

1                   **ENTERPRISE ZONE TAX CREDIT AMENDMENTS**

2                                   2021 GENERAL SESSION

3                                   STATE OF UTAH

4                   **Chief Sponsor: Douglas V. Sagers**

5                   Senate Sponsor: \_\_\_\_\_

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7 **LONG TITLE**

8 **General Description:**

9           This bill amends the enterprise zone income tax credits.

10 **Highlighted Provisions:**

11           This bill:

12           ▶ authorizes for a specified time, an enterprise zone tax credit for certain investments  
13 in a plant, equipment, or other depreciable property used to:

- 14           • produce or process ~~H→~~ [~~from a renewable source;~~] ~~←H~~ hydrogen for use as fuel; or  
15           • distribute or dispense hydrogen fuel ~~H→~~ [~~produced from a renewable energy~~  
15a ~~source~~] ~~←H~~ ;

16           ▶ allows a taxpayer to claim enterprise zone income tax credits against taxes owed  
17 under the Gross Receipts Tax on Certain Corporations Not Required to Pay  
18 Corporate Franchise or Income Tax Act; and

19           ▶ makes technical changes.

20 **Money Appropriated in this Bill:**

21           None

22 **Other Special Clauses:**

23           This bill provides a special effective date.

24 **Utah Code Sections Affected:**

25 AMENDS:

26           **59-7-614.10**, as last amended by Laws of Utah 2020, Chapter 354

27           **59-10-1037**, as last amended by Laws of Utah 2020, Chapter 354



90 (b) "Office" means the Governor's Office of Economic Development created in Section  
91 63N-1-201.

92 (2) Subject to the provisions of this section, a business entity may claim a  
93 nonrefundable enterprise zone tax credit as described in Section 63N-2-213.

94 (3) The enterprise zone tax credit under this section is the amount listed as the tax  
95 credit amount on the tax credit certificate that the office issues to the business entity for the  
96 taxable year.

97 (4) A business entity may carry forward a tax credit under this section for a period that  
98 does not exceed the next three taxable years, if the amount of the tax credit exceeds the  
99 business entity's tax liability under this chapter for that taxable year.

100 (5) (a) The Revenue and Taxation Interim Committee shall:

101 (i) study the tax credit allowed by this section as part of the Revenue and Taxation  
102 Interim Committee's study under Subsection ~~H~~→ [59-7-164.10(6)] 59-7-614.10(6) ←~~H~~ ; and

103 (ii) make recommendations concerning whether the tax credit should be continued,  
104 modified, or repealed.

105 (b) Except as provided in Subsection (5)(c), for purposes of the study required by this  
106 Subsection (5), the office shall provide by electronic means the following information for each  
107 calendar year to the Office of the Legislative Fiscal Analyst:

108 (i) the amount of tax credits provided in each development zone;

109 (ii) the number of new full-time employee positions reported to obtain tax credits in  
110 each development zone;

111 (iii) the amount of tax credits awarded for rehabilitating a building in each  
112 development zone;

113 (iv) the amount of tax credits awarded for investing in a plant, equipment, or other  
114 depreciable property in each development zone;

115 (v) the information related to the tax credit contained in the office's latest report under  
116 Section 63N-1-301; and

117 (vi) any other information that the Office of the Legislative Fiscal Analyst requests.

118 (c) (i) In providing the information described in Subsection (5)(b), the office shall  
119 redact information that identifies a recipient of a tax credit under this section.

120 (ii) If, notwithstanding the redactions made under Subsection (5)(c)(i), reporting the

276 enterprise zone that has been vacant for two years or more, including that the building has had  
 277 or contained no occupants, tenants, furniture, or personal property for two years or more, in the  
 278 time period immediately before the rehabilitation; ~~and]~~

279 (f) an annual investment tax credit may be claimed in an amount equal to 5% of the first  
 280 \$750,000 qualifying investment in plant, equipment, or other depreciable property~~[-]; and~~

281 (g) for a taxable year beginning on or after January 1, 2022, and before January 1,  
 282 2026, an additional annual investment tax credit of 10% of the first \$250,000 investment, 5%  
 283 of the next \$1,000,000 investment, and 2.5% of the next \$2,000,000 investment, in a plant,  
 284 equipment, or other depreciable property primarily used:

285 (i) to produce or process ~~H→~~ [, from a renewable energy source, as defined in Section  
 286 54-17-601;] ~~←H~~ hydrogen for use as a fuel; or

287 (ii) to distribute or dispense hydrogen fuel ~~H→~~ [produced from a renewable energy source,  
 288 as defined in Section 54-17-601] ~~←H~~ .

289 (8) (a) Subject to the limitations of Subsection (8)(b), a business entity claiming a tax  
 290 credit under Subsections (7)(a) through (d) may claim the tax credit for no more than 30  
 291 full-time employee positions in a taxable year.

292 (b) A business entity that received a tax credit for one or more new full-time employee  
 293 positions under Subsections (7)(a) through (d) in a prior taxable year may claim a tax credit for  
 294 a new full-time employee position in a subsequent taxable year under Subsections (7)(a)  
 295 through (d) if:

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

298 (ii) the total number of employee positions at the business entity at any point during the  
 299 tax year for which the tax credit is being claimed is greater than the highest number of  
 300 employee positions that existed at the business entity in the previous taxable year.

301 (c) Construction jobs are not eligible for the tax credits under Subsections (7)(a)  
 302 through (d).

303 (9) If the amount of a tax credit under this section exceeds a business entity's tax  
 304 liability under this chapter for a taxable year, the business entity may carry forward the amount  
 305 of the tax credit exceeding the liability for a period that does not exceed the next three taxable  
 306 years.