

# UT S 153, Enrolled

Utah

SUMMARY: Modifies provisions related to the Governor's Office of Economic Opportunity; requires the Governor's Office of Economic Opportunity to report certain information regarding reinvestment agencies to the Legislature; expands the nonvoting membership of the Unified Economic Opportunity Commission; expands the membership of the Unified Economic Opportunity Commission's Women in the Economy Subcommittee; provides for the Utah Center for Immigration and Integration and modifies the center's duties.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

*Text Added*

~~Text Vetoed~~

Current Legislative Status

01/27/2023 INTRODUCED.

01/30/2023 To SENATE Committee on RULES.

01/31/2023 From SENATE Committee on RULES. To SENATE Standing Committee.

01/31/2023 To SENATE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES.

02/03/2023 From SENATE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES: Reported favorably as substituted.

02/03/2023 Placed on 2nd Reading calendar.

02/13/2023 Substituted on SENATE floor.

02/13/2023 Passed 2nd Reading.

02/14/2023 Placed on 3rd Reading.

02/14/2023 Passed SENATE. \*\*\*\*\*To HOUSE.

02/15/2023 To HOUSE Committee on RULES.

02/16/2023 From HOUSE Committee on RULES. To Standing Committee.

02/16/2023 To HOUSE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES.

02/22/2023 From HOUSE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES: Reported favorably.

02/22/2023 To HOUSE Committee on RULES.

03/01/2023 From HOUSE Committee on RULES.

03/01/2023 Placed on 3rd Reading calendar.

03/01/2023 Placed on 3rd Reading.

03/02/2023 Substituted on HOUSE floor.

03/02/2023 Passed HOUSE. \*\*\*\*\*To SENATE for concurrence.

03/02/2023 Placed on Concurrence Calendar.

03/02/2023 SENATE concurred in HOUSE amendments.

03/09/2023 Enrolled.

03/13/2023 \*\*\*\*\*To GOVERNOR.

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session: Utah 65th Legislature - 2023 General Assembly

cite: 2023 UT S 153

Enrolled

March 9, 2023

Winterton

**GOVERNOR'S OFFICE OF ECONOMIC OPPORTUNITY AMENDMENTS**

2023 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ronald M. Winterton**

House Sponsor: Jeffrey D. Stenquist

**LONG TITLE**

**General Description:**

This bill modifies provisions related to the Governor's Office of Economic Opportunity.

**Highlighted Provisions:**

This bill:

- defines terms;
- requires the Governor's Office of Economic Opportunity (office) to report certain information regarding reinvestment agencies to the Legislature;
- expands the nonvoting membership of the Unified Economic Opportunity Commission;
- expands the membership of the Unified Economic Opportunity Commission's Women in the Economy Subcommittee;
- modifies provisions relating to the office's authorization of economic development tax credits;
- modifies provisions relating to the office's award of loans and grants from the Industrial Assistance Account;
- repeals limitations on the office's use of funds from the State Small Business Credit Initiative Program Fund for administration;
- modifies provisions relating to the office's award of grants under the Economic Assistance Grant Program;
- establishes the Redevelopment Matching Grant Program for supporting certain projects related to housing and water conservation;
- allows the office to award grants to associations of governments under the office's Rural Opportunity Program;
- allows for motion picture incentives that are available only for rural productions to be available for productions occurring in certain second class counties;
- renames the Utah Immigration Assistance Center to the Utah Center for Immigration and Integration and modifies the center's duties; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

\*\*\*TEXT OMITTED, DOES NOT PERTAIN TO FILM\*\*\*

Section 19. Section **63N-8-102** is amended to read:

**63N-8-102. Definitions.**

As used in this chapter:

