (2)(c)(i), reporting the
2108 information described in Subsection (2)(b) might disclose the identity of a recipient of a tax
2109 credit, the office may file a request with the Revenue and Taxation Interim Committee to
2110 provide the information described in Subsection (2)(b) in the aggregate for all entities that
2111 receive the tax credit under this section.

2112 (d) As a part of the study required by this Subsection (2), the Office of the Legislative
2113 Fiscal Analyst shall report to the Revenue and Taxation Interim Committee a summary and
2114 analysis of the information provided to the Office of the Legislative Fiscal Analyst by the
2115 office under Subsection (2)(b).

2116 (e) The Revenue and Taxation Interim Committee shall ensure that the Revenue and
2117 Taxation Interim Committee's recommendations under Subsection (2)(a) include an evaluation
2118 of:

2119 (i) the cost of the tax credit under Section 59-10-1025;

2120 (ii) the purpose and effectiveness of the tax credit; and

2121 (iii) the extent to which the state benefits from the tax credit."