

CANNABIS BUSINESS TAX CREDIT AMENDMENTS

2024 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 cultivating, processing, 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

59-10-1048, 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 **26B-4-201**.



28 (b) "Medical cannabis activity" means an activity related to cultivation, processing, or
29 sale of medical cannabis that is permitted under Title 4, Chapter 41a, Cannabis Production
30 Establishments and Pharmacies, by a qualifying taxpayer.

31 (c) "Qualifying taxpayer" means a corporation that holds a license issued in accordance
32 with Section [4-41a-201](#) to operate a cannabis production establishment or Section [4-41a-1001](#)
33 to sell medical cannabis in the state during the taxable year.

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

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

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

40 Section 2. Section **59-10-1048** is enacted to read:

41 **59-10-1048. Nonrefundable cannabis business expenses credit.**

42 (1) As used in this section:

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

44 (b) "Medical cannabis activity" means the same as that term is defined in Section
45 [59-7-627](#).

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

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

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

50 (d) "Qualifying claimant" means a pass-through entity taxpayer of a pass-through entity
51 that holds a license issued in accordance with Section [4-41a-201](#) to operate a cannabis
52 production establishment or Section [4-41a-1001](#) to sell medical cannabis in the state during the
53 taxable year.

54 (2) A qualifying claimant may claim a nonrefundable tax credit equal to 1.8%
55 multiplied by pass-through entity income.

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

58 (b) A qualifying claimant may not carry back the amount of the tax credit that exceeds

59 the qualifying claimant's tax liability.

60 Section 3. **Effective date.**

61 This bill takes effect on May 1, 2024.

62 Section 4. **Retrospective operation.**

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

64 2024.