

**Representative Kay J. Christofferson** proposes the following substitute bill:

**INCENTIVES AMENDMENTS**

2022 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kay J. Christofferson**

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

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**LONG TITLE**

**General Description:**

This bill amends provisions related to tax credits and incentives.

**Highlighted Provisions:**

This bill:

- ▶ provides for the treatment of a carry forward when an income tax credit expires or  
repeals;
- ▶ modifies the formulas for calculating the corporate and individual renewable energy  
system tax credits;
- ▶ repeals the following corporate income tax credits:
  - interest income from state and federal securities;
  - renewable energy system for a residential unit; and
  - recycling market development zone;
- ▶ repeals the following individual income tax credits:
  - recycling market development zone;
  - qualifying solar projects; and
  - investment in life science establishments;
- ▶ repeals the Technology and Life Science Economic Development Act;
- ▶ modifies reporting and study requirements related to repealed income tax credits;



26 and

27       ▶ makes technical and conforming changes.

28 **Money Appropriated in this Bill:**

29       None

30 **Other Special Clauses:**

31       This bill provides a special effective date.

32 **Utah Code Sections Affected:**

33 AMENDS:

34       **19-13-102**, as renumbered and amended by Laws of Utah 2020, Chapter 360

35       **19-13-109**, as renumbered and amended by Laws of Utah 2020, Chapter 360

36       **59-2-102**, as last amended by Laws of Utah 2021, Chapter 314

37       **59-7-159**, as last amended by Laws of Utah 2021, Chapters 282 and 367

38       **59-7-614**, as last amended by Laws of Utah 2021, Chapters 280 and 374

39       **59-7-624**, as last amended by Laws of Utah 2021, Chapter 282

40       **59-10-137**, as last amended by Laws of Utah 2021, Chapters 282 and 367

41       **59-10-1002.2**, as last amended by Laws of Utah 2021, Chapters 68 and 428

42       **59-10-1014**, as last amended by Laws of Utah 2021, Chapter 280

43       **59-10-1106**, as last amended by Laws of Utah 2021, Chapters 280 and 374

44       **59-10-1112**, as last amended by Laws of Utah 2021, Chapter 282

45       **63N-2-304**, as last amended by Laws of Utah 2019, Chapter 247

46 ENACTS:

47       **59-7-538**, Utah Code Annotated 1953

48       **59-10-552**, Utah Code Annotated 1953

49 REPEALS:

50       **19-13-110**, as renumbered and amended by Laws of Utah 2020, Chapter 360

51       **59-7-601**, as last amended by Laws of Utah 2005, Chapter 105

52       **59-7-610**, as last amended by Laws of Utah 2021, Chapter 367

53       **59-10-1007**, as last amended by Laws of Utah 2021, Chapter 367

54       **59-10-1024**, as last amended by Laws of Utah 2021, Chapter 280

55       **59-10-1025**, as last amended by Laws of Utah 2019, Chapter 465

56       **63N-2-801**, as renumbered and amended by Laws of Utah 2015, Chapter 283

- 57 [63N-2-802](#), as last amended by Laws of Utah 2016, Chapter 354
- 58 [63N-2-803](#), as last amended by Laws of Utah 2016, Chapter 354
- 59 [63N-2-804](#), as renumbered and amended by Laws of Utah 2015, Chapter 283
- 60 [63N-2-805](#), as renumbered and amended by Laws of Utah 2015, Chapter 283
- 61 [63N-2-806](#), as last amended by Laws of Utah 2016, Chapter 354
- 62 [63N-2-807](#), as renumbered and amended by Laws of Utah 2015, Chapter 283
- 63 [63N-2-808](#), as last amended by Laws of Utah 2021, Chapter 282
- 64 [63N-2-809](#), as renumbered and amended by Laws of Utah 2015, Chapter 283
- 65 [63N-2-810](#), as last amended by Laws of Utah 2021, Chapter 282
- 66 [63N-2-811](#), as last amended by Laws of Utah 2021, Chapter 382



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

69 Section 1. Section **19-13-102** is amended to read:

70 **19-13-102. Definitions.**

71 As used in this part:

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

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

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

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

83 (4) (a) "Recycling" means the diversion of materials from the solid waste stream and  
84 the beneficial use of the materials and includes a series of activities by which materials that  
85 would become or otherwise remain waste are diverted from the waste stream for collection,  
86 separation, and processing, and are used as raw materials or feedstocks in lieu of or in addition  
87 to virgin materials in the manufacture of goods sold or distributed in commerce or the reuse of

88 the materials as substitutes for goods made from virgin materials.

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

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

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

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

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

98 Section 2. Section **19-13-109** is amended to read:

99 **19-13-109. Revocation of designations.**

100 (1) The department may revoke the designation of a recycling market development  
101 zone [~~if no businesses utilize the tax incentives during any calendar year~~].

102 (2) Before revocation of the zone, the department shall conduct a public hearing within  
103 a reasonable distance of the zone to determine reasons for inactivity and explore possible  
104 alternative actions.

105 Section 3. Section **59-2-102** is amended to read:

106 **59-2-102. Definitions.**

107 As used in this chapter:

108 (1) (a) "Acquisition cost" means any cost required to put an item of tangible personal  
109 property into service.

110 (b) "Acquisition cost" includes:

111 (i) the purchase price of a new or used item;

112 (ii) the cost of freight, shipping, loading at origin, unloading at destination, crating,  
113 skidding, or any other applicable cost of shipping;

114 (iii) the cost of installation, engineering, rigging, erection, or assembly, including  
115 foundations, pilings, utility connections, or similar costs; and

116 (iv) sales and use taxes.

117 (2) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of  
118 engaging in dispensing activities directly affecting agriculture or horticulture with an

119 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or  
120 rotorcraft's use for agricultural and pest control purposes.

121 (3) "Air charter service" means an air carrier operation that requires the customer to  
122 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled  
123 trip.

124 (4) "Air contract service" means an air carrier operation available only to customers  
125 that engage the services of the carrier through a contractual agreement and excess capacity on  
126 any trip and is not available to the public at large.

127 (5) "Aircraft" means the same as that term is defined in Section [72-10-102](#).

128 (6) (a) Except as provided in Subsection (6)(b), "airline" means an air carrier that:

129 (i) operates:

130 (A) on an interstate route; and

131 (B) on a scheduled basis; and

132 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a  
133 regularly scheduled route.

134 (b) "Airline" does not include an:

135 (i) air charter service; or

136 (ii) air contract service.

137 (7) "Assessment roll" or "assessment book" means a permanent record of the  
138 assessment of property as assessed by the county assessor and the commission and may be  
139 maintained manually or as a computerized file as a consolidated record or as multiple records  
140 by type, classification, or categories.

141 (8) "Base parcel" means a parcel of property that was legally:

142 (a) subdivided into two or more lots, parcels, or other divisions of land; or

143 (b) (i) combined with one or more other parcels of property; and

144 (ii) subdivided into two or more lots, parcels, or other divisions of land.

145 (9) (a) "Certified revenue levy" means a property tax levy that provides an amount of  
146 ad valorem property tax revenue equal to the sum of:

147 (i) the amount of ad valorem property tax revenue to be generated statewide in the  
148 previous year from imposing a multicounty assessing and collecting levy, as specified in  
149 Section [59-2-1602](#); and

- 150 (ii) the product of:
- 151 (A) eligible new growth, as defined in Section 59-2-924; and
- 152 (B) the multicounty assessing and collecting levy certified by the commission for the
- 153 previous year.
- 154 (b) For purposes of this Subsection (9), "ad valorem property tax revenue" does not
- 155 include property tax revenue received by a taxing entity from personal property that is:
- 156 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 157 (ii) semiconductor manufacturing equipment.
- 158 (c) For purposes of calculating the certified revenue levy described in this Subsection
- 159 (9), the commission shall use:
- 160 (i) the taxable value of real property assessed by a county assessor contained on the
- 161 assessment roll;
- 162 (ii) the taxable value of real and personal property assessed by the commission; and
- 163 (iii) the taxable year end value of personal property assessed by a county assessor
- 164 contained on the prior year's assessment roll.
- 165 (10) "County-assessed commercial vehicle" means:
- 166 (a) any commercial vehicle, trailer, or semitrailer that is not apportioned under Section
- 167 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or property in
- 168 furtherance of the owner's commercial enterprise;
- 169 (b) any passenger vehicle owned by a business and used by its employees for
- 170 transportation as a company car or vanpool vehicle; and
- 171 (c) vehicles that are:
- 172 (i) especially constructed for towing or wrecking, and that are not otherwise used to
- 173 transport goods, merchandise, or people for compensation;
- 174 (ii) used or licensed as taxicabs or limousines;
- 175 (iii) used as rental passenger cars, travel trailers, or motor homes;
- 176 (iv) used or licensed in this state for use as ambulances or hearses;
- 177 (v) especially designed and used for garbage and rubbish collection; or
- 178 (vi) used exclusively to transport students or their instructors to or from any private,
- 179 public, or religious school or school activities.
- 180 (11) "Eligible judgment" means a final and unappealable judgment or order under

181 Section 59-2-1330:

182 (a) that became a final and unappealable judgment or order no more than 14 months  
183 before the day on which the notice described in Section 59-2-919.1 is required to be provided;  
184 and

185 (b) for which a taxing entity's share of the final and unappealable judgment or order is  
186 greater than or equal to the lesser of:

187 (i) \$5,000; or

188 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the  
189 previous fiscal year.

