

RECYCLING MARKET DEVELOPMENT ZONE TAX CREDIT

REPEAL

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jeremy A. Peterson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to the recycling market development zone tax credits.

Highlighted Provisions:

This bill:

- ▶ provides that a person, claimant, estate, or trust may not claim a recycling market development zone individual income or corporate income tax credit beginning on a certain date;
- ▶ repeals the recycling market development zone individual income and corporate income tax credits on a certain date; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-7-159, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1

59-7-610, as last amended by Laws of Utah 2015, Chapter 283



28 **59-10-137**, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1
 29 **59-10-1007**, as last amended by Laws of Utah 2015, Chapter 283
 30 **63I-1-263**, as last amended by Laws of Utah 2016, Chapters 65, 136, 156, 322, and 408
 31 **63I-2-259**, as last amended by Laws of Utah 2015, Chapter 139
 32 **63I-2-263**, as last amended by Laws of Utah 2016, Third Special Session, Chapter 2
 33 **63N-2-402**, as last amended by Laws of Utah 2015, Chapter 30 and renumbered and
 34 amended by Laws of Utah 2015, Chapter 283

35 REPEALS:

36 **63N-2-410**, as renumbered and amended by Laws of Utah 2015, Chapter 283



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

39 Section 1. Section **59-7-159** is amended to read:

40 **59-7-159. Review of credits allowed under this chapter.**

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

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 45 continued, modified, or repealed.

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

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

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

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

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

56 (iv) ensure that the committee's recommendations described in this section include an
 57 evaluation of:

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

59 (B) the purpose and effectiveness of the tax credit; and
60 (C) the extent to which the state benefits from the tax credit; and
61 (v) undertake other review efforts as determined by the committee chairs or as
62 otherwise required by law.

63 (3) (a) On or before November 30, 2017, and every three years after 2017, the
64 committee shall conduct the review required under Subsection (2) of the tax credits allowed
65 under the following sections:

- 66 (i) Section 59-7-601;
- 67 (ii) Section 59-7-607;
- 68 (iii) Section 59-7-612;
- 69 (iv) Section 59-7-614.1; and
- 70 (v) Section 59-7-614.5.

71 (b) On or before November 30, 2018, and every three years after 2018, the committee
72 shall conduct the review required under Subsection (2) of the tax credits allowed under the
73 following sections:

- 74 (i) Section 59-7-609;
- 75 (ii) Section 59-7-614.2;
- 76 (iii) Section 59-7-614.10;
- 77 (iv) Section 59-7-617;
- 78 (v) Section 59-7-619; and
- 79 (vi) Section 59-7-620.

80 (c) On or before November 30, 2019, and every three years after 2019, the committee
81 shall conduct the review required under Subsection (2) of the tax credits allowed under the
82 following sections:

- 83 (i) Section 59-7-605;
- 84 [~~(ii)~~ Section 59-7-610;]
- 85 [~~(iii)~~] (ii) Section 59-7-614;
- 86 [~~(iv)~~] (iii) Section 59-7-614.7;
- 87 [~~(v)~~] (iv) Section 59-7-614.8; and
- 88 [~~(vi)~~] (v) Section 59-7-618.

89 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall

90 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
91 2017.

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

94 Section 2. Section **59-7-610** is amended to read:

95 **59-7-610. Recycling market development zones tax credit.**

96 (1) [~~For taxable years~~] (a) Until Subsection (1)(b) applies and for a taxable year
97 beginning on or after January 1, 1996, a business operating in a recycling market development
98 zone as defined in Section **63N-2-402** may claim a tax credit as provided in this section.

99 (b) Subject to Subsection (8), for a taxable year beginning on or after January 1, 2018,
100 a person may not claim a tax credit under this section.

