

SCHOOL FUNDING THROUGH INCOME TAX REVISIONS

2014 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies income taxes and creates a funding program for public schools.

Highlighted Provisions:

This bill:

- ▶ eliminates personal exemptions from the taxpayer tax credit calculation;
- ▶ modifies the definition of unadjusted income for an estate or trust to repeal a subtraction for certain amounts deducted as a personal exemption;
- ▶ creates the School-level Funding Program in which money is allocated to public schools for the implementation of school improvement plans;
- ▶ authorizes the State Board of Education to make certain rules regarding the School-level Funding Program;
- ▶ requires the State Board of Education to:
 - make reports evaluating the progress of the School-level Funding Program in improving the academic achievement of the state's public school students; and
 - select an independent evaluator through a request for proposals process to evaluate the School-level Funding Program after five years' implementation of the program; and
- ▶ makes technical amendments.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2015:

- ▶ to Related to Basic Programs as an ongoing appropriation:
 - from the Education Fund, \$398,614,000.

Other Special Clauses:

This bill provides an effective date.

This bill provides retrospective operation for a taxable year beginning on or after January 1, 2014.

Utah Code Sections Affected:

33 AMENDS:

34 **53A-1a-108.5**, as enacted by Laws of Utah 2002, Chapter 324

35 **53A-1a-511**, as last amended by Laws of Utah 2012, Chapter 347

36 **59-10-103**, as last amended by Laws of Utah 2010, Chapter 202

37 **59-10-1018**, as last amended by Laws of Utah 2012, Chapter 295

38 ENACTS:

39 **53A-16-201**, Utah Code Annotated 1953

40 **53A-16-202**, Utah Code Annotated 1953

41 **53A-16-203**, Utah Code Annotated 1953

42 **53A-16-204**, Utah Code Annotated 1953

43 **53A-16-205**, Utah Code Annotated 1953

44 **53A-16-206**, Utah Code Annotated 1953

45

46 *Be it enacted by the Legislature of the state of Utah:*

47 Section 1. Section **53A-1a-108.5** is amended to read:

48 **53A-1a-108.5. School improvement plan.**

49 (1) As used in this section:

50 (a) "Local school board" means a board elected pursuant to Title 20A, Chapter 14, Part
51 2, Nomination and Election of Local Boards of Education, except:

52 (i) in applying this section to the Utah Schools for the Deaf and the Blind, "local school
53 board" means the State Board of Education; and

54 (ii) in applying this section to a charter school, "local school board" means a charter
55 school governing board.

56 (b) "School community council" means a school community council established
57 pursuant to Section 53A-1a-108, except in applying this section to a charter school, "school
58 community council" means a council established by a charter school governing board to
59 prepare a plan for the use of School LAND Trust Program money pursuant to Section
60 53A-16-101.5.

61 (c) "U-PASS test" means a statewide assessment that a school district or charter school
62 is required to administer pursuant to Section 53A-1-603.

63 [(†)] (2) (a) (i) Each school community council shall annually evaluate the school's

64 U-PASS test results and use the evaluations in developing a school improvement plan.

65 (ii) In addition to evaluating U-PASS test results, a school community council of a
66 high school shall consider the high school's graduation rate in developing a school
67 improvement plan.

68 (b) In evaluating U-PASS test results and developing a school improvement plan, a
69 school community council may not have access to data that reveal the identity of students.

70 ~~(2)~~ (3) Each school improvement plan shall:

71 (a) identify the school's most critical academic needs;

72 (b) recommend a course of action to meet the identified needs;

73 (c) list any programs, practices, materials, or equipment that the school will need to
74 implement its action plan to have a direct impact on the instruction of students and result in
75 measurable increased student performance; ~~and~~

76 (d) describe how the school intends to enhance or improve academic achievement,
77 including how financial resources available to the school, such as School LAND Trust Program
78 money received under Section 53A-16-101.5, School-level Funding Program money received
79 under Section 53A-16-203, and state and federal grants, will be used to enhance or improve
80 academic achievement~~[-]; and~~

81 (e) specify goals for growth in student academic achievement, with a focus on
82 improving:

83 (i) the percentage of students proficient in English language arts, mathematics, or
84 science as measured by U-PASS tests;

85 (ii) student progress in mastering learning standards and objectives for English
86 languages arts, mathematics, and science as measured by U-PASS tests; and

87 (iii) for a high school, the high school's graduation rate.

88 ~~(3)~~ (4) The school improvement plan shall focus on the school's most critical
89 academic needs but may include other actions to enhance or improve academic achievement
90 and the community environment for students.

91 ~~(4)~~ (5) The school principal shall make available to the school community council the
92 school budget and other data needed to develop the school improvement plan.

93 ~~(5)~~ (6) The school improvement plan shall be subject to the approval of the local
94 school board of the school district in which the school is located.

95 ~~[(6)]~~ (7) A school community council may develop a multiyear school improvement
96 plan, but the plan must be presented to and approved annually by the local school board.

97 ~~[(7)]~~ (8) Each school shall:

98 (a) implement the school improvement plan as developed by the school community
99 council and approved by the local school board;

100 (b) provide ongoing support for the council's plan; ~~[and]~~

101 (c) annually evaluate the school's progress in meeting the goals for growth in student
102 academic achievement as specified in the school improvement plan and submit the evaluation
103 to the local school board; and

104 ~~[(c)]~~ (d) meet local school board reporting requirements regarding performance and
105 accountability.