190 (12) (a) "Escaped property" means any property, whether personal, land, or any  
191 improvements to the property, that is subject to taxation and is:

192 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed  
193 to the wrong taxpayer by the assessing authority;

194 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to  
195 comply with the reporting requirements of this chapter; or

196 (iii) undervalued because of errors made by the assessing authority based upon  
197 incomplete or erroneous information furnished by the taxpayer.

198 (b) "Escaped property" does not include property that is undervalued because of the use  
199 of a different valuation methodology or because of a different application of the same valuation  
200 methodology.

201 (13)(a) "Fair market value" means the amount at which property would change hands  
202 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell  
203 and both having reasonable knowledge of the relevant facts.

204 (b) For purposes of taxation, "fair market value" shall be determined using the current  
205 zoning laws applicable to the property in question, except in cases where there is a reasonable  
206 probability of a change in the zoning laws affecting that property in the tax year in question and  
207 the change would have an appreciable influence upon the value.

208 (14) "Geothermal fluid" means water in any form at temperatures greater than 120  
209 degrees centigrade naturally present in a geothermal system.

210 (15) "Geothermal resource" means:

211 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;

212 and

213 (b) the energy, in whatever form, including pressure, present in, resulting from, created  
214 by, or which may be extracted from that natural heat, directly or through a material medium.

215 (16) (a) "Goodwill" means:

216 (i) acquired goodwill that is reported as goodwill on the books and records that a  
217 taxpayer maintains for financial reporting purposes; or

218 (ii) the ability of a business to:

219 (A) generate income that exceeds a normal rate of return on assets and that results from  
220 a factor described in Subsection (16)(b); or

221 (B) obtain an economic or competitive advantage resulting from a factor described in  
222 Subsection (16)(b).

223 (b) The following factors apply to Subsection (16)(a)(ii):

224 (i) superior management skills;

225 (ii) reputation;

226 (iii) customer relationships;

227 (iv) patronage; or

228 (v) a factor similar to Subsections (16)(b)(i) through (iv).

229 (c) "Goodwill" does not include:

230 (i) the intangible property described in Subsection (19)(a) or (b);

231 (ii) locational attributes of real property, including:

232 (A) zoning;

233 (B) location;

234 (C) view;

235 (D) a geographic feature;

236 (E) an easement;

237 (F) a covenant;

238 (G) proximity to raw materials;

239 (H) the condition of surrounding property; or

240 (I) proximity to markets;

241 (iii) value attributable to the identification of an improvement to real property,

242 including:



- 243 (A) reputation of the designer, builder, or architect of the improvement;
- 244 (B) a name given to, or associated with, the improvement; or
- 245 (C) the historic significance of an improvement; or
- 246 (iv) the enhancement or assemblage value specifically attributable to the interrelation
- 247 of the existing tangible property in place working together as a unit.
- 248 (17) "Governing body" means:
- 249 (a) for a county, city, or town, the legislative body of the county, city, or town;
- 250 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
- 251 Local Districts, the local district's board of trustees;
- 252 (c) for a school district, the local board of education;
- 253 (d) for a special service district under Title 17D, Chapter 1, Special Service District
- 254 Act:
- 255 (i) the legislative body of the county or municipality that created the special service
- 256 district, to the extent that the county or municipal legislative body has not delegated authority
- 257 to an administrative control board established under Section 17D-1-301; or
- 258 (ii) the administrative control board, to the extent that the county or municipal
- 259 legislative body has delegated authority to an administrative control board established under
- 260 Section 17D-1-301; or
- 261 (e) for a public infrastructure district under Title 17D, Chapter 4, Public Infrastructure
- 262 District Act, the public infrastructure district's board of trustees.
- 263 (18) (a) Except as provided in Subsection (18)(c), "improvement" means a building,
- 264 structure, fixture, fence, or other item that is permanently attached to land, regardless of
- 265 whether the title has been acquired to the land, if:
- 266 (i) (A) attachment to land is essential to the operation or use of the item; and
- 267 (B) the manner of attachment to land suggests that the item will remain attached to the
- 268 land in the same place over the useful life of the item; or
- 269 (ii) removal of the item would:
- 270 (A) cause substantial damage to the item; or
- 271 (B) require substantial alteration or repair of a structure to which the item is attached.
- 272 (b) "Improvement" includes:
- 273 (i) an accessory to an item described in Subsection (18)(a) if the accessory is:

- 274 (A) essential to the operation of the item described in Subsection (18)(a); and
- 275 (B) installed solely to serve the operation of the item described in Subsection (18)(a);
- 276 and
- 277 (ii) an item described in Subsection (18)(a) that is temporarily detached from the land
- 278 for repairs and remains located on the land.
- 279 (c) "Improvement" does not include:
- 280 (i) an item considered to be personal property pursuant to rules made in accordance
- 281 with Section [59-2-107](#);
- 282 (ii) a moveable item that is attached to land for stability only or for an obvious
- 283 temporary purpose;
- 284 (iii) (A) manufacturing equipment and machinery; or
- 285 (B) essential accessories to manufacturing equipment and machinery;
- 286 (iv) an item attached to the land in a manner that facilitates removal without substantial
- 287 damage to the land or the item; or
- 288 (v) a transportable factory-built housing unit as defined in Section [59-2-1502](#) if that
- 289 transportable factory-built housing unit is considered to be personal property under Section
- 290 [59-2-1503](#).
- 291 (19) "Intangible property" means:
- 292 (a) property that is capable of private ownership separate from tangible property,
- 293 including:
- 294 (i) money;
- 295 (ii) credits;
- 296 (iii) bonds;
- 297 (iv) stocks;
- 298 (v) representative property;
- 299 (vi) franchises;
- 300 (vii) licenses;
- 301 (viii) trade names;
- 302 (ix) copyrights; and
- 303 (x) patents;
- 304 (b) a low-income housing tax credit;

- 305 (c) goodwill; or
- 306 (d) a renewable energy tax credit or incentive, including:
  - 307 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue
  - 308 Code;
  - 309 (ii) a federal energy credit for qualified renewable electricity production facilities under
  - 310 Section 48, Internal Revenue Code;
  - 311 (iii) a federal grant for a renewable energy property under American Recovery and
  - 312 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and
  - 313 (iv) a tax credit under Subsection ~~59-7-614~~(4).
- 314 (20) "Livestock" means:
  - 315 (a) a domestic animal;
  - 316 (b) a fish;
  - 317 (c) a fur-bearing animal;
  - 318 (d) a honeybee; or
  - 319 (e) poultry.
- 320 (21) "Low-income housing tax credit" means:
  - 321 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;
  - 322 or
  - 323 (b) a low-income housing tax credit under Section ~~59-7-607~~ or Section ~~59-10-1010~~.
- 324 (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.
- 325 (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
- 326 valuable mineral.
- 327 (24) "Mining" means the process of producing, extracting, leaching, evaporating, or
- 328 otherwise removing a mineral from a mine.
- 329 (25) (a) "Mobile flight equipment" means tangible personal property that is owned or
- 330 operated by an air charter service, air contract service, or airline and:
  - 331 (i) is capable of flight or is attached to an aircraft that is capable of flight; or
  - 332 (ii) is contained in an aircraft that is capable of flight if the tangible personal property
  - 333 is intended to be used:
    - 334 (A) during multiple flights;
    - 335 (B) during a takeoff, flight, or landing; and

336 (C) as a service provided by an air charter service, air contract service, or airline.

337 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare  
338 engine that is rotated at regular intervals with an engine that is attached to the aircraft.

339 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
340 commission may make rules defining the term "regular intervals."

341 (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,  
342 sand, rock, gravel, and all carboniferous materials.

343 (27) "Part-year residential property" means property that is not residential property on  
344 January 1 of a calendar year but becomes residential property after January 1 of the calendar  
345 year.

346 (28) "Personal property" includes:

347 (a) every class of property as defined in Subsection (29) that is the subject of  
348 ownership and is not real estate or an improvement;

349 (b) any pipe laid in or affixed to land whether or not the ownership of the pipe is  
350 separate from the ownership of the underlying land, even if the pipe meets the definition of an  
351 improvement;

352 (c) bridges and ferries;

353 (d) livestock; and

354 (e) outdoor advertising structures as defined in Section [72-7-502](#).

355 (29) (a) "Property" means property that is subject to assessment and taxation according  
356 to its value.

357 (b) "Property" does not include intangible property as defined in this section.

358 (30) "Public utility" means:

359 (a) for purposes of this chapter, the operating property of a railroad, gas corporation, oil  
360 or gas transportation or pipeline company, coal slurry pipeline company, electrical corporation,  
361 telephone corporation, sewerage corporation, or heat corporation where the company performs  
362 the service for, or delivers the commodity to, the public generally or companies serving the  
363 public generally, or in the case of a gas corporation or an electrical corporation, where the gas  
364 or electricity is sold or furnished to any member or consumers within the state for domestic,  
365 commercial, or industrial use; and

366 (b) the operating property of any entity or person defined under Section [54-2-1](#) except

367 water corporations.