101 [~~(a)~~] (c) (i) There shall be allowed a nonrefundable tax credit of 5% of the purchase
102 price paid for machinery and equipment used directly in:

103 (A) commercial composting; or

104 (B) manufacturing facilities or plant units that:

105 (I) manufacture, process, compound, or produce recycled items of tangible personal
106 property for sale; or

107 (II) reduce or reuse postconsumer waste material.

108 (ii) The Governor's Office of Economic Development shall certify that the machinery
109 and equipment described in Subsection [~~(1)(a)(i)~~] (1)(c)(i) are integral to the composting or
110 recycling process:

111 (A) on a form provided by the commission; and

112 (B) before a taxpayer is allowed a tax credit under this section.

113 (iii) The Governor's Office of Economic Development shall provide a taxpayer seeking
114 to claim a tax credit under this section with a copy of the form described in Subsection
115 [~~(1)(a)(ii)~~] (1)(c)(ii).

116 (iv) The taxpayer described in Subsection [~~(1)(a)(iii)~~] (1)(c)(iii) shall retain a copy of
117 the form received under Subsection [~~(1)(a)(iii)~~] (1)(c)(iii).

118 [~~(b)~~] (d) There shall be allowed a nonrefundable tax credit equal to 20% of net
119 expenditures up to \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and
120 utilities made by the taxpayer for establishing and operating recycling or composting

121 technology in Utah, with an annual maximum tax credit of \$2,000.

122 (2) The total nonrefundable tax credit allowed under this section may not exceed 40%
123 of the Utah income tax liability of the taxpayer prior to any tax credits in the taxable year of
124 purchase prior to claiming the tax credit authorized by this section.

125 (3) (a) Any tax credit not used for the taxable year in which the purchase price on
126 composting or recycling machinery and equipment was paid may be carried over for credit
127 against the business' income taxes in the three succeeding taxable years until the total tax credit
128 amount is used.

129 (b) Tax credits not claimed by a business on the business' state income tax return
130 within three years are forfeited.

131 (4) The commission shall make rules governing what information shall be filed with
132 the commission to verify the entitlement to and amount of a tax credit.

133 (5) (a) Notwithstanding Subsection (1)(a), for taxable years beginning on or after
134 January 1, 2001, a taxpayer may not claim or carry forward a tax credit described in Subsection
135 (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under
136 Section 63N-2-213.

137 (b) For a taxable year other than a taxable year during which the taxpayer may not
138 claim or carry forward a tax credit in accordance with Subsection (5)(a), a taxpayer may claim
139 or carry forward a tax credit described in Subsection (1)(a):

140 (i) if the taxpayer may claim or carry forward the tax credit in accordance with
141 Subsections (1) and (2); and

142 (ii) subject to Subsections (3) and (4).

143 (6) Notwithstanding Subsection [~~(1)(b)~~] (1)(d), for taxable years beginning on or after
144 January 1, 2001, a taxpayer may not claim a tax credit described in Subsection [~~(1)(b)~~] (1)(d) in
145 a taxable year during which the taxpayer claims or carries forward a tax credit under Section
146 63N-2-213.

147 (7) A taxpayer may not claim or carry forward a tax credit available under this section
148 for a taxable year during which the taxpayer has claimed the targeted business income tax
149 credit available under Section 63N-2-305.

150 (8) (a) A person may not claim a tax credit under this section:

151 (i) for the purchase price of machinery or equipment described in Subsection (1)(c), if

152 the machinery or equipment is purchased on or after January 1, 2018; or

153 (ii) for an expenditure described in Subsection (1)(d), if the expenditure is made on or
154 after January 1, 2018.

155 (b) Notwithstanding Subsection (1)(b), a person may carry forward a tax credit in
156 accordance with this section if:

157 (i) the person is entitled to a tax credit under this section; and

158 (ii) (A) for the purchase price of machinery or equipment described in Subsection
159 (1)(c), the machinery or equipment is purchased on or before December 31, 2017; or

160 (B) for an expenditure described in Subsection (1)(d), the expenditure is made on or
161 before December 31, 2017.

