

# 2011 Legislation—Corporate Tax

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## House Bills

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### HB 17      Enterprise Zone Amendments

**Amends:**      63M-1-402, 63M-1-403, 63M-1-404, 63M-1-406, 63M-1-412, 63M-1-413, 63M-1-414

**Repeals:**      63M-1-416

**Effective:**      1/1/12

- Provides that a business entity includes a sole proprietorship or an individual; defines “new full time employee position” to mean a position newly created and filled by an employee working at least 30 hours per week for at least 6 consecutive months.
- Expands the business entities qualifying for the credits to include entities with 51% of the employees residing in an enterprise zone adjacent to and contiguous to the enterprise zone in which the business entity is located and provides that the 51% of the employees residing in an enterprise zone test does not apply to a business entity that has no employees.
- Provides that a business entity primarily engaged in retail trade is not eligible for certain enterprise zone credits (this is an increase from the current de minimis test).

### HB 496      Technology and Life Science Economic Development Act and Related Tax Credits

**Enacts:**      59-7-614.6, 59-10-1025, 59-10-1026, 59-10-1109, 63M-1-2901, 63M-1-2902, 63M-1-2903, 63M-1-2904, 63M-1-2905, 63M-1-2906, 63M-1-2907, 63M-1-2908, 63M-1-2909, 63M-1-2910, 63M-1-2911

**Effective :**      1/1/11 Retrospective

Enacts the Technology and Life Sciences Act which authorizes GOED to issue the following tax credit certificates retrospective to 1/1/11:

1. A nonrefundable income tax credit of 35% of the purchase price of an ownership interest in “life science” business entities (NAICS Code 33911, 334510, or 334517) if the applicant receives a tax credit certificate from GOED; the credit shall be taken over a 3-year period and may not exceed \$350,000 in a year.
2. A nonrefundable income tax credit for capital gain transactions related to a life science establishment.
3. A refundable corporate and individual income tax credit for life science entities that generate an increase in state revenues.

## Senate Bills

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### **SB 22      Corporate Franchise and Income Tax Amendments**

**Amends:      59-7-101, 59-7-108, 59-7-319, 59-7-404.5**

**Effective:    1/1/11 Retrospective**

- Repeals language in the corporate tax definition of common ownership of a brother-sister controlled group that modifies the IRC definition of that term, since the IRC definition has since changed and no longer contains the language that the Utah statute modified.
- Deletes language that addressed distributions from depletion reserves based on percentage depletion since the statutory language that included a special provision for Utah percentage depletion was repealed in 1983.
- Corrects an oversight in the 2009 market state legislation by indicating that rents in connection with tangible personal property located in Utah should be treated as Utah sales.
- Clarifies that all intercompany transactions between members of a unitary group will be excluded from the property factor and not just intercompany rents.

### **SB 30      Extension of Recycling Market Development Zone Act and Related Tax Credits**

**Amends:      63I-1-263**

**Effective:    7/1/10 Retrospective**

Extends the repeal date for the Recycling Market Development Zone Act from July 1, 2020, to January 1, 2021.

Extends recycling market development zone tax credit and carry forward provisions to repeal on January 1, 2012 and provides for the retrospective operation of that credit to 7/1/10.