

181 (1) As used in this section:

182 (a) "Medical cannabis" means the same as that term is defined in Section 26B-4-201.

183 (b) "Medical cannabis activity" means an activity related to the sale of medical
184 cannabis that is permitted under Title 4, Chapter 41a, Cannabis Production Establishments and
185 Pharmacies, by a qualifying taxpayer.

186 (c) "Qualifying taxpayer" means a corporation that holds a license issued in accordance
187 with Section 4-41a-1001 to sell medical cannabis in the state during the taxable year.

188 (2) A qualifying taxpayer may claim a nonrefundable tax credit equal to 1.8%
189 multiplied by Utah taxable income that is related to medical cannabis activity.

190 (3) (a) A qualifying taxpayer may carry forward the amount of the tax credit that
191 exceeds the qualifying taxpayer's tax liability for a period of three years.

192 (b) A qualifying taxpayer may not carry back the amount of the tax credit that exceeds
193 the qualifying taxpayer's tax liability.

194 (4) A qualifying taxpayer may not claim a credit described in Subsection (2) to the
195 extent the qualifying taxpayer claims a business expense for medical cannabis activity as a
196 deduction on the qualifying taxpayer's federal income tax return for that taxable year.

197 Section 3. Section **59-10-1048** is enacted to read:

198 **59-10-1048. Nonrefundable cannabis business expenses credit.**

199 (1) As used in this section:

200 (a) "Medical cannabis" means the same as that term is defined in Section 26B-4-201.

201 (b) "Medical cannabis activity" means the same as that term is defined in Section
202 59-7-627.

203 (c) "Pass-through entity income" means income that is derived from or connected with
204 Utah sources related to medical cannabis activity equal to the sum of:

205 (i) business income as defined in Section 59-10-1402; and

206 (ii) nonbusiness income as defined in Section 59-10-1402.

207 (d) "Qualifying claimant" means a pass-through entity taxpayer of a pass-through entity
208 that holds a license issued in accordance with Section 4-41a-1001 to sell medical cannabis in
209 the state during the taxable year.

210 (2) A qualifying claimant may claim a nonrefundable tax credit equal to 1.8%
211 multiplied by ~~the~~ **the qualifying claimant's distributive share of** ~~the~~ pass-through entity
211a income.