

Senator Curtis S. Bramble proposes the following substitute bill:

UTAH RURAL JOBS ACT AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Nelson T. Abbott

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies the Utah Rural Jobs Act.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ authorizes additional nonrefundable tax credits related to investments in eligible small businesses located in specified counties;
- ▶ requires each eligible small business that receives a growth investment to submit a document that directs and authorizes the State Tax Commission to disclose to the GO Utah office the eligible small business's returns;
- ▶ addresses the method for allocating new annual jobs at an eligible small business that receives a growth investment from more than one rural investment company;
- ▶ establishes a deadline for each rural investment company to exit the program; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **59-7-621**, as last amended by Laws of Utah 2021, Chapter 282

29 **59-10-1038**, as last amended by Laws of Utah 2021, Chapter 282

30 **63N-4-302**, as last amended by Laws of Utah 2020, Chapter 354

31 **63N-4-303**, as enacted by Laws of Utah 2017, Chapter 274

32 **63N-4-305**, as enacted by Laws of Utah 2017, Chapter 274

33 **63N-4-307**, as enacted by Laws of Utah 2017, Chapter 274

34 **63N-4-309**, as enacted by Laws of Utah 2017, Chapter 274



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

37 Section 1. Section **59-7-621** is amended to read:

38 **59-7-621. Nonrefundable rural job creation tax credit.**

39 (1) As used in this section, "office" means the Governor's Office of Economic
40 Opportunity created in Section **63N-1a-301**.

41 (2) Subject to the other provisions of this section, a taxpayer may claim a
42 nonrefundable tax credit for rural job creation as provided in this section.

43 (3) The tax credit under this section is the amount listed as the tax credit amount on a
44 tax credit certificate that the office issues under Title 63N, Chapter 4, Part 3, Utah Rural Jobs
45 Act, to the taxpayer for the taxable year.

46 ~~[(4) A taxpayer may carry forward a tax credit under this section for the next seven
47 taxable years if the amount of the tax credit exceeds the taxpayer's tax liability under this
48 chapter for the taxable year in which the taxpayer claims the tax credit.]~~

49 ~~(4) If the amount of a tax credit under this section exceeds the taxpayer's tax liability
50 under this chapter for the taxable year in which the taxpayer claims the tax credit, the taxpayer
51 may carry forward the tax credit for:~~

52 ~~(a) the next seven taxable years, if the credit-eligible contribution as defined in Section
53 **63N-4-302** is made before November 1, 2022; or~~

54 ~~(b) the next four taxable years, if the credit-eligible contribution as defined in Section
55 **63N-4-302** is made on or after November 1, 2022.~~

56 Section 2. Section **59-10-1038** is amended to read:

57 **59-10-1038. Nonrefundable rural job creation tax credit.**

58 (1) As used in this section, "office" means the Governor's Office of Economic
59 Opportunity created in Section [63N-1a-301](#).

60 (2) Subject to the other provisions of this section, a taxpayer may claim a
61 nonrefundable tax credit for rural job creation as provided in this section.

62 (3) The tax credit under this section is the amount listed as the tax credit amount on a
63 tax credit certificate that the office issues under Title 63N, Chapter 4, Part 3, Utah Rural Jobs
64 Act, to the taxpayer for the taxable year.

65 ~~[(4) A taxpayer may carry forward a tax credit under this section for the next seven
66 taxable years if the amount of the tax credit exceeds the taxpayer's tax liability under this
67 chapter for the taxable year in which the taxpayer claims the tax credit.]~~

68 (4) If the amount of a tax credit under this section exceeds the taxpayer's tax liability
69 under this chapter for the taxable year in which the taxpayer claims the tax credit, the taxpayer
70 may carry forward the tax credit for:

71 (a) the next seven taxable years, if the credit-eligible contribution as defined in Section
72 [63N-4-302](#) is made before November 1, 2022; or

73 (b) the next four taxable years, if the credit-eligible contribution as defined in Section
74 [63N-4-302](#) is made on or after November 1, 2022.