162 Section 3. Section **59-10-137** is amended to read:

163 **59-10-137. Review of credits allowed under this chapter.**

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

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

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

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

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

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

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

179 (iv) ensure that the committee's recommendations described in this section include an
180 evaluation of:

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

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

183 (C) the extent to which the state benefits from the tax credit; and
184 (v) undertake other review efforts as determined by the committee chairs or as
185 otherwise required by law.

186 (3) (a) On or before November 30, 2017, and every three years after 2017, the
187 committee shall conduct the review required under Subsection (2) of the tax credits allowed
188 under the following sections:

- 189 (i) Section 59-10-1004;
- 190 (ii) Section 59-10-1010;
- 191 (iii) Section 59-10-1015;
- 192 (iv) Section 59-10-1025;
- 193 (v) Section 59-10-1027;
- 194 (vi) Section 59-10-1031;
- 195 (vii) Section 59-10-1032;
- 196 (viii) Section 59-10-1035;
- 197 (ix) Section 59-10-1104;
- 198 (x) Section 59-10-1105; and
- 199 (xi) Section 59-10-1108.

200 (b) On or before November 30, 2018, and every three years after 2018, the committee
201 shall conduct the review required under Subsection (2) of the tax credits allowed under the
202 following sections:

- 203 (i) Section 59-10-1005;
- 204 (ii) Section 59-10-1006;
- 205 (iii) Section 59-10-1012;
- 206 (iv) Section 59-10-1013;
- 207 (v) Section 59-10-1022;
- 208 (vi) Section 59-10-1023;
- 209 (vii) Section 59-10-1028;
- 210 (viii) Section 59-10-1034;
- 211 (ix) Section 59-10-1037; and
- 212 (x) Section 59-10-1107.

213 (c) On or before November 30, 2019, and every three years after 2019, the committee

214 shall conduct the review required under Subsection (2) of the tax credits allowed under the
215 following sections:

- 216 ~~[(i) Section 59-10-1007;]~~
217 ~~[(ii)]~~ (i) Section 59-10-1009;
218 ~~[(iii)]~~ (ii) Section 59-10-1014;
219 ~~[(iv)]~~ (iii) Section 59-10-1017;
220 ~~[(v)]~~ (iv) Section 59-10-1018;
221 ~~[(vi)]~~ (v) Section 59-10-1019;
222 ~~[(vii)]~~ (vi) Section 59-10-1024;
223 ~~[(viii)]~~ (vii) Section 59-10-1029;
224 ~~[(ix)]~~ (viii) Section 59-10-1030;
225 ~~[(x)]~~ (ix) Section 59-10-1033;
226 ~~[(xi)]~~ (x) Section 59-10-1036;
227 ~~[(xii)]~~ (xi) Section 59-10-1106; and
228 ~~[(xiii)]~~ (xii) Section 59-10-1111.

229 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
230 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
231 2017.

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

234 Section 4. Section 59-10-1007 is amended to read:

235 **59-10-1007. Recycling market development zones tax credit.**

236 (1) ~~[For taxable years]~~ (a) Except as provided in Subsection (1)(b) and for a taxable
237 year beginning on or after January 1, 1996, a claimant, estate, or trust in a recycling market
238 development zone as defined in Section 63N-2-402 may claim a nonrefundable tax credit as
239 provided in this section.

240 (b) Subject to Subsection (8), for a taxable year beginning on or after January 1, 2018,
241 a claimant, estate, or trust may not claim a tax credit under this section.

242 ~~[(a)]~~ (c) (i) There shall be allowed a tax credit of 5% of the purchase price paid for
243 machinery and equipment used directly in:

244 (A) commercial composting; or

245 (B) manufacturing facilities or plant units that:

246 (I) manufacture, process, compound, or produce recycled items of tangible personal
247 property for sale; or

248 (II) reduce or reuse postconsumer waste material.