368 (31) (a) Subject to Subsection (31)(b), "qualifying exempt primary residential rental  
369 personal property" means household furnishings, furniture, and equipment that:

370 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;

371 (ii) are owned by the owner of the dwelling unit that is the primary residence of a  
372 tenant; and

373 (iii) after applying the residential exemption described in Section 59-2-103, are exempt  
374 from taxation under this chapter in accordance with Subsection 59-2-1115(2).

375 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
376 commission may by rule define the term "dwelling unit" for purposes of this Subsection (31)  
377 and Subsection (34).

378 (32) "Real estate" or "real property" includes:

379 (a) the possession of, claim to, ownership of, or right to the possession of land;

380 (b) all mines, minerals, and quarries in and under the land, all timber belonging to  
381 individuals or corporations growing or being on the lands of this state or the United States, and  
382 all rights and privileges appertaining to these; and

383 (c) improvements.

384 (33) (a) "Relationship with an owner of the property's land surface rights" means a  
385 relationship described in Subsection 267(b), Internal Revenue Code, except that the term 25%  
386 shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code.

387 (b) For purposes of determining if a relationship described in Subsection 267(b),  
388 Internal Revenue Code, exists, the ownership of stock shall be determined using the ownership  
389 rules in Subsection 267(c), Internal Revenue Code.

390 (34) (a) "Residential property," for purposes of the reductions and adjustments under  
391 this chapter, means any property used for residential purposes as a primary residence.

392 (b) "Residential property" includes:

393 (i) except as provided in Subsection (34)(b)(ii), includes household furnishings,  
394 furniture, and equipment if the household furnishings, furniture, and equipment are:

395 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;  
396 and

397 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;

398 and

399 (ii) if the county assessor determines that the property will be used for residential  
400 purposes as a primary residence:

401 (A) property under construction; or

402 (B) unoccupied property.

403 (c) "Residential property" does not include property used for transient residential use.

404 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
405 commission may by rule define the term "dwelling unit" for purposes of Subsection (31) and  
406 this Subsection (34).

407 (35) "Split estate mineral rights owner" means a person that:

408 (a) has a legal right to extract a mineral from property;

409 (b) does not hold more than a 25% interest in:

410 (i) the land surface rights of the property where the wellhead is located; or

411 (ii) an entity with an ownership interest in the land surface rights of the property where  
412 the wellhead is located;

413 (c) is not an entity in which the owner of the land surface rights of the property where  
414 the wellhead is located holds more than a 25% interest; and

415 (d) does not have a relationship with an owner of the land surface rights of the property  
416 where the wellhead is located.

417 (36) (a) "State-assessed commercial vehicle" means:

418 (i) any commercial vehicle, trailer, or semitrailer that operates interstate or intrastate to  
419 transport passengers, freight, merchandise, or other property for hire; or

420 (ii) any commercial vehicle, trailer, or semitrailer that operates interstate and transports  
421 the vehicle owner's goods or property in furtherance of the owner's commercial enterprise.

422 (b) "State-assessed commercial vehicle" does not include vehicles used for hire that are  
423 specified in Subsection (10)(c) as county-assessed commercial vehicles.

424 (37) "Subdivided lot" means a lot, parcel, or other division of land, that is a division of  
425 a base parcel.

426 (38) "Tax area" means a geographic area created by the overlapping boundaries of one  
427 or more taxing entities.

428 (39) "Taxable value" means fair market value less any applicable reduction allowed for

429 residential property under Section 59-2-103.

430 (40) "Taxing entity" means any county, city, town, school district, special taxing  
431 district, local district under Title 17B, Limited Purpose Local Government Entities - Local  
432 Districts, or other political subdivision of the state with the authority to levy a tax on property.

433 (41) (a) "Tax roll" means a permanent record of the taxes charged on property, as  
434 extended on the assessment roll, and may be maintained on the same record or records as the  
435 assessment roll or may be maintained on a separate record properly indexed to the assessment  
436 roll.

437 (b) "Tax roll" includes tax books, tax lists, and other similar materials.

438 Section 4. Section 59-7-159 is amended to read:

439 **59-7-159. Review of credits allowed under this chapter.**

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

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

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

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

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

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

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

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

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

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

459 (C) the extent to which the state benefits from the tax credit; and

460 (v) undertake other review efforts as determined by the committee chairs or as  
461 otherwise required by law.

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

- 465 [~~(i)~~ Section ~~59-7-601~~];
- 466 [~~(ii)~~] (i) Section 59-7-607;
- 467 [~~(iii)~~] (ii) Section 59-7-612;
- 468 [~~(iv)~~] (iii) Section 59-7-614.1; and
- 469 [~~(v)~~] (iv) Section 59-7-614.5.

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

- 473 (i) Section 59-7-609;
- 474 (ii) Section 59-7-614.2;
- 475 (iii) Section 59-7-614.10;
- 476 (iv) Section 59-7-619; and
- 477 [~~(v)~~ Section ~~59-7-620~~; and]
- 478 [~~(vi)~~] (v) Section 59-7-624.

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

- 482 [~~(i)~~ Section ~~59-7-610~~];
- 483 [~~(ii)~~] (i) Section 59-7-614; and
- 484 [~~(iii)~~] (ii) Section 59-7-614.7.

485 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall  
486 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,  
487 2017.

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

490 Section 5. Section 59-7-538 is enacted to read:



491 **59-7-538. Carry forward of expired or repealed tax credit.**

492 When a nonrefundable corporate income tax credit under Part 6, Credits, expires or is  
493 repealed, the commission shall allow a taxpayer to carry forward any amount of the tax credit  
494 that remains for the period of time described in the tax credit for the taxable year in which the  
495 taxpayer first claimed the tax credit.

496 Section 6. Section **59-7-614** is amended to read:

497 **59-7-614. Renewable energy systems tax credits -- Definitions -- Certification --**  
498 **Rulemaking authority.**

499 (1) As used in this section:

500 (a) (i) "Active solar system" means a system of equipment that is capable of:

501 (A) collecting and converting incident solar radiation into thermal, mechanical, or  
502 electrical energy; and

503 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate  
504 apparatus to storage or to the point of use.

505 (ii) "Active solar system" includes water heating, space heating or cooling, and  
506 electrical or mechanical energy generation.

507 (b) "Biomass system" means a system of apparatus and equipment for use in:

508 (i) converting material into biomass energy, as defined in Section [59-12-102](#); and

509 (ii) transporting the biomass energy by separate apparatus to the point of use or storage.

510 (c) "Commercial energy system" means a system that is:

511 (i) (A) an active solar system;

512 (B) a biomass system;

513 (C) a direct use geothermal system;

514 (D) a geothermal electricity system;

515 (E) a geothermal heat pump system;

516 (F) a hydroenergy system;

517 (G) a passive solar system; or

518 (H) a wind system;

519 (ii) located in the state; and

520 (iii) used:

521 (A) to supply energy to a commercial unit; or

522 (B) as a commercial enterprise.

523 (d) "Commercial enterprise" means an entity, the purpose of which is to produce:

524 (i) electrical, mechanical, or thermal energy for sale from a commercial energy system;

525 or

526 (ii) hydrogen for sale from a hydrogen production system.

527 (e) (i) "Commercial unit" means a building or structure that an entity uses to transact  
528 business.

529 (ii) Notwithstanding Subsection (1)(e)(i):

530 (A) with respect to an active solar system used for agricultural water pumping or a  
531 wind system, each individual energy generating device is considered to be a commercial unit;

532 or

533 (B) if an energy system is the building or structure that an entity uses to transact  
534 business, a commercial unit is the complete energy system itself.

535 (f) "Direct use geothermal system" means a system of apparatus and equipment that  
536 enables the direct use of geothermal energy to meet energy needs, including heating a building,  
537 an industrial process, and aquaculture.

538 (g) "Geothermal electricity" means energy that is:

539 (i) contained in heat that continuously flows outward from the earth; and

540 (ii) used as a sole source of energy to produce electricity.

541 (h) "Geothermal energy" means energy generated by heat that is contained in the earth.

542 (i) "Geothermal heat pump system" means a system of apparatus and equipment that:

543 (i) enables the use of thermal properties contained in the earth at temperatures well  
544 below 100 degrees Fahrenheit; and

545 (ii) helps meet heating and cooling needs of a structure.

546 (j) "Hydroenergy system" means a system of apparatus and equipment that is capable  
547 of:

548 (i) intercepting and converting kinetic water energy into electrical or mechanical  
549 energy; and

550 (ii) transferring this form of energy by separate apparatus to the point of use or storage.

551 (k) "Hydrogen production system" means a system of apparatus and equipment, located  
552 in this state, that uses:

553 (i) electricity from a renewable energy source to create hydrogen gas from water,  
554 regardless of whether the renewable energy source is at a separate facility or the same facility  
555 as the system of apparatus and equipment; or

556 (ii) uses renewable natural gas to produce hydrogen gas.

557 (l) "Office" means the Office of Energy Development created in Section 79-6-401.

558 (m) (i) "Passive solar system" means a direct thermal system that utilizes the structure  
559 of a building and the structure's operable components to provide for collection, storage, and  
560 distribution of heating or cooling during the appropriate times of the year by utilizing the  
561 climate resources available at the site.

562 (ii) "Passive solar system" includes those portions and components of a building that  
563 are expressly designed and required for the collection, storage, and distribution of solar energy.

564 (n) "Photovoltaic system" means an active solar system that generates electricity from  
565 sunlight.

