

**Credits:  
Utah Individual Income and Corporate Franchise and Income Taxes**

**Prepared for:  
Utah Legislature  
Revenue and Taxation Interim Committee**

January 27, 2004

Number of Corporate Credits: 16

Number of Individual Credits: 17

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Corporate–High Technology Contributions to Schools	59-7-603	25% of the FMV of the contribution. Item must meet following requirements: (a) is a computer or other sophisticated technological equipment; (b) contribution is to a public elementary, secondary, or accredited post-secondary school; and (c) donation is made within 2 years of its construction.	1994	Non-refundable	None	Less than 10 (2002)		
Corporate–State, Local, and U.S. Bond Interest	59-7-601	1% of gross interest income included in state taxable income from bonds issued by the state and its political subdivisions and stocks, notes, or obligations issued by the United States.	1993	Non-refundable	3 year carry back/ 5 year carry forward.	76 (2002)	\$1,351,736 (2002)	\$17,786 (2002)

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual–Energy Savings Systems	59-10-134	25% of the costs of the energy system, including installation costs, up to \$2,000 per residential unit. For commercial energy systems, the credit is 10% of the cost of the system, including installation costs, up to \$50,000 per commercial unit. Leased systems are eligible for a credit for no more than 7 years. Energy systems claiming the credit must be certified by the Office of Energy and Resource Planning. Credit is scheduled for repeal on 12/31/06.	1986 (Credit was not avail. during 1996 tax year.)	Non-refundable	4 year carry forward	76 (2002)	\$85,790 (2002)	\$1,128 (2002)
Corporate–Energy Savings Systems	59-7-614	Same as individual income tax credit. The residence or commercial property must be owned or used by the business entity claiming the credit.	1986 (Credit was not avail. during 1996 tax year.)	Non-refundable	4 year carry forward.	Less Than 10 (2002)		
Individual–Cash Contributions to Nonprofit Rehabilitation Sheltered Workshops	59-10-108	50% of cash contributions, up to \$200, to nonprofit sheltered workshop facilities: (a) for the disabled, (b) operating in Utah, and (c) that are certified as a qualifying facility by the Department of Human Services.	1983	Non-refundable	None	117 (2002)	\$15,892 (2002)	\$135 (2002)
Corporate–Cash Contributions to Nonprofit Rehabilitation Sheltered Workshops	59-7-602	50% of cash contributions, up to \$1,000 to nonprofit sheltered workshop facilities: (a) for the disabled, (b) operating in Utah, and (c) that are certified as a qualifying facility by the Department of Human Services.	1983	Non-refundable	None	Less Than 10 (2002)		

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual– Rehabilitation of Qualified Residential Certified Historic Building	59-10-108.5	20% of qualified rehabilitation expenditures incurred with any residential certified historic building costing more than \$10,000. All rehabilitation work to which the credit may be applied must be approved by the State Historic Preservation Office prior to completion of project as meeting certain federal standards.	1993	Non-refundable	5 year carry forward	120 (2002)	\$435,027 (2002)	\$3,625 (2002)
Corporate– Rehabilitation of Qualified Residential Certified Historic Building	59-7-609	Same as individual income tax credit.	1993	Non-refundable	5 year carry forward	Less than 10 (2002)		
Individual–Recycling Market Development Zone	59-10-108.7	5% of purchase price of machinery and equipment used directly in: (a) commercial composting, or (b) manufacturing facilities or plant units that produce recycled items or reduce or reuse waste. 20% of net expenditures up to \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the taxpayer for establishing and operating recycling or composting technology, with an annual maximum credit of \$2,000.	1996	Non-refundable	3 year carry forward	82 (2002)	\$106,924 (2002)	\$1,303 (2002)
Corporate–Recycling Market Development Zone	59-7-610	Same as individual income tax credit.	1996	Non-refundable	3 year carry forward	Less Than 10 (2002)		