249 (ii) The Governor's Office of Economic Development shall certify that the machinery
250 and equipment described in Subsection [~~(1)(a)(i)~~] (1)(c)(i) are integral to the composting or
251 recycling process:

252 (A) on a form provided by the commission; and

253 (B) before a claimant, estate, or trust is allowed a tax credit under this section.

254 (iii) The Governor's Office of Economic Development shall provide a claimant, estate,
255 or trust seeking to claim a tax credit under this section with a copy of the form described in
256 Subsection [~~(1)(a)(ii)~~] (1)(c)(ii).

257 (iv) The claimant, estate, or trust described in Subsection [~~(1)(a)(iii)~~] (1)(c)(iii) shall
258 retain a copy of the form received under Subsection [~~(1)(a)(iii)~~] (1)(c)(iii).

259 [~~(b)~~] (d) There shall be allowed a tax credit equal to 20% of net expenditures up to
260 \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the
261 claimant, estate, or trust for establishing and operating recycling or composting technology in
262 Utah, with an annual maximum tax credit of \$2,000.

263 (2) The total tax credit allowed under this section may not exceed 40% of the Utah
264 income tax liability of the claimant, estate, or trust prior to any tax credits in the taxable year of
265 purchase prior to claiming the tax credit authorized by this section.

266 (3) (a) Any tax credit not used for the taxable year in which the purchase price on
267 composting or recycling machinery and equipment was paid may be carried forward against the
268 claimant's, estate's, or trusts's tax liability under this chapter in the three succeeding taxable
269 years until the total tax credit amount is used.

270 (b) Tax credits not claimed by a claimant, estate, or trust on the claimant's, estate's, or
271 trust's tax return under this chapter within three years are forfeited.

272 (4) The commission shall make rules governing what information shall be filed with
273 the commission to verify the entitlement to and amount of a tax credit.

274 (5) (a) Notwithstanding Subsection [~~(1)(a)~~] (1)(c), for taxable years beginning on or
275 after January 1, 2001, a claimant, estate, or trust may not claim or carry forward a tax credit

276 described in Subsection ~~[(1)(a)]~~ (1)(c) in a taxable year during which the claimant, estate, or
277 trust claims or carries forward a tax credit under Section 63N-2-213.

278 (b) For a taxable year other than a taxable year during which the claimant, estate, or
279 trust may not claim or carry forward a tax credit in accordance with Subsection (5)(a), a
280 claimant, estate, or trust may claim or carry forward a tax credit described in Subsection
281 ~~[(1)(a)]~~ (1)(c):

282 (i) if the claimant, estate, or trust may claim or carry forward the tax credit in
283 accordance with Subsections (1) and (2); and

284 (ii) subject to Subsections (3) and (4).

285 (6) Notwithstanding Subsection ~~[(1)(b)]~~ (1)(d), for taxable years beginning on or after
286 January 1, 2001, a claimant, estate, or trust may not claim a tax credit described in Subsection
287 ~~[(1)(b)]~~ (1)(d) in a taxable year during which the claimant, estate, or trust claims or carries
288 forward a tax credit under Section 63N-2-213.

289 (7) A claimant, estate, or trust may not claim or carry forward a tax credit available
290 under this section for a taxable year during which the claimant, estate, or trust has claimed the
291 targeted business income tax credit available under Section 63N-2-305.

292 (8) (a) A claimant, estate, or trust may not claim a tax credit under this section:

293 (i) for the purchase price of machinery or equipment described in Subsection (1)(c), if
294 the machinery or equipment is purchased on or after January 1, 2018; or

295 (ii) for an expenditure described in Subsection (1)(d), if the expenditure is made on or
296 after January 1, 2018.