566 (o) (i) "Principal recovery portion" means the portion of a lease payment that  
567 constitutes the cost a person incurs in acquiring a commercial energy system.

568 (ii) "Principal recovery portion" does not include:

569 (A) an interest charge; or

570 (B) a maintenance expense.

571 (p) "Renewable energy source" means the same as that term is defined in Section  
572 54-17-601.

573 ~~[(q) "Residential energy system" means the following used to supply energy to or for a~~  
574 ~~residential unit:]~~

575 ~~[(i) an active solar system;]~~

576 ~~[(ii) a biomass system;]~~

577 ~~[(iii) a direct use geothermal system;]~~

578 ~~[(iv) a geothermal heat pump system;]~~

579 ~~[(v) a hydroenergy system;]~~

580 ~~[(vi) a passive solar system; or]~~

581 ~~[(vii) a wind system.]~~

582 ~~[(r) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling~~  
583 ~~unit that:]~~

584 ~~[(A) is located in the state; and]~~  
585 ~~[(B) serves as a dwelling for a person, group of persons, or a family.]~~  
586 ~~[(ii) "Residential unit" does not include property subject to a fee under:]~~  
587 ~~[(A) Section 59-2-405;]~~  
588 ~~[(B) Section 59-2-405.1;]~~  
589 ~~[(C) Section 59-2-405.2;]~~  
590 ~~[(D) Section 59-2-405.3; or]~~  
591 ~~[(E) Section 72-10-110.5.]~~  
592 ~~[(s)]~~ (q) "Wind system" means a system of apparatus and equipment that is capable of:  
593 (i) intercepting and converting wind energy into mechanical or electrical energy; and  
594 (ii) transferring these forms of energy by a separate apparatus to the point of use, sale,  
595 or storage.  
596 (2) A taxpayer may claim an energy system tax credit as provided in this section  
597 against a tax due under this chapter for a taxable year.  
598 ~~[(3)(a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a~~  
599 ~~nonrefundable tax credit under this Subsection (3) with respect to a residential unit the taxpayer~~  
600 ~~owns or uses if:]~~  
601 ~~[(i) the taxpayer:]~~  
602 ~~[(A) purchases and completes a residential energy system to supply all or part of the~~  
603 ~~energy required for the residential unit; or]~~  
604 ~~[(B) participates in the financing of a residential energy system to supply all or part of~~  
605 ~~the energy required for the residential unit; and]~~  
606 ~~[(ii) the taxpayer obtains a written certification from the office in accordance with~~  
607 ~~Subsection (8):]~~  
608 ~~[(b)(i) Subject to Subsections (3)(b)(ii) through (iv) and, as applicable, Subsection~~  
609 ~~(3)(c) or (d), the tax credit is equal to 25% of the reasonable costs of each residential energy~~  
610 ~~system installed with respect to each residential unit the taxpayer owns or uses:]~~  
611 ~~[(ii) A tax credit under this Subsection (3) may include installation costs:]~~  
612 ~~[(iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year in~~  
613 ~~which the residential energy system is completed and placed in service.]~~  
614 ~~[(iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax~~

615 liability under this chapter for a taxable year, the taxpayer may carry forward the amount of the  
616 tax credit exceeding the liability for a period that does not exceed the next four taxable years.]

617 [~~(c) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a  
618 residential energy system, other than a photovoltaic system, may not exceed \$2,000 per  
619 residential unit.~~]

620 [~~(d) The total amount of tax credit a taxpayer may claim under this Subsection (3) for a  
621 photovoltaic system may not exceed:~~]

622 [~~(i) for a system installed on or after January 1, 2018, but on or before December 31,  
623 2020, \$1,600;~~]

624 [~~(ii) for a system installed on or after January 1, 2021, but on or before December 31,  
625 2021, \$1,200;~~]

626 [~~(iii) for a system installed on or after January 1, 2022, but on or before December 31,  
627 2022, \$800;~~]

628 [~~(iv) for a system installed on or after January 1, 2023, but on or before December 31,  
629 2023, \$400; and]~~

630 [~~(v) for a system installed on or after January 1, 2024, \$0.~~]

631 [~~(e) If a taxpayer sells a residential unit to another person before the taxpayer claims  
632 the tax credit under this Subsection (3):]~~

633 [~~(i) the taxpayer may assign the tax credit to the other person; and]~~

634 [~~(ii) (A) if the other person files a return under this chapter, the other person may claim  
635 the tax credit under this section as if the other person had met the requirements of this section  
636 to claim the tax credit; or]~~

637 [~~(B) if the other person files a return under Chapter 10, Individual Income Tax Act, the  
638 other person may claim the tax credit under Section ~~59-10-1014~~ as if the other person had met  
639 the requirements of Section ~~59-10-1014~~ to claim the tax credit.~~]

640 [~~(4)~~ (3) (a) Subject to the other provisions of this Subsection [~~(4)~~ (3)], a taxpayer may  
641 claim a refundable tax credit under this Subsection [~~(4)~~ (3)] with respect to a commercial  
642 energy system if:

643 (i) the commercial energy system does not use:

644 (A) wind, geothermal electricity, solar, or biomass equipment capable of producing a  
645 total of 660 or more kilowatts of electricity; or

646 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;  
647 (ii) the taxpayer purchases or participates in the financing of the commercial energy  
648 system;  
649 (iii) (A) the commercial energy system supplies all or part of the energy required by  
650 commercial units owned or used by the taxpayer; or  
651 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
652 system as a commercial enterprise;  
653 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection [~~(7)~~]  
654 (6) for hydrogen production using electricity for which the taxpayer claims a tax credit under  
655 this Subsection [~~(4)~~] (3); and  
656 (v) the taxpayer obtains a written certification from the office in accordance with  
657 Subsection [~~(8)~~] (7).  
658 (b) (i) Subject to Subsections [~~(4)~~] (3)(b)(ii) through (iv), the tax credit is equal to [~~10~~]  
659 5% of the reasonable costs of the commercial energy system.  
660 (ii) A tax credit under this Subsection [~~(4)~~] (3) may include installation costs.  
661 (iii) A taxpayer is eligible to claim a tax credit under this Subsection [~~(4)~~] (3) for the  
662 taxable year in which the commercial energy system is completed and placed in service.  
663 (iv) The total amount of tax credit a taxpayer may claim under this Subsection [~~(4)~~] (3)  
664 may not exceed [~~\$50,000~~] \$25,000 per commercial unit.  
665 (c) (i) Subject to Subsections [~~(4)~~] (3)(c)(ii) and (iii), a taxpayer that is a lessee of a  
666 commercial energy system installed on a commercial unit may claim a tax credit under this  
667 Subsection [~~(4)~~] (3) if the taxpayer confirms that the lessor irrevocably elects not to claim the  
668 tax credit.  
669 (ii) A taxpayer described in Subsection [~~(4)~~] (3)(c)(i) may claim as a tax credit under  
670 this Subsection [~~(4)~~] (3) only the principal recovery portion of the lease payments.  
671 (iii) A taxpayer described in Subsection [~~(4)~~] (3)(c)(i) may claim a tax credit under this  
672 Subsection [~~(4)~~] (3) for a period that does not exceed seven taxable years after the day on  
673 which the lease begins, as stated in the lease agreement.  
674 [~~(5)~~] (4) (a) Subject to the other provisions of this Subsection [~~(5)~~] (4), a taxpayer may  
675 claim a refundable tax credit under this Subsection [~~(5)~~] (4) with respect to a commercial  
676 energy system if:

- 677 (i) the commercial energy system uses wind, geothermal electricity, or biomass  
678 equipment capable of producing a total of 660 or more kilowatts of electricity;
- 679 (ii) (A) the commercial energy system supplies all or part of the energy required by  
680 commercial units owned or used by the taxpayer; or  
681 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
682 system as a commercial enterprise;
- 683 (iii) the taxpayer has not claimed and will not claim a tax credit under Subsection [~~(7)~~]  
684 (6) for hydrogen production using electricity for which the taxpayer claims a tax credit under  
685 this Subsection [~~(5)~~] (4); and
- 686 (iv) the taxpayer obtains a written certification from the office in accordance with  
687 Subsection [~~(8)~~] (7).
- 688 (b) (i) Subject to Subsection [~~(5)~~] (4)(b)(ii), a tax credit under this Subsection [~~(5)~~] (4)  
689 is equal to the product of:  
690 (A) [~~0.35 cents~~] \$0.00175; and  
691 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.
- 692 (ii) A taxpayer is eligible to claim a tax credit under this Subsection [~~(5)~~] (4) for  
693 production occurring during a period of 48 months beginning with the month in which the  
694 commercial energy system is placed in commercial service.
- 695 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial  
696 unit may claim a tax credit under this Subsection [~~(5)~~] (4) if the taxpayer confirms that the  
697 lessor irrevocably elects not to claim the tax credit.
- 698 [~~(6)~~] (5) (a) Subject to the other provisions of this Subsection [~~(6)~~] (5), a taxpayer may  
699 claim a refundable tax credit as provided in this Subsection [~~(6)~~] (5) if:  
700 (i) the taxpayer owns a commercial energy system that uses solar equipment capable of  
701 producing a total of 660 or more kilowatts of electricity;
- 702 (ii) (A) the commercial energy system supplies all or part of the energy required by  
703 commercial units owned or used by the taxpayer; or  
704 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
705 system as a commercial enterprise;
- 706 (iii) the taxpayer does not claim a tax credit under Subsection [~~(4)~~] (3) and has not  
707 claimed and will not claim a tax credit under Subsection [~~(7)~~] (6) for hydrogen production

708 using electricity for which a taxpayer claims a tax credit under this Subsection [~~(6)~~] (5); and

709 (iv) the taxpayer obtains a written certification from the office in accordance with

710 Subsection [~~(8)~~] (7).

711 (b) (i) Subject to Subsection [~~(6)~~] (5)(b)(ii), a tax credit under this Subsection [~~(6)~~] (5)

712 is equal to the product of:

713 (A) [~~0.35 cents~~] \$0.00175; and

714 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

715 (ii) A taxpayer is eligible to claim a tax credit under this Subsection [~~(6)~~] (5) for

716 production occurring during a period of 48 months beginning with the month in which the

717 commercial energy system is placed in commercial service.