75 Section 3. Section **63N-4-302** is amended to read:

76 **63N-4-302. Definitions.**

77 As used in this part:

78 (1) (a) "Affiliate" means a person that directly, or indirectly through one or more
79 intermediaries, controls, is controlled by, or is under common control with another person.

80 (b) For the purposes of this part, a person controls another person if the person holds,
81 directly or indirectly, the majority voting or ownership interest in the controlled person or has
82 control over the day-to-day operations of the controlled person by contract or by law.

83 (2) "Claimant" means a resident or nonresident person that has state taxable income.

84 (3) "Closing date" means the date on which a rural investment company ~~[has collected]~~
85 collects:

86 (a) all of the investments described in Subsection [63N-4-303](#)(7) related to phase one
87 investment authority; or

88 (b) all of the investments described in Subsection 63N-4-303(7) related to phase two
89 investment authority.

90 (4) (a) "Credit-eligible contribution" means an investment of cash by a claimant in a
91 rural investment company that is or will be eligible for a tax credit as evidenced by notification
92 issued by the office under Subsection 63N-4-303(5)(c).

93 (b) The investment shall purchase an equity interest in the rural investment company or
94 purchase, at par value or premium, a debt instrument issued by the rural investment company
95 that has a maturity date at least five years after the closing date.

96 (5) "Eligible small business" means a business that at the time of an initial growth
97 investment in the business by a rural investment company:

98 (a) has fewer than 150 employees;

99 (b) has less than \$10,000,000 in net income for the preceding taxable year;

100 (c) maintains the business's principal business operations in the state; and

101 (d) is engaged in an industry related to:

102 (i) aerospace;

103 (ii) defense;

104 (iii) energy and natural resources;

105 (iv) financial services;

106 (v) life sciences;

107 (vi) outdoor products;

108 (vii) software development;

109 (viii) information technology;

110 (ix) manufacturing; or

111 (x) agribusiness.

112 (6) (a) "Excess return" means the difference between:

113 (i) the present value of all growth investments made by a rural investment company on
114 the day the rural investment company applies to exit the program under Section 63N-4-309,
115 including the present value of all distributions and gains from the growth investments; and

116 (ii) the sum of the amount of the original growth investment and an amount equal to
117 any projected increase in the equity holder's federal or state tax liability, including penalties and
118 interest, related to the equity holder's ownership, management, or operation of the rural

119 investment company.

120 (b) If the amount calculated in Subsection (6)(a) is less than zero, the excess return is
121 equal to zero.

122 (7) "Federally licensed rural business investment company" means a person licensed as
123 a rural business investment company under 7 U.S.C. Sec. 2009cc.

124 (8) "Federally licensed small business investment company" means a person licensed
125 as a small business investment company under 15 U.S.C. Sec. 681.

126 (9) (a) "Full-time employee" means an employee that throughout the year works at
127 least 30 hours per week or meets the customary practices accepted by that industry as full time.

128 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
129 office may make rules that establish additional hour or other criteria to determine what
130 constitutes a full-time employee.

131 (10) (a) "Growth investment" means any capital or equity investment in an eligible
132 small business or any loan made from the investment authority to an eligible small business
133 with a stated maturity at least one year after the date of issuance.

134 (b) "Growth investment" does not include, with respect to phase two investment
135 authority:

136 (i) a secured loan or a revolving line of credit to an eligible small business, unless the
137 eligible small business sought and was denied similar financing from a commercial bank, as
138 established by an affidavit from the president or chief executive officer of the eligible small
139 business; or

140 (ii) any portion of an investment, including any amount reinvested, in an eligible small
141 business that, when added to existing investments in the eligible small business from all rural
142 investment companies under phase two investment authority, exceeds \$15,000,000.

143 (11) (a) "High wage" means a wage that is at least 100% of the county average wage.