- (1) "Digital media company" means a company engaged in the production of a digital media project.
- (2) "Digital media project" means all or part of a production of interactive entertainment or animated production that is produced for distribution in commercial or educational markets, which shall include projects intended for Internet or wireless distribution.
- (3) "Dollars left in the state" means expenditures made in the state for a state-approved production, including:
  - (a) an expenditure that is subject to:
    - (i) a corporate franchise or income tax under Title 59, Chapter 7, Corporate Franchise and Income Taxes;
    - (ii) an individual income tax under Title 59, Chapter 10, Individual Income Tax Act; and
    - (iii) a sales and use tax under Title 59, Chapter 12, Sales and Use Tax Act, notwithstanding any sales and use tax exemption allowed by law; or
    - (iv) a combination of Subsections (3)(a)(i), (ii), and (iii);
  - (b) payments made to a nonresident only to the extent of the income tax paid to the state on the payments, the amount of per diems paid in the state, and other direct reimbursements transacted in the state; and
  - (c) payments made to a payroll company or loan-out corporation that is registered to do business in the state, only to the extent of the amount of withholding under Section 59-10-402.
- (4) "Loan-out corporation" means a corporation owned by one or more artists that provides services of the artists to a third party production company.
- (5) "Motion picture company" means a company engaged in the production of:
  - (a) motion pictures;
  - (b) television series; or
  - (c) made-for-television movies.
- (6) "Motion picture incentive" means either a cash rebate from the Motion Picture Incentive Account or a refundable tax credit under Section 59-7-614.5 or 59-10-1108.
- (7) "New state revenues" means:
  - (a) incremental new state sales and use tax revenues generated as a result of a digital media project that a digital media company pays under Title 59, Chapter 12, Sales and Use Tax Act;
  - (b) incremental new state tax revenues that a digital media company pays as a result of a digital media project under:
    - (i) Title 59, Chapter 7, Corporate Franchise and Income Taxes;
    - (ii) Title 59, Chapter 10, Part 1, Determination and Reporting of Tax Liability and Information;
    - (iii) Title 59, Chapter 10, Part 2, Trusts and Estates;
    - (iv) Title 59, Chapter 10, Part 4, Withholding of Tax; or
    - (v) a combination of Subsections (7)(b)(i), (ii), (iii), and (iv);
  - (c) incremental new state revenues generated as individual income taxes under Title 59, Chapter 10, Part 1, Determination and Reporting of Tax Liability and Information, paid by employees of the new digital media project as evidenced by payroll records from the digital media company; or
  - (d) a combination of Subsections (7)(a), (b), and (c).
- (8) "Payroll company" means a business entity that handles the payroll and becomes the employer of record for the staff, cast, and crew of a motion picture production.

(9) "Refundable tax credit" means a refundable motion picture tax credit authorized under Section 63N-8-103 and claimed under Section 59-7-614.5 or 59-10-1108.

(10) "Restricted account" means the Motion Picture Incentive Account created in Section 63N-8-103.

(11) "Rural production" means a state-approved production in which at least 75% of the total number of production days occur within :

**(a)** a county of the third, fourth, fifth, or sixth class ; **or**

**(b) a county of the second class that has a national park within or partially within the county's boundaries.**

(12) "State-approved production" means a production under Subsections (2) and (5) that is:

(a) approved by the office and ratified by the GO Utah board; and

(b) produced in the state by a motion picture company.

(13) "Tax credit amount" means the amount the office lists as a tax credit on a tax credit certificate for a taxable year.

(14) "Tax credit certificate" means a certificate issued by the office that:

(a) lists the name of the applicant;

(b) lists the applicant's taxpayer identification number;

(c) lists the amount of tax credit that the office awards the applicant for the taxable year; and

(d) may include other information as determined by the office.

Section 20. Section **63N-8-103** is amended to read:

**63N-8-103. Motion Picture Incentive Account created -- Cash rebate incentives -- Refundable tax credit incentives.**

(1) (a) There is created within the General Fund a restricted account known as the Motion Picture Incentive Account, which the office shall use to provide cash rebate incentives for state-approved productions by a motion picture company.

(b) All interest generated from investment of money in the restricted account shall be deposited in the restricted account.

(c) The restricted account shall consist of an annual appropriation by the Legislature.

