

SB0077S02 compared with SB0077S01

~~text~~ shows text that was in SB0077S01 but was deleted in SB0077S02.

Inserted text shows text that was not in SB0077S01 but was inserted into SB0077S02.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Senator Derek L. Kitchen proposes the following substitute bill:

ELECTRIC ENERGY STORAGE TAX CREDIT

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derek L. Kitchen

House Sponsor: _____

LONG TITLE

General Description:

This bill enacts a corporate and individual income tax credit for the purchase of an electric energy storage asset.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ enacts a ~~nonrefundable~~refundable corporate and individual income tax credit for the purchase of an electric energy storage asset;
- ▶ provides for apportionment of the individual income tax credit for the purchase of an electric energy storage asset; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

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None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

~~{AMENDS:~~

~~———— 59-10-1002.2, as last amended by Laws of Utah 2016, Chapter 263~~

~~}ENACTS:~~

~~59-7-625, Utah Code Annotated 1953~~

~~{59-10-1041; 59-10-1102.1, Utah Code Annotated 1953~~

~~59-10-1113, Utah Code Annotated 1953~~

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

Section 1. Section **59-7-625** is enacted to read:

59-7-625. Nonrefundable tax credit related to electric energy storage.

(1) As used in this section:

(a) "Commercial use" means the same as that term is defined in Section 59-12-102.

(b) "Electric energy storage asset" means property that is interconnected to the

electrical grid and is designed to:

(i) receive electrical energy;

(ii) store electrical energy as another energy form; and

(iii) (A) convert electrical energy described in Subsection (1)(b)(ii) back to electricity

and deliver the electricity for sale; or

(B) use electrical energy described in Subsection (1)(b)(ii) to provide reliability or economic benefits to the grid.

(c) "Industrial use" means the same as that term is defined in Section 59-12-102.

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

(e) "Qualified purchase" means the purchase of an electric energy storage asset for any

of the following uses in the state:

(i) commercial use~~{,};~~

(ii) industrial use~~{,};~~ or

(iii) residential use.

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(f) "Qualified taxpayer" means a taxpayer that:

(i) makes a qualified purchase; and

(ii) receives a tax credit certificate from the office.

(g) "Residential use" means the same as that term is defined in Section 59-12-102.

(h) "Tax credit certificate" means a certificate issued by the office in accordance with Subsection (4)(b).

(2) Subject to the other provisions of this section, a qualified taxpayer may claim a ~~{nonrefundable}~~ refundable tax credit ~~{ against tax otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act.}~~ in an amount equal to the lesser of:

(a) if the qualified purchase is for residential use:

(i) an amount equal to 25% of the price of the qualified purchase; or

(ii) \$5,000; or

(b) if the qualified purchase is for commercial use or industrial use:

(i) an amount equal to 10% of the price of the qualified purchase; or

(ii) ~~{ \$50 }~~ \$100,000.

(3) The aggregate annual total amount of tax credits represented by tax credit certificates that the office issues under this section and Section 59-10-1041 may not exceed ~~{ \$1 }~~ \$5,000,000.

(4) (a) (i) To claim a tax credit under this section a taxpayer shall, using a form prescribed by the office:

(A) submit to the office an application for the tax credit; and

(B) provide the office proof of a qualified purchase.

(ii) Upon receipt of the information described in Subsection (4)(a)(i), the office shall provide the taxpayer a written statement acknowledging receipt.

(b) If the office determines that the taxpayer qualifies for the tax credit, the office shall:

(i) determine the amount of the tax credit the taxpayer is allowed under this section;

and

(ii) provide the taxpayer with a written tax credit certificate that:

(A) states that the taxpayer qualifies for the tax credit; and

(B) shows the amount of the tax credit for which the taxpayer qualifies.

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(c) At least annually, the office shall submit to the commission a list of each qualified taxpayer to whom the office issued a tax credit certificate and the amount of the tax credit.

(5) (a) The tax credit described in this section is allowed only for the taxable year in which the qualified purchase occurs.

(b) A qualified taxpayer may not:

(i) assign a tax credit or tax credit certificate under this section to another person; or

(ii) claim more than one tax credit under this section for each qualified purchase.

(6) ~~If the qualified taxpayer receives a tax credit certificate under this section that allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year, the~~ A qualified taxpayer may not carry forward the amount of the tax credit that exceeds the tax liability for a period that does not exceed the next five taxable years or carry back a tax credit under this section.

Section 2. Section ~~{59-10-1002}~~ 59-10-1102. ~~{2}~~ 1 is ~~{amended}~~ enacted to read:

~~{59-10-1002}~~ 59-10-1102. ~~{2}~~ 1. ~~{ Apportionment}~~ Apportionment of tax ~~{credits}~~ credit.

