

HIGH COST INFRASTRUCTURE TAX CREDIT

AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ralph Okerlund

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to tax credits for infrastructure development.

Highlighted Provisions:

This bill:

- ▶ modifies the composition of the Utah Energy Infrastructure Authority Board;
- ▶ modifies the amount of high cost infrastructure tax credit the Office of Energy

Development may issue;

- ▶ modifies the criteria for an infrastructure cost-burdened entity to obtain a high cost infrastructure tax credit;

~~§→ [→ allows a tax credit recipient to assign a tax credit to another person; and] ←§~~

- ▶ authorizes the Office of Energy Development to make rules to implement the high cost infrastructure tax credit program and to establish criteria for an infrastructure cost-burdened entity to qualify for a tax credit.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:



28 [59-7-619](#), as enacted by Laws of Utah 2015, Chapter 356
 29 [59-10-1034](#), as enacted by Laws of Utah 2015, Chapter 356
 30 [63H-2-202](#), as last amended by Laws of Utah 2012, Chapter 37
 31 [63M-4-602](#), as enacted by Laws of Utah 2015, Chapter 356
 32 [63M-4-603](#), as enacted by Laws of Utah 2015, Chapter 356
 33 [63M-4-604](#), as enacted by Laws of Utah 2015, Chapter 356

34 ENACTS:

35 [63M-4-606](#), Utah Code Annotated 1953

37 *Be it enacted by the Legislature of the state of Utah:*

38 Section 1. Section [59-7-619](#) is amended to read:

39 **[59-7-619](#). Nonrefundable high cost infrastructure development tax credit.**

40 (1) As used in this section:

41 (a) "High cost infrastructure project" means the same as that term is defined in Section
 42 [63M-4-602](#).

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

45 (c) "Infrastructure-related revenue" means the same as that term is defined in Section
 46 [63M-4-602](#).

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

48 (e) "Tax credit certificate" means the same as that term is defined in Section
 49 [63M-4-602](#).

50 (2) Subject to the ~~[other]~~ provisions of this section, ~~[a corporation that is]~~ an
 51 infrastructure cost-burdened entity may claim a nonrefundable tax credit ~~[for development of a~~
 52 ~~high cost infrastructure project]~~, ~~against~~ ~~Œ→~~ ~~[the infrastructure cost-burdened entity's]~~ ~~a~~ ~~←Œ~~ tax
 52a liability
 53 under this chapter, as provided in this section.

54 (3) The tax credit under this section is the amount listed as the tax credit amount on a
 55 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost
 56 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for ~~[the]~~
 57 a taxable year.

58 (4) An infrastructure cost-burdened entity may carry forward a tax credit claimed for a

59 given taxable year under this section for a period that does not exceed [~~the next seven~~] 10
 60 taxable years after the taxable year indicated on a tax credit certificate if:

61 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
 62 section for [~~a~~] the taxable year; and

63 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
 64 liability under this chapter for [~~that~~] the taxable year.

65 **§→** [~~(5) An infrastructure cost-burdened entity may enter into an agreement to assign, to~~
 66 ~~another person, the infrastructure cost-burdened entity's right to a tax credit under this section.~~] ←**§**

67 [(5)] (6) (a) On or before October 1, 2020, and every five years after October 1, 2020,
 68 the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section
 69 and make recommendations to the Legislative Management Committee concerning whether the
 70 tax credit should be continued, modified, or repealed.

71 (b) For purposes of the study required by this Subsection [(5)] (6), the office shall
 72 provide the following information to the Revenue and Taxation Interim Committee:

73 (i) the amount of tax credit that the office grants to each infrastructure cost-burdened
 74 entity for each taxable year;

75 (ii) the infrastructure-related revenue generated by each high cost infrastructure project;

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

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

79 (c) The Revenue and Taxation Interim Committee shall ensure that the Revenue and
 80 Taxation Interim Committee's recommendations under Subsection [(5)] (6)(a) include an
 81 evaluation of:

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

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

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

85 Section 2. Section 59-10-1034 is amended to read:

86 **59-10-1034. Nonrefundable high cost infrastructure development tax credit.**

87 (1) As used in this section:

88 (a) "High cost infrastructure project" means the same as that term is defined in Section
 89 63M-4-602.

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

92 (c) "Infrastructure-related revenue" means the same as that term is defined in Section
93 [63M-4-602](#).

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

95 (e) "Tax credit certificate" means the same as that term is defined in Section
96 [63M-4-602](#).

97 (2) Subject to the ~~[other]~~ provisions of this section, ~~[a claimant, estate, or trust that is]~~
98 an infrastructure cost-burdened entity may claim a nonrefundable tax credit ~~[for development~~
99 ~~of a high cost infrastructure project]~~, against the infrastructure cost-burdened entity's tax
100 liability under this chapter, as provided in this section.

101 (3) The tax credit under this section is the amount listed as the tax credit amount on a
102 tax credit certificate that the office issues under Title 63M, Chapter 4, Part 6, High Cost
103 Infrastructure Development Tax Credit Act, to the infrastructure cost-burdened entity for ~~[the]~~
104 a taxable year.

105 (4) An infrastructure cost-burdened entity may carry forward a tax credit under this
106 section for a period that does not exceed ~~[the next seven]~~ 10 taxable years after the taxable year
107 indicated on a tax credit certificate if:

108 (a) the infrastructure cost-burdened entity is allowed to claim a tax credit under this
109 section for ~~[a]~~ the taxable year; and

110 (b) the amount of the tax credit exceeds the infrastructure cost-burdened entity's tax
111 liability under this chapter for ~~[that]~~ the taxable year.

112 **§→ ~~[(5) An infrastructure cost-burdened entity may enter into an agreement to assign, to~~**
113 **another person, the infrastructure cost-burdened entity's tax credit under this section. ←§**

114 ~~[(5)]~~ (6) (a) On or before October 1, 2020, and every five years after October 1, 2020,
115 the Revenue and Taxation Interim Committee shall study the tax credit allowed by this section
116 and make recommendations to the Legislative Management Committee concerning whether the
117 tax credit should be continued, modified, or repealed.

118 (b) For purposes of the study required by this Subsection ~~[(5)]~~ (6), the office shall
119 provide the following information to the Revenue and Taxation Interim Committee:

120 (i) the amount of tax credit that the office grants to each infrastructure cost-burdened