(d) The office shall:

(i) with the advice of the GO Utah board, administer the restricted account; and

(ii) make payments from the restricted account as required under this section.

(e) The cost of administering the restricted account shall be paid from money in the restricted account.

(2) (a) A motion picture company or digital media company seeking disbursement of an incentive allowed under an agreement with the office shall follow the procedures and requirements of this Subsection (2).

(b) The motion picture company or digital media company shall provide the office with an incentive request form, provided by the office, identifying and documenting the dollars left in the state and new state revenues generated by the motion picture company or digital media company for state-approved production, including any related tax returns by the motion picture company, payroll company, digital media company, or loan-out corporation under Subsection (2)(d).

(c) For a motion picture company, an independent certified public accountant shall:

(i) review the incentive request form submitted by the motion picture company; and

(ii) provide a report on the accuracy and validity of the incentive request form, including the amount of dollars left in the state, in accordance with the agreed upon procedures established by the office by rule.

(d) The motion picture company, digital media company, payroll company, or loan-out corporation shall provide the office with a document that expressly directs and authorizes the State Tax Commission to disclose the entity's tax returns and other information concerning the entity that would otherwise be subject to confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code, to the office.

(e) The office shall submit the document described in Subsection (2)(d) to the State Tax Commission.

(f) Upon receipt of the document described in Subsection (2)(d), the State Tax Commission shall provide the office with the information requested by the office that the motion picture company, digital media company, payroll company, or loan-out corporation directed or authorized the State Tax Commission to provide to the office in the document described in Subsection (2)(d).

(g) Subject to Subsection (3), for a motion picture company the office shall:

(i) review the incentive request form from the motion picture company described in Subsection (2)(b) and verify that the incentive request form was reviewed by an independent certified public accountant as described in Subsection (2)(c); and

(ii) based upon the independent certified public accountant's report under Subsection (2)(c), determine the amount of the incentive that the motion picture company is entitled to under the motion picture company's agreement with the office.

(h) Subject to Subsection (3), for a digital media company, the office shall:

(i) ensure the digital media project results in new state revenues; and

(ii) based upon review of new state revenues, determine the amount of the incentive that a digital media company is entitled to under the digital media company's agreement with the office.

(i) Subject to Subsection (3), if the incentive is in the form of a cash rebate, the office shall pay the incentive from the restricted account to the motion picture company, notwithstanding Subsections 51-5-3(23)(b) and 63J-1-105(6).

(j) If the incentive is in the form of a refundable tax credit under Section 59-7-614.5 or 59-10-1108, the office shall:

(i) issue a tax credit certificate to the motion picture company or digital media company; and

(ii) provide a digital record of the tax credit certificate to the State Tax Commission.

(k) A motion picture company or digital media company may not claim a motion picture tax credit under Section 59-7-614.5 or 59-10-1108 unless the motion picture company or digital media company has received a tax credit certificate for the claim issued by the office under Subsection (2)(j)(i).

(l) A motion picture company or digital media company may claim a motion picture tax credit on the motion picture company's or the digital media company's tax return for the amount listed on the tax credit certificate issued by the office.

(m) A motion picture company or digital media company that claims a tax credit under Subsection (2)(l) shall retain the tax credit certificate and all supporting documentation in accordance with Subsection 63N-8-104(6).

(3) (a) Subject to this Subsection (3), the office may issue \$6,793,700 in tax credit certificates under this part in each fiscal year.

(b) For the fiscal year ending June 30, 2022, the office may issue \$8,393,700 in tax credit certificates under this part.

(c) For ~~a fiscal year beginning on or after July 1, 2022~~ **fiscal years 2023 and 2024**, in addition to the amount of tax credit certificates authorized under Subsection (3)(a), the office may issue \$12,000,000 in tax credit certificates under this part only for rural productions.

(d) If the office does not issue tax credit certificates in a fiscal year totaling the amount authorized under this Subsection (3), the office may carry over that amount for issuance in subsequent fiscal years.

**\*\*\*TEXT OMITTED, DOES NOT PERTAIN TO FILM\*\*\***