~~{(1)}~~ A nonresident individual or a part-year resident individual who claims a the tax credit described in accordance with Section ~~{59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-1024, [or] 59-10-1028, or 59-10-1041}~~ 59-10-1113 may only claim an apportioned amount of the tax credit equal to ~~{~~

~~(a) for a nonresident individual,~~ the product of:

~~{(i)}~~ 1) the state income tax percentage for the nonresident individual or the state income tax percentage for the part-year resident individual; and

~~{(ii)}~~ 2) the amount of the tax credit that the nonresident individual or the part-year resident individual would have been allowed to claim but for the apportionment

~~{requirements}~~ requirement of this section ~~{; or~~

~~(b) for a part-year resident individual, the product of:~~

~~(i) the state income tax percentage for the part-year resident individual; and~~

~~(ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim but for the apportionment requirements of this section.~~

~~(2) A nonresident estate or trust that claims a tax credit in accordance with Section~~

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59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an apportioned amount of the tax credit equal to the product of:

- (a) the state income tax percentage for the nonresident estate or trust; and
- (b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.

†:

Section 3. Section ~~{59-10-1041}~~59-10-1113 is enacted to read:

~~{59-10-1041}~~59-10-1113. ~~{ Nonrefundable}~~ Refundable tax credit related to electric energy storage.

(1) As used in this section:

(a) "Commercial use" means the same as that term is defined in Section 59-12-102.

(b) "Electric energy storage asset" means property that is interconnected to the electrical grid and is designed to:

(i) receive electrical energy;

(ii) store electrical energy as another energy form; and

(iii) (A) convert electrical energy described in Subsection (1)(b)(ii) back to electricity and deliver the electricity for sale; or

(B) use electrical energy described in Subsection (1)(b)(ii) to provide reliability or economic benefits to the grid.

(c) "Industrial use" means the same as that term is defined in Section 59-12-102.

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

(e) "Qualified purchase" means the purchase of an electric energy storage asset for any of the following uses in the state:

(i) commercial use~~{,†}~~;

(ii) industrial use~~{,†}~~; or

(iii) residential use.

(f) "Qualified taxpayer" means a claimant who:

(i) makes a qualified purchase; and

(ii) receives a tax credit certificate from the office.

(g) "Residential use" means the same as that term is defined in Section 59-12-102.

(h) "Tax credit certificate" means a certificate issued by the office in accordance with

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Subsection (4)(b).

(2) Subject to [Section 59-10-1102.1](#) and the other provisions of this section, a qualified taxpayer may claim a nonrefundable tax credit against tax otherwise due under this chapter in an amount equal to the lesser of:

(a) if the qualified purchase is for residential use:

(i) an amount equal to 25% of the price of the qualified purchase; or

(ii) \$5,000; or

(b) if the qualified purchase is for commercial use or industrial use:

(i) an amount equal to 10% of the price of the qualified purchase; or

(ii) ~~50~~100,000.

(3) The aggregate annual total amount of tax credits represented by tax credit certificates that the office issues under this section and Section 59-7-625 may not exceed ~~100~~5,000,000.

(4) (a) (i) To claim a tax credit under this section a taxpayer shall, using a form prescribed by the office:

(A) submit to the office an application for the tax credit; and

(B) provide the office proof of a qualified purchase.

(ii) Upon receipt of the information described in Subsection (4)(a)(i), the office shall provide the taxpayer a written statement acknowledging receipt.

(b) If the office determines that the taxpayer qualifies for the tax credit, the office shall:

(i) determine the amount of the tax credit the taxpayer is allowed under this section;

and

(ii) provide the taxpayer with a written tax credit certificate that:

(A) states that the taxpayer qualifies for the tax credit; and

(B) shows the amount of the tax credit for which the taxpayer qualifies.

(c) At least annually, the office shall submit to the commission a list of each qualified taxpayer to whom the office issued a tax credit certificate and the amount of the tax credit.

(5) (a) The tax credit described in this section is allowed only for the taxable year in which the qualified purchase occurs.

(b) A qualified taxpayer may not:

(i) assign a tax credit or tax credit certificate under this section to another person; or

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(ii) claim more than one tax credit under this section for each qualified purchase.

(6) ~~{If the qualified taxpayer receives a tax credit certificate under this section that allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this chapter for a taxable year, the}~~ A qualified taxpayer may not carry forward ~~{the amount of the tax credit that exceeds the tax liability for a period that does not exceed the next five taxable years}~~ or carry back a tax credit under this section.

Section 4. **Retrospective operation.**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2020.