718 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial

719 unit may claim a tax credit under this Subsection [~~(6)~~] (5) if the taxpayer confirms that the

720 lessor irrevocably elects not to claim the tax credit.

721 [~~(7)~~] (6) (a) A taxpayer may claim a refundable tax credit as provided in this

722 Subsection [~~(7)~~] (6) if:

723 (i) the taxpayer owns a hydrogen production system;

724 (ii) the hydrogen production system is completed and placed in service on or after

725 January 1, 2022;

726 (iii) the taxpayer sells as a commercial enterprise, or supplies for the taxpayer's own

727 use in commercial units, the hydrogen produced from the hydrogen production system;

728 (iv) the taxpayer has not claimed and will not claim a tax credit under Subsection [~~(4)~~];

729 ~~(5), or (6)~~ (3), (4), or (5) or Section 59-7-626 for electricity or hydrogen used to meet the

730 requirements of this Subsection [~~(7)~~] (6); and

731 (v) the taxpayer obtains a written certification from the office in accordance with

732 Subsection [~~(8)~~] (7).

733 (b) (i) Subject to Subsections [~~(7)~~] (6)(b)(ii) and (iii), a tax credit under this Subsection

734 [~~(7)~~] (6) is equal to the product of:

735 (A) \$0.12; and

736 (B) the number of kilograms of hydrogen produced during the taxable year.

737 (ii) A taxpayer may not receive a tax credit under this Subsection [~~(7)~~] (6) for more

738 than 5,600 metric tons of hydrogen per taxable year.



739 (iii) A taxpayer is eligible to claim a tax credit under this Subsection ~~[(7)]~~ (6) for  
740 production occurring during a period of 48 months beginning with the month in which the  
741 hydrogen production system is placed in commercial service.

742 ~~[(8)]~~ (7) (a) Before a taxpayer may claim a tax credit under this section, the taxpayer  
743 shall obtain a written certification from the office.

744 (b) The office shall issue a taxpayer a written certification if the office determines that:

745 (i) the taxpayer meets the requirements of this section to receive a tax credit; and

746 (ii) ~~[the residential energy system,]~~ the commercial energy system~~;~~ or the hydrogen  
747 production system with respect to which the taxpayer seeks to claim a tax credit:

748 (A) has been completely installed;

749 (B) is a viable system for saving or producing energy from renewable resources; and

750 (C) is safe, reliable, efficient, and technically feasible to ensure that ~~[the residential~~  
751 ~~energy system,]~~ the commercial energy system~~;~~ or the hydrogen production system uses the  
752 state's renewable and nonrenewable energy resources in an appropriate and economic manner.

753 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
754 office may make rules:

755 (i) for determining whether ~~[a residential energy system,]~~ a commercial energy  
756 system~~;~~ or a hydrogen production system meets the requirements of Subsection ~~[(8)]~~  
757 ~~(7)~~(b)(ii); and

758 (ii) for purposes of a tax credit under Subsection (3)~~;~~ ~~(4)~~, or ~~(6)~~, establishing the  
759 reasonable costs of ~~[a residential energy system or]~~ a commercial energy system, as an amount  
760 per unit of energy production.

761 (d) A taxpayer that obtains a written certification from the office shall retain the  
762 certification for the same time period a person is required to keep books and records under  
763 Section [59-1-1406](#).

764 (e) The office shall submit to the commission an electronic list that includes:

765 (i) the name and identifying information of each taxpayer to which the office issues a  
766 written certification; and

767 (ii) for each taxpayer:

768 (A) the amount of the tax credit listed on the written certification; and

769 (B) the date the renewable energy system was installed.

770           ~~[(9)]~~ (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
771 Act, the commission may make rules to address the certification of a tax credit under this  
772 section.

773           ~~[(10)]~~ (9) A tax credit under this section is in addition to any tax credits provided under  
774 the laws or rules and regulations of the United States.

775           Section 7. Section **59-7-624** is amended to read:

776           **59-7-624. Targeted business income tax credit.**

777           (1) As used in this section, "business applicant" means the same as that term is defined  
778 in Section [63N-2-302](#).

779           (2) A business applicant that is certified and issued a targeted business income tax  
780 eligibility certificate by the Governor's Office of Economic Opportunity under Section  
781 [63N-2-304](#) may claim a refundable tax credit in the amount specified on the targeted business  
782 income tax eligibility certificate.

783           (3) For a taxable year for which a business applicant claims a targeted business income  
784 tax credit under this section, the business applicant may not claim or carry forward a tax credit  
785 under [~~Section [59-7-610](#), Section [59-10-1007](#), or~~] Title 63N, Chapter 2, Part 2, Enterprise Zone  
786 Act.

787           Section 8. Section **59-10-137** is amended to read:

788           **59-10-137. Review of credits allowed under this chapter.**

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

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

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

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

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

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

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

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

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

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

808 (C) the extent to which the state benefits from the tax credit; and

809 (v) undertake other review efforts as determined by the committee chairs or as  
810 otherwise required by law.

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

814 (i) Section 59-10-1004;

815 (ii) Section 59-10-1010;

816 (iii) Section 59-10-1015;

817 [~~(iv)~~ Section 59-10-1025;]

818 [~~(v)~~ (iv) Section 59-10-1027;

819 [~~(vi)~~ (v) Section 59-10-1031;

820 [~~(vii)~~ (vi) Section 59-10-1032;

821 [~~(viii)~~ (vii) Section 59-10-1035;

822 [~~(ix)~~ (viii) Section 59-10-1104; and

823 [~~(x)~~ (ix) Section 59-10-1105[; and].

824 [~~(xi)~~ Section 59-10-1108;]

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

828 (i) Section 59-10-1005;

829 (ii) Section 59-10-1006;

830 (iii) Section 59-10-1012;

831 (iv) Section 59-10-1022;

- 832 (v) Section 59-10-1023;  
833 (vi) Section 59-10-1028;  
834 (vii) Section 59-10-1034;  
835 (viii) Section 59-10-1037;  
836 (ix) Section 59-10-1107; and  
837 (x) Section 59-10-1112.

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

- 841 [~~(i)~~ Section ~~59-10-1007~~];  
842 [~~(ii)~~] (i) Section 59-10-1014;  
843 [~~(iii)~~] (ii) Section 59-10-1017;  
844 [~~(iv)~~] (iii) Section 59-10-1018;  
845 [~~(v)~~] (iv) Section 59-10-1019;  
846 [~~(vi)~~ Section ~~59-10-1024~~];  
847 [~~(vii)~~] (v) Section 59-10-1029;  
848 [~~(viii)~~] (vi) Section 59-10-1036;  
849 [~~(ix)~~] (vii) Section 59-10-1106; and  
850 [~~(x)~~] (viii) Section 59-10-1111.

851 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall  
852 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,  
853 2017.

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

856 Section 9. Section 59-10-552 is enacted to read:

857 **59-10-552. Carry forward of expired or repealed tax credit.**

858 When a nonrefundable individual income tax credit, under Part 10, Nonrefundable Tax  
859 Credit Act, expires or is repealed, the commission shall allow a claimant, estate, or trust to  
860 carry forward any amount of the tax credit that remains for the period of time described in the  
861 tax credit for the taxable year in which the claimant, estate, or trust first claimed the tax credit.

862 Section 10. Section 59-10-1002.2 is amended to read:

863 **59-10-1002.2. Apportionment of tax credits.**

864 (1) A nonresident individual or a part-year resident individual that claims a tax credit  
865 in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023,  
866 [~~59-10-1024~~], 59-10-1028, 59-10-1042, or 59-10-1043 may only claim an apportioned amount  
867 of the tax credit equal to:

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

869 (i) the state income tax percentage for the nonresident individual; and

870 (ii) the amount of the tax credit that the nonresident individual would have been

871 allowed to claim but for the apportionment requirements of this section; or

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

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

874 (ii) the amount of the tax credit that the part-year resident individual would have been

875 allowed to claim but for the apportionment requirements of this section.

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

877 59-10-1017, 59-10-1020, 59-10-1022, [~~59-10-1024~~], or 59-10-1028 may only claim an

878 apportioned amount of the tax credit equal to the product of:

879 (a) the state income tax percentage for the nonresident estate or trust; and

880 (b) the amount of the tax credit that the nonresident estate or trust would have been

881 allowed to claim but for the apportionment requirements of this section.