144 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
145 office may make rules that establish additional criteria to determine what constitutes a high
146 wage.

147 (12) "Investment authority" means the minimum amount of investment a rural
148 investment company must make in eligible small businesses in order for credit-eligible
149 contributions to the rural investment company to qualify for a rural job creation tax credit

150 under Section [59-7-621](#) or [59-10-1038](#).

151 (13) (a) "New annual jobs" means the difference between:

152 (i) (A) the monthly average of full-time employees that are paid a high wage at an
153 eligible small business for the preceding calendar year; or

154 (B) if the preceding calendar year contains the initial growth investment, the monthly
155 average of full-time employees that are paid a high wage at an eligible small business for the
156 months including and after the initial growth investment and before the end of the preceding
157 calendar year; and

158 (ii) the number of full-time employees that are paid a high wage at the eligible small
159 business on the date of the initial growth investment.

160 (b) If the amount calculated in Subsection (13)(a) is less than zero, the new annual jobs
161 amount is equal to zero.

162 (14) "Phase one investment authority" means investment authority the office grants a
163 rural investment company based on an application submitted under Subsection
164 [63N-4-303\(1\)\(b\)\(i\)](#).

165 (15) "Phase two investment authority" means investment authority the office grants a
166 rural investment company based on an application submitted under Subsection
167 [63N-4-303\(1\)\(b\)\(ii\)](#).

168 [~~14~~] (16) (a) "Principal business operations" means the location where at least 60% of
169 a business's employees work or where employees that are paid at least 60% of a business's
170 payroll work.

171 (b) For the purposes of this part, an out-of-state business that agrees to relocate
172 employees to this state to establish the business's principal business operations in this state
173 using the proceeds of a growth investment is considered to have the business's principal
174 business operations in this state if the business satisfies the requirements of Subsection [~~14~~]
175 (16)(a) within 180 days after receiving the growth investment, unless the office agrees to a later
176 date.

177 [~~15~~] (17) "Program" means the provisions of this part applicable to a rural investment
178 company.

179 [~~16~~] (18) "Rural county" means:

180 (a) with respect to phase one investment authority, any county in this state except Salt

181 Lake, Utah, Davis, Weber, Washington, Cache, Tooele, and Summit counties[-]; or
 182 (b) with respect to phase two investment authority, any county in this state except Salt
 183 Lake, Utah, Davis, and Weber counties.

184 [~~(17)~~] (19) "Rural investment company" means a person approved by the office under
 185 Section 63N-4-303.

186 [~~(18)~~] (20) (a) "State reimbursement amount" means the difference between:
 187 (i) 50% of the rural investment company's credit-eligible capital contributions; and
 188 (ii) the product of:

189 (A) the total sum of new annual jobs reported to the [~~state in the rural investment~~
 190 ~~company's exit report described in Section 63N-4-309~~] office; and

191 (B) \$20,000 with respect to phase one investment authority, or \$15,000 with respect to
 192 phase two investment authority.

193 (b) If the amount calculated in Subsection [~~(18)~~] (20)(a) is less than zero, the state
 194 reimbursement amount is equal to zero.

195 [~~(19)~~] (21) "Tax credit" means a rural job creation tax credit created by Section
 196 59-7-621 or 59-10-1038.

197 [~~(20)~~] (22) "Tax credit certificate" means a certificate issued by the office that:

- 198 (a) lists the name of the person to which the office authorizes a tax credit;
- 199 (b) lists the person's taxpayer identification number;
- 200 (c) lists the amount of tax credit that the office authorizes the person to claim for the
 201 taxable year; and
- 202 (d) may include other information as determined by the office.

203 Section 4. Section 63N-4-303 is amended to read:

204 **63N-4-303. Application, approval, and allocations.**

205 (1) (a) A person seeking approval as a rural investment company shall submit an
 206 application to the office.

