

CANNABIS BUSINESS TAX CREDIT AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: _____

LONG TITLE**General Description:**

This bill enacts a cannabis business expenses income tax credit.

Highlighted Provisions:

This bill:

- ▶ enacts a nonrefundable income tax credit for business expenses related to transporting or selling medical cannabis within the state.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

ENACTS:

59-7-627, Utah Code Annotated 1953**59-10-1046**, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*Section 1. Section **59-7-627** is enacted to read:**59-7-627. Nonrefundable cannabis business expenses credit.**(1) As used in this section:(a) "Medical cannabis" means the same as that term is defined in Section **26-61a-102**.

(b) "Medical cannabis activity" means an activity related to transportation or sale of medical cannabis that is permitted under Title 4, Chapter 41a, Cannabis Production Establishments, or Title 26, Chapter 61a, Utah Medical Cannabis Act, by a qualifying taxpayer.

(c) "Qualifying taxpayer" means a corporation that holds a license issued by the Department of Agriculture and Food or the Department of Health and Human Services to transport or sell medical cannabis in the state during the taxable year.

(2) A qualifying taxpayer may claim a nonrefundable tax credit equal to 2.1% multiplied by Utah taxable income that is related to medical cannabis activity.

(3) A qualifying taxpayer may not carry forward or carry back the amount of the tax credit that exceeds the qualifying taxpayer's tax liability.

Section 2. Section **59-10-1046** is enacted to read:

59-10-1046. Nonrefundable cannabis business expenses credit.

(1) As used in this section:

(a) "Medical cannabis" means the same as that term is defined in Section [26-61a-102](#).

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

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

(i) business income as defined in Section [59-10-1402](#); and

(ii) nonbusiness income as defined in Section [59-10-1402](#).

(d) "Qualifying claimant" means a pass-through entity taxpayer of a pass-through entity that holds a license issued by the Department of Agriculture and Food or the Department of Health and Human Services to transport or sell medical cannabis in the state during the taxable year.

(2) A qualifying claimant may claim a nonrefundable tax credit equal to 2.1% multiplied by pass-through entity income.

(3) A qualifying claimant may not carry forward or carry back the amount of the tax credit that exceeds the qualifying claimant's tax liability.

Section 3. Retrospective operation.

This bill has retrospective operation for a taxable year beginning on or after January 1, 2023.