882 Section 11. Section 59-10-1014 is amended to read:

883 **59-10-1014. Nonrefundable renewable energy systems tax credits -- Definitions --**884 **Certification -- Rulemaking authority.**

885 (1) As used in this section:

886 (a) (i) "Active solar system" means a system of equipment that is capable of:

887 (A) collecting and converting incident solar radiation into thermal, mechanical, or  
888 electrical energy; and

889 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate  
890 apparatus to storage or to the point of use.

891 (ii) "Active solar system" includes water heating, space heating or cooling, and  
892 electrical or mechanical energy generation.

893 (b) "Biomass system" means a system of apparatus and equipment for use in:

894 (i) converting material into biomass energy, as defined in Section 59-12-102; and  
895 (ii) transporting the biomass energy by separate apparatus to the point of use or storage.

896 (c) "Direct use geothermal system" means a system of apparatus and equipment that  
897 enables the direct use of geothermal energy to meet energy needs, including heating a building,  
898 an industrial process, and aquaculture.

899 (d) "Geothermal electricity" means energy that is:

900 (i) contained in heat that continuously flows outward from the earth; and

901 (ii) used as a sole source of energy to produce electricity.

902 (e) "Geothermal energy" means energy generated by heat that is contained in the earth.

903 (f) "Geothermal heat pump system" means a system of apparatus and equipment that:

904 (i) enables the use of thermal properties contained in the earth at temperatures well  
905 below 100 degrees Fahrenheit; and

906 (ii) helps meet heating and cooling needs of a structure.

907 (g) "Hydroenergy system" means a system of apparatus and equipment that is capable  
908 of:

909 (i) intercepting and converting kinetic water energy into electrical or mechanical  
910 energy; and

911 (ii) transferring this form of energy by separate apparatus to the point of use or storage.

912 (h) "Office" means the Office of Energy Development created in Section 79-6-401.

913 (i) (i) "Passive solar system" means a direct thermal system that utilizes the structure of  
914 a building and its operable components to provide for collection, storage, and distribution of  
915 heating or cooling during the appropriate times of the year by utilizing the climate resources  
916 available at the site.

917 (ii) "Passive solar system" includes those portions and components of a building that  
918 are expressly designed and required for the collection, storage, and distribution of solar energy.

919 (j) "Photovoltaic system" means an active solar system that generates electricity from  
920 sunlight.

921 (k) (i) "Principal recovery portion" means the portion of a lease payment that  
922 constitutes the cost a person incurs in acquiring a residential energy system.

923 (ii) "Principal recovery portion" does not include:

924 (A) an interest charge; or

- 925 (B) a maintenance expense.
- 926 (l) "Residential energy system" means the following used to supply energy to or for a  
927 residential unit:
- 928 (i) an active solar system;
- 929 (ii) a biomass system;
- 930 (iii) a direct use geothermal system;
- 931 (iv) a geothermal heat pump system;
- 932 (v) a hydroenergy system;
- 933 (vi) a passive solar system; or
- 934 (vii) a wind system.
- 935 (m) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling  
936 unit that:
- 937 (A) is located in the state; and
- 938 (B) serves as a dwelling for a person, group of persons, or a family.
- 939 (ii) "Residential unit" does not include property subject to a fee under:
- 940 (A) Section 59-2-405;
- 941 (B) Section 59-2-405.1;
- 942 (C) Section 59-2-405.2;
- 943 (D) Section 59-2-405.3; or
- 944 (E) Section 72-10-110.5.
- 945 (n) "Wind system" means a system of apparatus and equipment that is capable of:
- 946 (i) intercepting and converting wind energy into mechanical or electrical energy; and
- 947 (ii) transferring these forms of energy by a separate apparatus to the point of use or  
948 storage.
- 949 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in  
950 this section against a tax due under this chapter for a taxable year.
- 951 (3) [~~For a taxable year beginning on or after January 1, 2007, a~~] A claimant, estate, or  
952 trust may claim a nonrefundable tax credit under this section with respect to a residential unit  
953 the claimant, estate, or trust owns or uses if:
- 954 (a) the claimant, estate, or trust:
- 955 (i) purchases and completes a residential energy system to supply all or part of the

956 energy required for the residential unit; or

957 (ii) participates in the financing of a residential energy system to supply all or part of  
958 the energy required for the residential unit;

959 (b) the residential energy system is installed on or after January 1, 2007; and

960 (c) the claimant, estate, or trust obtains a written certification from the office in  
961 accordance with Subsection (5).

962 (4) (a) For a residential energy system, other than a photovoltaic system, the tax credit  
963 described in this section is equal to the lesser of:

964 (i) 25% of the reasonable costs, including installation costs, of each residential energy  
965 system installed with respect to each residential unit the claimant, estate, or trust owns or uses;  
966 and

967 (ii) \$2,000.

968 (b) Subject to Subsection (5)(d), for a residential energy system that is a photovoltaic  
969 system, the tax credit described in this section is equal to the lesser of:

970 (i) 25% of the reasonable costs, including installation costs, of each system installed  
971 with respect to each residential unit the claimant, estate, or trust owns or uses; or

972 (ii) (A) for a system installed on or after January 1, 2007, but on or before December  
973 31, 2017, \$2,000;

974 (B) for a system installed on or after January 1, 2018, but on or before December 31,  
975 2020, \$1,600;

976 (C) for a system installed on or after January 1, 2021, but on or before December 31,  
977 2021, \$1,200;

978 (D) for a system installed on or after January 1, 2022, but on or before December 31,  
979 2022, \$800;

980 (E) for a system installed on or after January 1, 2023, but on or before December 31,  
981 2023, \$400; and

982 (F) for a system installed on or after January 1, 2024, \$0.

983 (c) (i) The office shall determine the amount of the tax credit that a claimant, estate, or  
984 trust may claim and list that amount on the written certification that the office issues under  
985 Subsection (5).

986 (ii) The claimant, estate, or trust may claim the tax credit in the amount listed on the



987 written certification that the office issues under Subsection (5).

988 (d) A claimant, estate, or trust may claim a tax credit under Subsection (3) for the  
989 taxable year in which the residential energy system is installed.

990 (e) If the amount of a tax credit listed on the written certification exceeds a claimant's,  
991 estate's, or trust's tax liability under this chapter for a taxable year, the claimant, estate, or trust  
992 may carry forward the amount of the tax credit exceeding the liability for a period that does not  
993 exceed the next four taxable years.

994 (f) A claimant, estate, or trust may claim a tax credit with respect to additional  
995 residential energy systems or parts of residential energy systems for a subsequent taxable year  
996 if the total amount of tax credit the claimant, estate, or trust claims does not exceed \$2,000 per  
997 residential unit.

998 (g) (i) Subject to Subsections (4)(g)(ii) and (iii), a claimant, estate, or trust that leases a  
999 residential energy system installed on a residential unit may claim a tax credit under Subsection  
1000 (3) if the claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax  
1001 credit.

1002 (ii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a residential  
1003 energy system may claim as a tax credit under Subsection (3) only the principal recovery  
1004 portion of the lease payments.

1005 (iii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a  
1006 residential energy system may claim a tax credit under Subsection (3) for a period that does not  
1007 exceed seven taxable years after the date the lease begins, as stated in the lease agreement.

1008 (h) If a claimant, estate, or trust sells a residential unit to another person before the  
1009 claimant, estate, or trust claims the tax credit under Subsection (3):

1010 (i) the claimant, estate, or trust may assign the tax credit to the other person; and

1011 (ii) (A) if the other person files a return under Chapter 7, Corporate Franchise and  
1012 Income Taxes, the other person may claim the tax credit as if the other person had met the  
1013 requirements of Section 59-7-614 to claim the tax credit; or

1014 (B) if the other person files a return under this chapter, the other person may claim the  
1015 tax credit under this section as if the other person had met the requirements of this section to  
1016 claim the tax credit.

1017 (5) (a) Before a claimant, estate, or trust may claim a tax credit under this section, the

1018 claimant, estate, or trust shall obtain a written certification from the office.

1019 (b) The office shall issue a claimant, estate, or trust a written certification if the office  
1020 determines that:

1021 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax  
1022 credit; and

1023 (ii) the office determines that the residential energy system with respect to which the  
1024 claimant, estate, or trust seeks to claim a tax credit:

1025 (A) has been completely installed;

1026 (B) is a viable system for saving or producing energy from renewable resources; and

1027 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential  
1028 energy system uses the state's renewable and nonrenewable energy resources in an appropriate  
1029 and economic manner.

1030 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1031 office may make rules:

1032 (i) for determining whether a residential energy system meets the requirements of  
1033 Subsection (5)(b)(ii); and

1034 (ii) for purposes of determining the amount of a tax credit that a claimant, estate, or  
1035 trust may receive under Subsection (4), establishing the reasonable costs of a residential energy  
1036 system, as an amount per unit of energy production.

1037 (d) A claimant, estate, or trust that obtains a written certification from the office shall  
1038 retain the certification for the same time period a person is required to keep books and records  
1039 under Section [59-1-1406](#).

1040 (e) The office shall submit to the commission an electronic list that includes:

1041 (i) the name and identifying information of each claimant, estate, or trust to which the  
1042 office issues a written certification; and

1043 (ii) for each claimant, estate, or trust:

1044 (A) the amount of the tax credit listed on the written certification; and

1045 (B) the date the renewable energy system was installed.