207 (b) (i) [~~The~~] For the investment authority described in Subsection (6)(a)(i), the office
 208 shall begin accepting applications on November 1, 2017.

209 (ii) For the investment authority described in Subsection (6)(a)(ii), the office shall
 210 begin accepting applications on November 1, 2022.

211 (2) An application submitted under Subsection (1) shall be in a form and in accordance

212 with procedures prescribed by the office, and shall include the following:

213 (a) the total investment authority sought by the applicant, which may not exceed
214 \$42,000,000;

215 (b) a copy of the applicant's or an affiliate of the applicant's license as a federally
216 licensed rural business investment company or as a federally licensed small business
217 investment company;

218 (c) evidence that before the date the application is submitted, the applicant or affiliates
219 of the applicant have invested at least \$50,000,000 in nonpublic companies located in counties
220 in the United States with fewer than 50,000 inhabitants;

221 (d) a signed affidavit from each claimant that commits to make a credit-eligible capital
222 contribution to the applicant, stating the amount of that commitment; and

223 (e) the sum of all credit-eligible capital contribution commitments described in
224 Subsection (2)(d), which must equal 58% of the total investment authority sought by the
225 applicant.

226 (3) The office shall:

227 (a) review and evaluate the applications submitted under this section within 30 days of
228 receipt in the order in which the applications are received; and

229 (b) consider applications received on the same day to have been received
230 simultaneously.

231 (4) (a) If, after review and evaluation of an application, the office determines that the
232 application does not meet the requirements of Subsection (2), the office shall:

233 (i) deny the application; or

234 (ii) (A) notify the applicant that the application was inadequate and allow the applicant
235 to provide additional information to the office to complete, clarify, or cure defects identified by
236 the office in the application; and

237 (B) inform the applicant that the additional information described in Subsection
238 (4)(a)(ii)(A) must be received by the office within five days of the notice in order to be
239 considered.

240 (b) If an applicant submits additional information to the office in accordance with
241 Subsection (4)(a)(ii), the office shall:

242 (i) consider the application to have been received on the date it was originally received

243 by the office; and

244 (ii) review and evaluate the additional information within 10 days of receiving the
245 additional information.

246 (5) If, after review and evaluation of an application submitted under this section and
247 any additional information submitted in accordance with Subsection (4)(a)(ii), the office
248 determines that the application meets the requirements of Subsection (2), the office shall:

249 (a) determine the amount of investment authority to award the applicant in accordance
250 with Subsection (6);

251 (b) provide to the applicant a written notice of approval as a rural investment company
252 specifying the amount of the applicant's investment authority; and

253 (c) notify each claimant whose affidavit was included in the application under
254 Subsection (2) that the claimant qualifies for a tax credit that will be issued in accordance with
255 Section [63N-4-304](#).

256 (6) (a) (i) ~~[The]~~ For the first application period described in Subsection (1)(b)(i), the
257 office may not approve more than \$42,000,000 in total investment authority and not more than
258 \$24,360,000 in total credit-eligible contributions under this part.

259 (ii) For the second application period described in Subsection (1)(b)(ii), the office may
260 not approve more than \$42,000,000 in total investment authority and not more than
261 \$24,360,000 in total credit-eligible contributions under this part.

262 (b) Subject to Subsection (6)(d), if an application is approved under Subsection (5), the
263 office shall approve the amount of investment authority requested on the application.

264 (c) (i) ~~[The]~~ During the first application period described in Subsection (1)(b)(i), the
265 office may continue to accept applications under this section until the amount of approved
266 investment authority reaches \$42,000,000.

267 (ii) During the second application period described in Subsection (1)(b)(ii), the office
268 may continue to accept applications under this section until the amount of approved investment
269 authority reaches \$42,000,000.

270 (d) If the office approves multiple applications received simultaneously under
271 Subsection (3) and the total amount of investment authority requested on those applications
272 exceeds the amount of investment authority remaining, the office shall proportionally reduce
273 the investment authority and credit-eligible capital contributions for each of these applications

274 as necessary to avoid exceeding the amount of investment authority and credit-eligible capital
275 contributions remaining.