297 (b) Notwithstanding Subsection (1)(b), a person may carry forward a tax credit in
298 accordance with this section if:

299 (i) the person is entitled to a tax credit under this section; and

300 (ii) (A) for the purchase price of machinery or equipment described in Subsection
301 (1)(c), the machinery or equipment is purchased on or before December 31, 2017; or

302 (B) for an expenditure described in Subsection (1)(d), the expenditure is made on or
303 before December 31, 2017.

304 Section 5. Section 63I-1-263 is amended to read:

305 **63I-1-263. Repeal dates, Titles 63A to 63N.**

306 (1) Subsection 63A-5-104(4)(h) is repealed on July 1, 2024.

- 307 (2) Section [63A-5-603](#), State Facility Energy Efficiency Fund, is repealed July 1, 2023.
- 308 (3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July
309 1, 2018.
- 310 (4) Title 63C, Chapter 4b, Commission for the Stewardship of Public Lands, is
311 repealed November 30, 2019.
- 312 (5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1,
313 2020.
- 314 (6) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is
315 repealed July 1, 2021.
- 316 (7) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,
317 2020.
- 318 (8) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.
- 319 (9) On July 1, 2025:
- 320 (a) in Subsection [17-27a-404\(3\)\(c\)\(ii\)](#), the language that states "the Resource
321 Development Coordinating Committee," is repealed;
- 322 (b) Subsection [23-14-21\(2\)\(c\)](#) is amended to read "(c) provide notification of proposed
323 sites for the transplant of species to local government officials having jurisdiction over areas
324 that may be affected by a transplant.";
- 325 (c) in Subsection [23-14-21\(3\)](#), the language that states "and the Resource Development
326 Coordinating Committee" is repealed;
- 327 (d) in Subsection [23-21-2.3\(1\)](#), the language that states "the Resource Development
328 Coordinating Committee created in Section [63J-4-501](#) and" is repealed;
- 329 (e) in Subsection [23-21-2.3\(2\)](#), the language that states "the Resource Development
330 Coordinating Committee and" is repealed;
- 331 (f) Subsection [63J-4-102\(1\)](#) is repealed and the remaining subsections are renumbered
332 accordingly;
- 333 (g) Subsections [63J-4-401\(5\)\(a\)](#) and (c) are repealed;
- 334 (h) Subsection [63J-4-401\(5\)\(b\)](#) is renumbered to Subsection [63J-4-401\(5\)\(a\)](#) and the
335 word "and" is inserted immediately after the semicolon;
- 336 (i) Subsection [63J-4-401\(5\)\(d\)](#) is renumbered to Subsection [63J-4-401\(5\)\(b\)](#);
- 337 (j) Sections [63J-4-501](#), [63J-4-502](#), [63J-4-503](#), [63J-4-504](#), and [63J-4-505](#) are repealed;

338 and

339 (k) Subsection 63J-4-603(1)(e)(iv) is repealed and the remaining subsections are
340 renumbered accordingly.

341 (10) The Crime Victim Reparations and Assistance Board, created in Section
342 63M-7-504, is repealed July 1, 2017.

343 (11) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2017.

344 (12) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2018.

345 (13) [(a)] Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is
346 repealed January 1, 2021.

347 [~~(b) Subject to Subsection (13)(c), Sections 59-7-610 and 59-10-1007 regarding tax~~
348 ~~credits for certain persons in recycling market development zones, are repealed for taxable~~
349 ~~years beginning on or after January 1, 2021.~~]

350 [(c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007:]

351 [(i) for the purchase price of machinery or equipment described in Section 59-7-610 or
352 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or]

353 [(ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if
354 the expenditure is made on or after January 1, 2021.]

355 [(d) Notwithstanding Subsections (13)(b) and (c), a person may carry forward a tax
356 credit in accordance with Section 59-7-610 or 59-10-1007 if:]

357 [(i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and]

358 [(ii) (A) for the purchase price of machinery or equipment described in Section
359 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31,
360 2020; or]

361 [(B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b),
362 the expenditure is made on or before December 31, 2020.]

363 (14) Section 63N-2-512 is repealed on July 1, 2021.