1046 (6) A tax credit under this section is in addition to any tax credits provided under the  
1047 laws or rules and regulations of the United States.

1048 ~~[(7) A purchaser of one or more solar units that claims a tax credit under Section~~

1049 ~~59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this~~  
1050 ~~section for that purchase.]~~

1051 Section 12. Section **59-10-1106** is amended to read:

1052 **59-10-1106. Refundable renewable energy systems tax credits -- Definitions --**  
1053 **Certification -- Rulemaking authority.**

1054 (1) As used in this section:

1055 (a) "Active solar system" means the same as that term is defined in Section  
1056 ~~59-10-1014.~~

1057 (b) "Biomass system" means the same as that term is defined in Section ~~59-10-1014.~~

1058 (c) "Commercial energy system" means the same as that term is defined in Section  
1059 ~~59-7-614.~~

1060 (d) "Commercial enterprise" means the same as that term is defined in Section  
1061 ~~59-7-614.~~

1062 (e) "Commercial unit" means the same as that term is defined in Section ~~59-7-614.~~

1063 (f) "Direct use geothermal system" means the same as that term is defined in Section  
1064 ~~59-10-1014.~~

1065 (g) "Geothermal electricity" means the same as that term is defined in Section  
1066 ~~59-10-1014.~~

1067 (h) "Geothermal energy" means the same as that term is defined in Section ~~59-10-1014.~~

1068 (i) "Geothermal heat pump system" means the same as that term is defined in Section  
1069 ~~59-10-1014.~~

1070 (j) "Hydroenergy system" means the same as that term is defined in Section  
1071 ~~59-10-1014.~~

1072 (k) "Hydrogen production system" means the same as that term is defined in Section  
1073 ~~59-7-614.~~

1074 (l) "Office" means the Office of Energy Development created in Section ~~79-6-401.~~

1075 (m) "Passive solar system" means the same as that term is defined in Section  
1076 ~~59-10-1014.~~

1077 (n) "Principal recovery portion" means the same as that term is defined in Section  
1078 ~~59-10-1014.~~

1079 (o) "Wind system" means the same as that term is defined in Section ~~59-10-1014.~~

1080 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in  
1081 this section against a tax due under this chapter for a taxable year.

1082 (3) (a) Subject to the other provisions of this Subsection (3), a claimant, estate, or trust  
1083 may claim a refundable tax credit under this Subsection (3) with respect to a commercial  
1084 energy system if:

1085 (i) the commercial energy system does not use:

1086 (A) wind, geothermal electricity, solar, or biomass equipment capable of producing a  
1087 total of 660 or more kilowatts of electricity; or

1088 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;

1089 (ii) the claimant, estate, or trust purchases or participates in the financing of the  
1090 commercial energy system;

1091 (iii) (A) the commercial energy system supplies all or part of the energy required by  
1092 commercial units owned or used by the claimant, estate, or trust; or

1093 (B) the claimant, estate, or trust sells all or part of the energy produced by the  
1094 commercial energy system as a commercial enterprise;

1095 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under  
1096 Subsection (6) for hydrogen production using electricity for which the claimant, estate, or trust  
1097 claims a tax credit under this Subsection (3); and

1098 (v) the claimant, estate, or trust obtains a written certification from the office in  
1099 accordance with Subsection (7).

1100 (b) (i) Subject to Subsections (3)(b)(ii) through (iv), the tax credit is equal to ~~[+0]~~ 5%  
1101 of the reasonable costs of the commercial energy system.

1102 (ii) A tax credit under this Subsection (3) may include installation costs.

1103 (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (3)  
1104 for the taxable year in which the commercial energy system is completed and placed in service.

1105 (iv) The total amount of tax credit a claimant, estate, or trust may claim under this  
1106 Subsection (3) may not exceed ~~[\$50,000]~~ \$25,000 per commercial unit.

1107 (c) (i) Subject to Subsections (3)(c)(ii) and (iii), a claimant, estate, or trust that is a  
1108 lessee of a commercial energy system installed on a commercial unit may claim a tax credit  
1109 under this Subsection (3) if the claimant, estate, or trust confirms that the lessor irrevocably  
1110 elects not to claim the tax credit.

1111 (ii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim as a tax  
1112 credit under this Subsection (3) only the principal recovery portion of the lease payments.

1113 (iii) A claimant, estate, or trust described in Subsection (3)(c)(i) may claim a tax credit  
1114 under this Subsection (3) for a period that does not exceed seven taxable years after the day on  
1115 which the lease begins, as stated in the lease agreement.

1116 (4) (a) Subject to the other provisions of this Subsection (4), a claimant, estate, or trust  
1117 may claim a refundable tax credit under this Subsection (4) with respect to a commercial  
1118 energy system if:

1119 (i) the commercial energy system uses wind, geothermal electricity, or biomass  
1120 equipment capable of producing a total of 660 or more kilowatts of electricity;

1121 (ii) (A) the commercial energy system supplies all or part of the energy required by  
1122 commercial units owned or used by the claimant, estate, or trust; or

1123 (B) the claimant, estate, or trust sells all or part of the energy produced by the  
1124 commercial energy system as a commercial enterprise;

1125 (iii) the claimant, estate, or trust has not claimed and will not claim a tax credit under  
1126 Subsection (6) for hydrogen production using electricity for which the claimant, estate, or trust  
1127 claims a tax credit under this Subsection (4); and

1128 (iv) the claimant, estate, or trust obtains a written certification from the office in  
1129 accordance with Subsection (7).

1130 (b) (i) Subject to Subsection (4)(b)(ii), a tax credit under this Subsection (4) is equal to  
1131 the product of:

1132 (A) [~~0.35 cents~~] \$0.00175; and

1133 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

1134 (ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (4)  
1135 for production occurring during a period of 48 months beginning with the month in which the  
1136 commercial energy system is placed in commercial service.

1137 (c) A claimant, estate, or trust that is a lessee of a commercial energy system installed  
1138 on a commercial unit may claim a tax credit under this Subsection (4) if the claimant, estate, or  
1139 trust confirms that the lessor irrevocably elects not to claim the tax credit.

1140 (5) (a) Subject to the other provisions of this Subsection (5), a claimant, estate, or trust  
1141 may claim a refundable tax credit as provided in this Subsection (5) if:

1142 (i) the claimant, estate, or trust owns a commercial energy system that uses solar  
1143 equipment capable of producing a total of 660 or more kilowatts of electricity;

1144 (ii) (A) the commercial energy system supplies all or part of the energy required by  
1145 commercial units owned or used by the claimant, estate, or trust; or

1146 (B) the claimant, estate, or trust sells all or part of the energy produced by the  
1147 commercial energy system as a commercial enterprise;

1148 (iii) the claimant, estate, or trust does not claim a tax credit under Subsection (3);

1149 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under  
1150 Subsection (6) for hydrogen production using electricity for which a taxpayer claims a tax  
1151 credit under this Subsection (5); and

1152 (v) the claimant, estate, or trust obtains a written certification from the office in  
1153 accordance with Subsection (7).

1154 (b) (i) Subject to Subsection (5)(b)(ii), a tax credit under this Subsection (5) is equal to  
1155 the product of:

1156 (A) [~~0.35 cents~~] \$0.00175; and

1157 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

1158 (ii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (5)  
1159 for production occurring during a period of 48 months beginning with the month in which the  
1160 commercial energy system is placed in commercial service.

1161 (c) A claimant, estate, or trust that is a lessee of a commercial energy system installed  
1162 on a commercial unit may claim a tax credit under this Subsection (5) if the claimant, estate, or  
1163 trust confirms that the lessor irrevocably elects not to claim the tax credit.

1164 (6) (a) A claimant, estate, or trust may claim a refundable tax credit as provided in this  
1165 Subsection (6) if:

1166 (i) the claimant, estate, or trust owns a hydrogen production system;

1167 (ii) the hydrogen production system is completed and placed in service on or after  
1168 January 1, 2022;

1169 (iii) the claimant, estate, or trust sells as a commercial enterprise, or supplies for the  
1170 claimant's, estate's, or trust's own use in commercial units, the hydrogen produced from the  
1171 hydrogen production system;

1172 (iv) the claimant, estate, or trust has not claimed and will not claim a tax credit under

1173 Subsection (3), (4), or (5) for electricity used to meet the requirements of this Subsection (6);  
1174 and

1175 (v) the claimant, estate, or trust obtains a written certification from the office in  
1176 accordance with Subsection (7).

1177 (b) (i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6)  
1178 is equal to the product of:

1179 (A) \$0.12; and

1180 (B) the number of kilograms of hydrogen produced during the taxable year.

1181 (ii) A claimant, estate, or trust may not receive a tax credit under this Subsection (6) for  
1182 more than 5,600 metric tons of hydrogen per taxable year.

1183 (iii) A claimant, estate, or trust is eligible to claim a tax credit under this Subsection (6)  
1184 for production occurring during a period of 48 months beginning with the month in which the  
1185 hydrogen production system is placed in commercial service.

1186 (7) (a) Before a claimant, estate, or trust may claim a tax credit under this section, the  
1187 claimant, estate, or trust shall obtain a written certification from the office.