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual– Employment of Individual with a Disability	59-10-109	Credit allowed for an employer that hires an individual with a disability who works in the state for at least 180 days during the tax year and is paid at least minimum wage. Credit is 10% of gross wages for first 180 days of employment and 20% of gross wages for remainder of year. Credit is limited to \$3,000 and is allowed only for the first 2 years of employment with an employer.	1995	Non-refundable	2 year carry forward	Less Than 10 (2002)		
Corporate– Employment of Individual with a Disability	59-7-608	Same as individual income tax credit.	1995	Non-refundable	2 year carry forward	Less Than 10 (2002)		
Individual–Clean Fuel Vehicles	59-10-127	(a) 50%, up to \$3,000 per vehicle, of the cost of certain new vehicles that are fueled by propane, natural gas, electricity or other clean fuel; (b) 50%, up to \$2,500 per vehicle, of the cost of conversion of a motor vehicle registered in Utah to run on propane, natural gas, electricity, or other clean fuel; and (c) 50%, up to \$1,000, of the cost of conversion of a special fuel mobile equipment engine to be fueled by propane, natural gas, electricity or other clean fuel.	1992	Non-refundable	5 year carry forward.	51 (2002)	\$95,000 (2002)	\$1,862 (2002)

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Corporate–Clean Fuel Vehicles	59-7-605	Same as individual income tax credit. Credit is also allowed under Section 59-7-605 for taxes due under Title 59, Chapter 8. (Gross Receipts Taxes on Certain Corporations Not Required to Pay Corporate Franchise or Income Taxes).	1992	Non-refundable	5 year carry forward.	Less Than 10 (2002)		
Individual–Certain Cleaner Burning Stoves, Natural Gas or Propane Fireplaces	59-10-128	10%, up to \$50, of the purchase and installation cost of certain pellet burning stoves, high mass wood stoves, solid burning devices, and natural gas or propane free standing fireplaces or inserts. Credit will end after 2002 tax year.	1992	Non-refundable	May only be used in the taxable year in which the item is purchased for which the credit is claimed.	233 (2002)	\$23,452 (2002)	\$100 (2002)
Corporate–Certain Cleaner Burning Stoves, Natural Gas or Propane Fireplaces	59-7-606	Same as individual income tax credit.	1992	Non-refundable	May only be used in the taxable year in which the item is purchased for which the credit is claimed.	Less than 10 (2002)		

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual–Low Income Housing	59-10-129	Amount of federal low income housing tax credit to which the taxpayer is entitled during that year multiplied by the percentage specified in an allocation certificate issued by the Utah Housing Corporation. Special rules also apply in calculating the credit for tax years 1995, 1996, and 1997. The Utah Housing Finance Agency is required to submit an annual report to the Revenue and Taxation Interim Committee on the benefits and effectiveness of the exemption.	1995	Non-refundable	3 year carry back/ 5 year carry forward	69 (2002)	\$151,543 (2002)	\$2,196 (2002)
Corporate–Low Income Housing	59-7-607	Same as individual income tax credit. Credit is also allowed under Section 59-7-605 for taxes due under Title 59, Chapter 8. (Gross Receipts Taxes on Certain Corporations Not Required to Pay Corporate Franchise or Income Taxes).	1995	Non-refundable	3 year carry back/ 5 year carry forward	Less Than 10 (2002)		

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns  (Tax Year)	Amt.  (Tax Year)	Avg.  (Tax Year)
Individual and Corporate–Jobs Created in Enterprise Zones	9-2-413	Multiple credits available as follows: (a) \$750 for each new full time position filled for at least 6 months; (b) \$500 if the new position pays 125% of the county average wage for that industry; (c) \$200 for 2 consecutive years for each new employee insured under an employer sponsored health insurance program where the employer pays at least 50% of the premium for 2 consecutive years; (d) \$750 if new position is in a business that adds value to agricultural products; (e) 50% of a cash contribution to a nonprofit corp. whose primary purpose is community and economic development; (e) 25% of the first \$200,000 spent to rehabilitate a building that has been vacant for at least 2 years; (f) 10% of the first \$250,000 and 5% of the next \$1,000,000 investment in plant, equipment, or other depreciable property. Credit is up to \$100,000. Other restrictions also apply. Credit not available for construction or retail jobs.	1997 (A limited credit has been available since 1993).	Non-refundable	3 year carry forward/ Credits not claimed within 3 years are forfeited.	139 (2002) (Ind Rets Only)	\$483,575 (2002) (Ind Rets Only)	\$5,090 (2002) (Ind Rets Only)