364 (15) (a) Title 63N, Chapter 2, Part 6, Utah Small Business Jobs Act, is repealed
365 January 1, 2021.

366 (b) Section 59-9-107 regarding tax credits against premium taxes is repealed for
367 calendar years beginning on or after January 1, 2021.

368 (c) Notwithstanding Subsection (15)(b), an entity may carry forward a tax credit in

369 accordance with Section 59-9-107 if:

370 (i) the person is entitled to a tax credit under Section 59-9-107 on or before December
371 31, 2020; and

372 (ii) the qualified equity investment that is the basis of the tax credit is certified under
373 Section 63N-2-603 on or before December 31, 2023.

374 (16) Title 63N, Chapter 12, Part 3, Utah Broadband Outreach Center, is repealed July
375 1, 2018.

376 Section 6. Section 63I-2-259 is amended to read:

377 **63I-2-259. Repeal dates -- Title 59.**

378 (1) Subsection 59-2-919(10) is repealed December 31, 2015.

379 (2) Subsection 59-2-919.1(4) is repealed December 31, 2015.

380 (3) Subsection 59-2-1007(14) is repealed on December 31, 2018.

381 (4) Section 59-7-610 is repealed on December 31, 2020.

382 (5) Section 59-10-1007 is repealed on December 31, 2020.

383 Section 7. Section 63I-2-263 is amended to read:

384 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

385 (1) Section 63A-5-227 is repealed on January 1, 2018.

386 (2) On December 31, 2020, the language in Subsection 63N-2-304(1)(b) that states
387 "59-7-610, 59-10-1007, or" is repealed.

388 [~~2~~] (3) Subsection 63N-3-109(2)(f)(i)(B) is repealed July 1, 2020.

389 [~~3~~] (4) Section 63N-3-110 is repealed July 1, 2020.

390 Section 8. Section 63N-2-402 is amended to read:

391 **63N-2-402. Definitions.**

392 As used in this part:

393 (1) "Composting" means the controlled decay of landscape waste or sewage sludge and
394 organic industrial waste, or a mixture of these, by the action of bacteria, fungi, molds, and other
395 organisms.

396 (2) "Postconsumer waste material" means any product generated by a business or
397 consumer that has served its intended end use, and that has been separated from solid waste for
398 the purposes of collection, recycling, and disposition and that does not include secondary waste
399 material.

400 (3) (a) "Recovered materials" means waste materials and by-products that have been
401 recovered or diverted from solid waste.

402 (b) "Recovered materials" does not include those materials and by-products generated
403 from, and commonly reused within, an original manufacturing process.

404 (4) (a) "Recycling" means the diversion of materials from the solid waste stream and
405 the beneficial use of the materials and includes a series of activities by which materials that
406 would become or otherwise remain waste are diverted from the waste stream for collection,
407 separation, and processing, and are used as raw materials or feedstocks in lieu of or in addition
408 to virgin materials in the manufacture of goods sold or distributed in commerce or the reuse of
409 the materials as substitutes for goods made from virgin materials.

410 (b) "Recycling" does not include burning municipal solid waste for energy recovery.

411 (5) "Recycling market development zone" or "zone" means an area designated by the
412 office as meeting the requirements of this part.

413 (6) (a) "Secondary waste material" means industrial by-products that go to disposal
414 facilities and waste generated after completion of a manufacturing process.

415 (b) "Secondary waste material" does not include internally generated scrap commonly
416 returned to industrial or manufacturing processes, such as home scrap and mill broke.

417 [~~(7) "Tax incentive" means a nonrefundable tax credit available under Section 59-7-610~~
418 ~~or 59-10-1007.~~]

419 Section 9. **Repealer.**

420 This bill repeals:

421 Section **63N-2-410, Recycling market development zone credit.**

422 Section 10. **Effective date.**

423 This bill takes effect for a taxable year beginning on or after January 1, 2018.