1188 (b) The office shall issue a claimant, estate, or trust a written certification if the office  
1189 determines that:

1190 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax  
1191 credit; and

1192 (ii) the commercial energy system or the hydrogen production system with respect to  
1193 which the claimant, estate, or trust seeks to claim a tax credit:

1194 (A) has been completely installed;

1195 (B) is a viable system for saving or producing energy from renewable resources; and

1196 (C) is safe, reliable, efficient, and technically feasible to ensure that the commercial  
1197 energy system or the hydrogen production system uses the state's renewable and nonrenewable  
1198 resources in an appropriate and economic manner.

1199 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1200 office may make rules:

1201 (i) for determining whether a commercial energy system or a hydrogen production  
1202 system meets the requirements of Subsection (7)(b)(ii); and

1203 (ii) for purposes of a tax credit under Subsection (3), establishing the reasonable costs

1204 of a commercial energy system, as an amount per unit of energy production.

1205 (d) A claimant, estate, or trust that obtains a written certification from the office shall  
1206 retain the certification for the same time period a person is required to keep books and records  
1207 under Section 59-1-1406.

1208 (e) The office shall submit to the commission an electronic list that includes:

1209 (i) the name and identifying information of each claimant, estate, or trust to which the  
1210 office issues a written certification; and

1211 (ii) for each claimant, estate, or trust:

1212 (A) the amount of the tax credit listed on the written certification; and

1213 (B) the date the commercial energy system or the hydrogen production system was  
1214 installed.

1215 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1216 commission may make rules to address the certification of a tax credit under this section.

1217 (9) A tax credit under this section is in addition to any tax credits provided under the  
1218 laws or rules and regulations of the United States.

1219 ~~[(10) A purchaser of one or more solar units that claims a tax credit under Section~~  
1220 ~~59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this~~  
1221 ~~section for that purchase.]~~

1222 Section 13. Section 59-10-1112 is amended to read:

1223 **59-10-1112. Targeted business income tax credit.**

1224 (1) As used in this section, "business applicant" means the same as that term is defined  
1225 in Section 63N-2-302.

1226 (2) A business applicant that is certified and issued a targeted business income tax  
1227 eligibility certificate by the Governor's Office of Economic Opportunity under Section  
1228 63N-2-304 may claim a refundable tax credit in the amount specified on the targeted business  
1229 income tax eligibility certificate.

1230 (3) For a taxable year for which a business applicant claims a targeted business income  
1231 tax credit under this section, the business applicant may not claim or carry forward a tax credit  
1232 under ~~[Section 59-7-610, Section 59-10-1007, or]~~ Title 63N, Chapter 2, Part 2, Enterprise Zone  
1233 Act.

1234 Section 14. Section 63N-2-304 is amended to read:



1235 **63N-2-304. Application for targeted business income tax credit.**

1236 (1) (a) A business applicant may apply to the office for a targeted business income tax  
1237 credit eligibility certificate under this part if the business applicant:

1238 (i) is located in:

1239 (A) an enterprise zone; and

1240 (B) a county with a population of less than 25,000;

1241 (ii) meets the requirements of Section 63N-2-212;

1242 (iii) provides a community investment project within the enterprise zone; and

1243 (iv) is not engaged in the following:

1244 (A) construction;

1245 (B) retail trade; or

1246 (C) public utility activities.

1247 (b) For a taxable year for which a business applicant claims a targeted business income  
1248 tax credit available under this part, the business applicant may not claim or carry forward a tax  
1249 credit available under Section [~~59-7-610, 59-10-1007, or~~] 63N-2-213.

1250 (2) (a) A business applicant seeking to claim a targeted business income tax credit  
1251 under this part shall submit an application to the office by no later than June 1 of the taxable  
1252 year in which the business applicant is seeking to claim the targeted business income tax credit.

1253 (b) The application described in Subsection (2)(a) shall include:

1254 (i) any documentation required by the office to demonstrate that the business applicant  
1255 meets the requirements of Subsection (1);

1256 (ii) a plan developed by the business applicant that describes:

1257 (A) if the community investment project includes significant new employment, the  
1258 projected number and anticipated wage level of the jobs that the business applicant plans to  
1259 create as the basis for qualifying for a targeted business income tax credit;

1260 (B) if the community investment project includes significant new capital development,  
1261 the capital development the business applicant plans to make as the basis for qualifying for a  
1262 targeted business income tax credit;

1263 (C) how the business applicant's plan coordinates with the goals of the enterprise zone  
1264 in which the business applicant is providing a community investment project;

1265 (D) how the business applicant's plan coordinates with the overall economic

1266 development goals of the county or municipality in which the business applicant is providing a  
1267 community investment project;

1268 (E) any matching funds that will be used for the community investment project;

1269 (F) how any targeted business income tax credit incentives that were awarded in a  
1270 previous year have been used for the community investment project by the business applicant;  
1271 and

1272 (G) the requested amount of the targeted business income tax credit; and

1273 (iii) any additional information required by the office.

1274 (3) (a) The office shall:

1275 (i) evaluate an application filed under Subsection (2);

1276 (ii) determine whether the business applicant is potentially eligible for a targeted  
1277 business income tax credit; and

1278 (iii) if the business applicant is potentially eligible for a targeted business income tax  
1279 credit, determine performance benchmarks and the deadline for meeting those benchmarks that  
1280 the business applicant must achieve before the office awards a targeted business income tax  
1281 credit to the business applicant.

1282 (b) If the office determines that the business applicant is potentially eligible for a  
1283 targeted business income tax credit, the office shall:

1284 (i) notify the business applicant that the business applicant is eligible for a targeted  
1285 business income tax credit if the business applicant meets the performance benchmarks by the  
1286 deadline as determined by the office as described in Subsection (3)(a)(iii);

1287 (ii) notify the business applicant of the potential amount of the targeted business  
1288 income tax credit that may be awarded to the business applicant, which amount may be no  
1289 more than \$100,000 for the business applicant in a taxable year; and

1290 (iii) monitor a business applicant to ensure compliance with this section and to  
1291 measure the business applicant's progress in meeting performance benchmarks.

1292 (c) If the business applicant provides evidence to the office, in a form prescribed by the  
1293 office, that the business applicant has achieved the performance benchmarks by the deadline as  
1294 determined by the office as described in Subsection (3)(a)(iii), the office shall:

1295 (i) certify that the business applicant is eligible for a targeted business income tax  
1296 credit;

1297 (ii) issue a targeted business income tax credit eligibility certificate to the business  
1298 applicant in accordance with:

1299 (A) for a business applicant that files a return under Title 59, Chapter 7, Corporate  
1300 Franchise and Income Taxes, Section 59-7-624; or

1301 (B) for a business applicant that files a return under Title 59, Chapter 10, Individual  
1302 Income Tax Act, Section 59-10-1112; and

1303 (iii) provide a duplicate copy of the targeted business income tax credit eligibility  
1304 certificate to the State Tax Commission.

1305 (4) The total amount of the targeted business income tax credit eligibility certificates  
1306 that the office issues under this part for all business applicants may not exceed \$300,000 in any  
1307 fiscal year.

1308 (5) (a) A business applicant shall retain the targeted business income tax credit  
1309 eligibility certificate as issued under Subsection (3) for the same time period that a person is  
1310 required to keep books and records under Section 59-1-1406.

1311 (b) The office may audit a business applicant to ensure:

1312 (i) eligibility for a targeted business income tax credit; and

1313 (ii) compliance with this section.

1314 Section 15. **Repealer.**

1315 This bill repeals:

1316 Section 19-13-110, **Recycling market development zone credit.**

1317 Section 59-7-601, **Credit of interest income from state and federal securities.**

1318 Section 59-7-610, **Recycling market development zones tax credits.**

1319 Section 59-10-1007, **Recycling market development zones tax credits.**

1320 Section 59-10-1024, **Nonrefundable tax credit for qualifying solar projects.**

1321 Section 59-10-1025, **Nonrefundable tax credit for investment in certain life science  
1322 establishments.**

1323 Section 63N-2-801, **Title.**

1324 Section 63N-2-802, **Definitions.**

1325 Section 63N-2-803, **Tax credits issued by office.**

1326 Section 63N-2-804, **Person may not claim or pass through a tax credit without tax  
1327 credit certificate.**

- 1328 Section [63N-2-805](#), **Application process.**
- 1329 Section [63N-2-806](#), **Criteria for tax credits.**
- 1330 Section [63N-2-807](#), **Rulemaking authority.**
- 1331 Section [63N-2-808](#), **Agreements between office and tax credit applicant and life**
- 1332 **science establishment -- Tax credit certificate.**
- 1333 Section [63N-2-809](#), **Issuance of tax credit certificates.**
- 1334 Section [63N-2-810](#), **Reports on tax credit certificates.**
- 1335 Section [63N-2-811](#), **Reports of tax credits.**
- 1336 Section 16. **Effective date.**
- 1337 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2023.
- 1338 (2) The changes to the following sections take effect for a taxable year that begins on
- 1339 or after January 1, 2023:
- 1340 (a) Section [59-7-601](#);
- 1341 (b) Section [59-7-610](#);
- 1342 (c) Section [59-7-614](#);
- 1343 (d) Section [59-7-624](#);
- 1344 (e) Section [59-10-1002.2](#);
- 1345 (f) Section [59-10-1007](#);
- 1346 (g) Section [59-10-1014](#);
- 1347 (h) Section [59-10-1024](#);
- 1348 (i) Section [59-10-1025](#);
- 1349 (j) Section [59-10-1106](#); and
- 1350 (k) Section [59-10-1112](#).