276 (7) Within 65 days after the day on which a rural investment company receives
277 approval under Subsection (5)(b), the rural investment company shall:

278 (a) collect the total amount of committed credit-eligible capital contributions from each
279 claimant whose affidavit was included in the application under Subsection (2);

280 (b) collect one or more cash equity investments contributed by affiliates of the rural
281 investment company, including employees, officers, and directors of such affiliates, that equal
282 at least 10% of the rural investment company's investment authority;

283 (c) collect one or more cash investments that, when added to the amounts collected
284 under Subsections (7)(a) and (b), equal the rural investment company's investment authority;
285 and

286 (d) send sufficient documentation to the office to prove that the amounts described in
287 this Subsection (7) have been collected.

288 (8) If the rural investment company fails to fully comply with Subsection (7):

289 (a) the rural investment company's approval shall lapse and the corresponding
290 investment authority and credit-eligible capital contributions shall not count toward the limits
291 on the program size described in Subsection (6);

292 (b) if the office awards lapsed investment authority to a rural investment company, the
293 office shall first award lapsed investment authority pro rata to each rural investment company
294 that was awarded less than the requested investment authority under Subsection (6)(d), which a
295 rural investment company may allocate to the rural investment company's investors at the
296 company's discretion; and

297 (c) the office may award any remaining investment authority to new applicants.

298 Section 5. Section **63N-4-305** is amended to read:

299 **63N-4-305. Revocation of tax credit certificates and exit.**

300 (1) Except as provided in Subsection (2), the office shall revoke a tax credit certificate
301 issued under Section [63N-4-304](#) if the rural investment company in which the credit-eligible
302 capital contribution was made does any of the following before the rural investment company
303 exits the program in accordance with Section [63N-4-309](#):

304 (a) fails to invest 100% of the rural investment company's investment authority in

305 growth investments in this state within three years of the closing date;

306 (b) fails to maintain growth investments in this state equal to 100% of the rural
307 investment company's investment authority until the seventh anniversary of the closing date in
308 accordance with this section;

309 (c) makes a distribution or payment that results in the rural investment company having
310 less than 100% of the rural investment company's investment authority invested in growth
311 investments in this state or available for investment in growth investments and held in cash and
312 other marketable securities;

313 (d) (i) with respect to phase one investment authority, fails to maintain growth
314 investments equal to 70% of the rural investment company's investment authority in eligible
315 small businesses that maintain their principal business operations in a rural county; or

316 (ii) with respect to phase two investment authority, fails to maintain growth
317 investments equal to 100% of the rural investment company's investment authority in eligible
318 small businesses that maintain their principal business operations in a rural county;

319 (e) invests more than \$5,000,000 from the investment authority in the same eligible
320 small business, including amounts invested in affiliates of the eligible small business, exclusive
321 of growth investments made with repaid or redeemed growth investments or interest or profits
322 realized on the repaid or redeemed growth investments; [~~or~~]

323 (f) makes a growth investment in an eligible small business that directly, or indirectly
324 through an affiliate:

325 (i) owns or has the right to acquire an ownership interest in the rural investment
326 company, an affiliate of the rural investment company, or an investor in the rural investment
327 company; or

328 (ii) makes a loan to or an investment in the rural investment company, an affiliate of
329 the rural investment company, or an investor in the rural investment company[-]; or

330 (g) fails to timely provide a document described in Subsection [63N-4-307\(1\)\(d\)](#).

331 (2) (a) (i) For the purposes of Subsection (1), an investment is maintained even if the
332 investment is sold or repaid if the rural investment company reinvests an amount equal to the
333 capital returned or recovered by the fund from the original investment, exclusive of any profits
334 realized, in other growth investments in this state within 12 months of the receipt of such
335 capital.

