**High Cost Infrastructure Tax Credit**

63M-4-601

**BACKGROUND**

The High Cost Infrastructure Tax Credit (HCITC), is an incentive that supports Utah based projects that make significant infrastructure investments that expand or create new energy, industrial, mining, manufacturing, or agricultural activity in the State, as well as generate new state tax revenue and create new incremental jobs that are directly attributed to the infrastructure investment. Qualifying projects will receive a non-refundable tax credit of 30% of qualifying infrastructure related state revenue (includes corporate, sales, and withholding taxes) during a qualifying tax period for up to 20 years, or the life of the project, whichever is less. The total tax credit authorized for a project will be 50% of the cost of the infrastructure investment.

If the project is a fuel standard compliance project, the tax credit is calculated as 30% of the total infrastructure construction associated with the HCITC project, for the life of the project, or 20 years, whichever is less.

The HCITC is available to businesses whose Utah based projects expand or create new industrial, mining, manufacturing, or agricultural activity are comprised of at least 10 percent (or $10,000,000) of infrastructure costs Generate new state revenues that are directly attributable to new infrastructure investment.

**QUALIFYING INFRASTRUCTURE INVESTMENTS**

Energy delivery systems  
Water delivery systems  
Road improvements  
Pipelines  
Electric transmission railroads, and other linear infrastructure.  
Tier 3 fuel projects at Utah's refineries may also qualify.

**PROCEDURE**

The procedure for administering a High Cost Infrastructure Tax Credit is detailed below:

1. Applicant must complete project overview meeting with Incentives Manager
2. Incentives Manager will create an online profile on Fluid Review application portal
3. Applicant completes online pre-application
4. If approved, applicant completes full application and secondary review with Incentives Manager
5. OED Internal Review
6. If approved, the application will be included in a quarterly Utah Energy Infrastructure Authority (UEIA) Board Meeting for consideration.
7. In the case that the applicant receives favorable recommendation from the UEIA Board, the Governor’s Office of Energy Development will create an authorization agreement whereby the applicant and the office will enter into an agreement authorizing a post-performance, non-refundable tax credit.

ADMINISTRATIVE REVIEW – Reject: The office may deny an applicant a tax credit based on the recommendation of the Utah Energy Infrastructure Authority Board.

**APPLICATION FEE**

Starting August 15, 2018 in accordance with Utah Code 63M-4-401, the Governor’s Office of Energy Development will begin charging an application fee for HCITC projects that advance from the HCITC Preliminary Application stage to the HCITC Full Application stage. Fees must be paid by credit card. Paying the fee does not guarantee that you will be approved for the tax credit. Application fees are non-refundable.

**Fee Schedule**

Fee Amount Estimated Private Investment  
$150 $10M or less  
$250 more than $10M

By June 1 annually, OED will send the Tax Commission a report that includes the following:

1. A report prepared by a CPA of the infrastructure cost-burdened entity, supporting a claim for a tax credit for the qualifying infrastructure related state revenue that has been generated for the calendar year.
2. The Office, in consultation with the UEIA Board, shall certify, for each taxable year, the infrastructure related revenue that has been generated, and make a determination that the applicant is eligible to receive a non-refundable tax credit.