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual–Disabled Dependent Tutoring Costs	59-10-130	25%, up to \$100, of certain tutoring costs for a disabled dependent. Credit is scheduled to sunset on 12/31/2009.	1996	Non-refundable	May be claimed only in the tax year in which the taxpayer pays the tutoring costs for which the credit is claimed.	92 (2002)	\$14,653 (2002)	\$159 (2002)
Individual–At Home Parent	59-10-108.1	\$100 for each qualifying child of an at home parent. AGI of all the taxpayers filing the return must be \$50,000 or less. "At home" parent must be certain qualifications	2000	Non-refundable	None	5,589 (2002)	\$620,706 (2002)	\$111 (2002)
Individual–Research Activities	59-10-131	6% of: (1) the taxpayer's qualified research expenses; or (2) payments by the taxpayer to qualified organizations for basic research. Credits are calculated under the federal research and development tax credit. Credit is scheduled to sunset on 12/31/2010.	Expenses incurred in 1999 may be claimed in the 2000 tax year.	Non-refundable	No carry back. 14 year carry forward.	90 (2002)	\$115,232 (2002)	\$1,280 (2002)

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Corporate–Research Activities	59-7-612	Same as individual income tax credit.	Expenses incurred in 1999 may be claimed in the 2000 tax year.	Non-refundable	No carry back. 14 year carry forward.	50 (2002)	\$13,005,317 (2002)	\$218,370 (2002)
Individual–Equipment, Machinery, or Both Used for Research	59-10-132	6% of the purchase price of machinery, equipment, or both that is: (1) used to conduct qualified research; or (2) donated to qualified organizations to conduct basic research. Credit is scheduled to sunset on 12/31/2010.	Expenses incurred in 1999 may be claimed in the 2000 tax year.	Non-refundable	No carry back. 14 year carry forward.	43 (2002)	\$9,739	\$226
Corporate–Equipment, Machinery, or Both Used for Research	59-7-613	Same as individual income tax credit.	Expenses incurred in 1999 may be claimed in the 2000 tax year.	Non-refundable	No carry back. 14 year carry forward.	12 (2002)	\$498,114 (2002)	\$41,510 (2002)

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual and Corporate—Refund of Motor Fuel Tax Used to Operate Farm Machinery (Also allowed for taxpayers not subject to filing a return—must obtain a permit and file claims.)	59-13-202	Credit is a refund of the tax paid on motor fuel used to operate farm machinery used for non-highway agricultural purposes.	1987 ??	Refundable	Credit is allowed only on purchases on which tax is paid during the tax year covered by the tax return.	1,623 (2001) (Ind Returns Only)	\$430,686 (2001) (Ind Returns Only)	\$265 (2001) (Ind Returns Only)
Individual—Targeted Business Tax Credit	9-2-1801 Et. Seq.	A business applicant must apply to a local zone administrator to receive a credit for a community investment project undertaken in a qualifying county. A single business applicant may not receive more than \$100,000 during the applicant's total edibility period. The annual total amount credit available statewide is capped at \$300,000 (for both individual and corporate taxes).	2002	Refundable	None	Less than 10 (2002)	Less than \$100,000 (2002)	
Corporate—Targeted Business Tax Credit	9-2-1801 Et. Seq.	Same as individual.	2002	Refundable	None	11 (2002)	\$200,700 (2002)	\$18,245 (2002)

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Credit Was Avail.	Refundable or Non-Refundable	Carry Forward or Back?	No. of Returns (Tax Year)	Amt. (Tax Year)	Avg. (Tax Year)
Individual–Special Needs Adoptions Credit	59-10-133	A taxpayer who adopts a special needs child may claim a credit of \$1,000 for each adopted child. The child must be older than 5 and younger than 18 years of age and either (a) have a physical, mental, or emotional disorder; or (b) is part of a sibling group placed together for adoption	2001	Refundable	None	54 (2002)	\$83,805 (2002)	\$1,551 (2002)
Corporate–Credit for Hand Tools Used in Farming	59-7-614.1	A taxpayer may claim a credit for the sales and use taxes paid on the purchase of a hand tool priced at more than \$250 if the hand tool is used directly and primarily in a farming operation in the state.(Prior to the effective date of this credit, a sales and use tax exemption was in place for these types of purchases.)	2004	Refundable	None			
Individual–Credit for Hand Tools Used in Farming	59-10-134.1	Same as corporate.	2004	Refundable	None			

nd – nondisclosable if number of returns are three or less.

Prepared by the Office of Legislative Research and General Counsel – January 2004