336 (ii) Amounts received periodically by a rural investment company are treated as
337 continually invested in growth investments if the amounts are reinvested in one or more growth
338 investments by the end of the following calendar year.

339 (iii) A rural investment company is not required to reinvest capital returned from
340 growth investments after the sixth anniversary of the closing date and such growth investments
341 are considered as being held continuously by the rural investment company through the seventh
342 anniversary of the closing date.

343 (b) (i) Subsection [~~(1)(f)~~] (1)(g) does not apply to investments in publicly traded
344 securities by an eligible small business or an owner or affiliate of an eligible small business.

345 (ii) Under Subsection [~~(1)(f)~~] (1)(g), a rural investment company is not considered an
346 affiliate of a business concern solely as a result of the rural investment company's growth
347 investment.

348 (c) A growth investment in an eligible small business that is not located in a rural
349 county may count toward the requirements of Subsection (1)(d) if the office determines that the
350 eligible small business is located in an economically disadvantaged rural area as defined by
351 rules made by the office in accordance with Title 63G, Chapter 3, Utah Administrative
352 Rulemaking Act.

353 (3) (a) Before revoking one or more tax credit certificates under this section, the office
354 shall notify the rural investment company of the reasons for the pending revocation.

355 (b) If the rural investment company corrects any violation outlined in the notice to the
356 satisfaction of the office within 90 days after the day on which the notice was sent, the office
357 may not revoke the tax credit certificate.

358 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
359 office may make rules that establish criteria to determine what constitutes a correction under
360 Subsection (3)(b).

361 (4) If tax credit certificates are revoked under this section:

362 (a) (i) the rural investment company shall make a cash distribution to the office in an
363 amount equal to the sum of all tax credits awarded to persons that have made credit-eligible
364 contributions to the rural investment company; and

365 (ii) if the rural investment company is able to provide documentation to the office that
366 proves that a tax credit described in Subsection (4)(a)(i) has not been claimed, the amount

367 owed under Subsection (4)(a)(i) shall be reduced by the amount of the unclaimed tax credit;

368 (b) the rural investment company's investment authority and credit-eligible capital
369 contributions will not count toward the limits on the program size described in Subsection
370 [63N-4-303\(6\)](#);

371 (c) if the office awards lapsed investment authority to a rural investment company, the
372 office shall first award lapsed investment authority pro rata to each rural investment company
373 that was awarded less than the requested investment authority under Subsection
374 [63N-4-303\(6\)\(d\)](#), which a rural investment company may allocate to the rural investment
375 company's investors at the rural investment company's discretion; and

376 (d) the office may award any remaining investment authority to new applicants.

377 (5) The office may not revoke a tax credit certificate after a rural investment company
378 has exited the program in accordance with Section [63N-4-309](#).

379 Section 6. Section [63N-4-307](#) is amended to read:

380 **[63N-4-307. Reporting obligations -- Authorization to disclose tax information --](#)**
381 **Credit for new annual jobs.**

382 (1) A rural investment company shall submit an annual report to the office on or before
383 the last day of February for each [~~previous~~] preceding calendar year until the rural investment
384 company [~~has exited~~] exits the program in accordance with Section [63N-4-309](#). The annual
385 report shall provide documentation as to the rural investment company's growth investments
386 and include:

387 (a) a bank statement evidencing each growth investment;

388 (b) the name, location, and industry of each business concern receiving a growth
389 investment, including either the determination letter set forth in Section [63N-4-306](#) or evidence
390 that the business qualified as an eligible small business at the time the investment was made;

391 (c) the number of new annual jobs at each eligible small business for the preceding
392 calendar year, accompanied by a report from a third-party accounting firm attesting that the
393 number of new annual jobs was calculated in accordance with procedures approved by the
394 office; [~~and~~]

395 (d) unless provided in a previously submitted annual report, for each eligible small
396 business to which the rural investment company provided a growth investment during the
397 preceding calendar year, a document that expressly directs and authorizes the State Tax

398 Commission to disclose to the office the eligible small business's returns and other information
399 that would otherwise be subject to confidentiality under Section 59-1-403; and

400 ~~[(d)]~~ (e) any other information required by the office.

401 (2) For the annual report due in 2022, each rural investment company shall submit the
402 documents described in Subsection (1)(d) on or before July 1, 2022.

403 ~~[(2)]~~ (3) (a) Within 60 days of receipt of an annual report, the office shall provide
404 written confirmation to the rural investment company of the number of new annual jobs the
405 rural investment company has been credited with for the ~~[previous]~~ preceding calendar year.

406 (b) Beginning in 2023, when granting credit for one or more new annual jobs at an
407 eligible small business that received or held a growth investment from more than one rural
408 investment company during the preceding calendar year, the office shall allocate credit for each
409 new annual job between the rural investment companies:

410 (i) in proportion to each rural investment company's share of the total growth
411 investments the eligible small business received during the calendar year; or

412 (ii) in accordance with any written agreement between the rural investment companies.

413 ~~[(3)]~~ (4) By the fifth business day after the third anniversary of the closing date, a rural
414 investment company shall submit a report to the office providing evidence that the rural
415 investment company is in compliance with the investment requirements of Section 63N-4-305.

416 (5) In accordance with rules made by the office, a rural investment company that
417 receives phase one investment authority and phase two investment authority shall submit an
418 annual report under this section that provides separate information related to the phase one
419 investment authority and the phase two investment authority.

420 (6) (a) The office shall submit the document described in Subsection (1)(d) to the State
421 Tax Commission.

422 (b) Upon receipt of a document described in Subsection (1)(d), the State Tax
423 Commission shall provide the office with the returns and other information the office requests
424 and that the State Tax Commission is directed and authorized to provide.

425 Section 7. Section 63N-4-309 is amended to read:

426 **63N-4-309. Exit.**

427 (1) (a) On or after the seventh anniversary of the closing date, ~~[a]~~ and on or before the
428 twelfth anniversary of the closing date, each rural investment company ~~[may]~~ shall apply to the

429 office to exit the program and no longer be subject to this part.

430 (b) A rural investment company that receives phase one investment authority and phase
431 two investment authority shall separately apply to exit the program in relation to the phase one
432 investment authority and the phase two investment authority.

433 (2) An application submitted under Subsection (1) shall be in a form and in accordance
434 with procedures prescribed by the office and shall include a calculation of the state
435 reimbursement amount.

436 (3) In evaluating the exit application, if no tax credit certificates have been revoked and
437 the rural investment company has not received a notice of revocation that has remained
438 uncorrected under Subsection 63N-4-305(3)(b), the rural investment company is eligible for
439 exit.

440 (4) (a) The office shall respond to the application within 30 days of receipt and include
441 confirmation of the state reimbursement amount.

442 (b) The office shall not unreasonably deny an application submitted under this section.

443 (c) If the office denies the application, the office shall provide the reasons for the
444 determination to the rural investment company.

445 (5) If a rural investment company fails to submit an exit application in accordance with
446 Subsection (1), the office shall:

447 (a) calculate the state reimbursement amount using the best available information; and

448 (b) provide the confirmation described in Subsection (4)(a) within 30 days of the
449 twelfth anniversary of the closing date.

450 [~~5~~] (6) Within 60 days after the day on which the confirmation of the state
451 reimbursement amount is received by the rural investment company, the rural investment
452 company shall make a cash distribution to the state in an amount equal to the lesser of:

453 (a) the state reimbursement amount; and

454 (b) the excess return.

455 [~~6~~] (7) The office shall notify the rural investment company once payments equal to
456 the amount described in Subsection (4) have been received.

457 [~~7~~] (8) Any amounts collected under this section shall be deposited into the General
458 Fund.