106 Section 2. Section **53A-1a-511** is amended to read:

107 **53A-1a-511. Waivers from state board rules -- Application of statutes and rules**
108 **to charter schools.**

109 (1) A charter school shall operate in accordance with its charter and is subject to Title
110 53A, State System of Public Education, and other state laws applicable to public schools,
111 except as otherwise provided in this part.

112 (2) (a) A charter school or any other public school or school district may apply to the
113 State Board of Education for a waiver of any state board rule that inhibits or hinders the school
114 or the school district from accomplishing its mission or educational goals set out in its strategic
115 plan or charter.

116 (b) The state board may grant the waiver, unless:

117 (i) the waiver would cause the school district or the school to be in violation of state or
118 federal law; or

119 (ii) the waiver would threaten the health, safety, or welfare of students in the district or
120 at the school.

121 (c) If the State Board of Education denies the waiver, the reason for the denial shall be
122 provided in writing to the waiver applicant.

123 (3) (a) Except as provided in Subsection (3)(b), State Board of Education rules
124 governing the following do not apply to a charter school:

125 (i) school libraries;

- 126 (ii) required school administrative and supervisory services; and
127 (iii) required expenditures for instructional supplies.
- 128 (b) A charter school shall comply with rules implementing statutes that prescribe how
129 state appropriations may be spent.
- 130 (4) The following provisions of Title 53A, State System of Public Education, and rules
131 adopted under those provisions, do not apply to a charter school:
- 132 (a) [~~Sections~~] Section 53A-1a-108 [~~and 53A-1a-108.5~~], requiring the establishment of
133 a school community council [~~and school improvement plan~~];
- 134 (b) Sections 53A-3-413 and 53A-3-414, pertaining to the use of school buildings as
135 civic centers;
- 136 (c) Section 53A-3-420, requiring the use of activity disclosure statements;
- 137 (d) Section 53A-12-207, requiring notification of intent to dispose of textbooks;
- 138 (e) Section 53A-13-107, requiring annual presentations on adoption;
- 139 (f) Chapter 19, Part 1, Fiscal Procedures, pertaining to fiscal procedures of school
140 districts and local school boards; and
- 141 (g) Section 53A-14-107, requiring an independent evaluation of instructional materials.
- 142 (5) For the purposes of Title 63G, Chapter 6a, Utah Procurement Code, a charter
143 school shall be considered a local public procurement unit.
- 144 (6) Each charter school shall be subject to:
- 145 (a) Title 52, Chapter 4, Open and Public Meetings Act; and
146 (b) Title 63G, Chapter 2, Government Records Access and Management Act.
- 147 (7) (a) The State Charter School Board shall, in concert with the charter schools, study
148 existing state law and administrative rules for the purpose of determining from which laws and
149 rules charter schools should be exempt.
- 150 (b) (i) The State Charter School Board shall present recommendations for exemption to
151 the State Board of Education for consideration.
- 152 (ii) The State Board of Education shall consider the recommendations of the State
153 Charter School Board and respond within 60 days.
- 154 Section 3. Section **53A-16-201** is enacted to read:

155 **Part 2. School-level Funding Program**

156 **53A-16-201. Title.**

157 This part is known as the "School-level Funding Program."

158 Section 4. Section **53A-16-202** is enacted to read:

159 **53A-16-202. Definitions.**

160 As used in this part:

161 (1) "District school" means a school under the control of a local school board elected
162 pursuant to Title 20A, Chapter 14, Nomination and Election of State and Local School Boards.

163 (2) "Public school" means a district school, charter school, or the Utah Schools for the
164 Deaf and the Blind.

165 Section 5. Section **53A-16-203** is enacted to read:

166 **53A-16-203. School-level Funding Program created -- Use and allocation of funds.**

167 (1) The School-level Funding Program is created to provide funding for the
168 implementation of a school improvement plan required by Section 53A-1a-108.5.

169 (2) (a) A school district, charter school, or the Utah Schools for the Deaf and the Blind
170 shall use funds allocated to a school through the School-level Funding Program to supplement,
171 not supplant, other state, federal, or local funds that would otherwise be made available for the
172 school's educational programs.

173 (b) The State Board of Education may eliminate or reduce a school's allocation of
174 funds provided through the School-level Funding Program if the State Board of Education
175 finds the school district, charter school, or the Utah Schools for the Deaf and the Blind is in
176 violation of Subsection (2)(a) or rules enacted by the State Board of Education under Section
177 53A-16-205.

178 (3) Subject to future budget constraints, the Legislature shall:

179 (a) beginning with fiscal year 2014-15, make an appropriation from the Education
180 Fund for the School-level Funding Program; and

181 (b) beginning with fiscal year 2015-16, annually increase the amount of the
182 appropriation described in Subsection (3)(a) by a percentage equal to the annual percentage
183 increase in collections from an individual income tax imposed under Title 59, Chapter 10,
184 Individual Income Tax Act during the prior year.

185 (4) The State Board of Education shall allocate money appropriated for the
186 School-level Funding Program as follows:

187 (a) an amount specified in statute shall be distributed to school districts, charter

188 schools, and the Utah Schools for the Deaf and the Blind, in accordance with a distribution
189 formula adopted by the State Board of Education in rule, for training school community
190 councils; and

191 (b) of the amount of money remaining:

192 (i) 10% shall allocated on an equal basis to each public school; and

193 (ii) 90% shall be allocated to public schools on an equal per student basis.

194 Section 6. Section **53A-16-204** is enacted to read:

195 **53A-16-204. School improvement plan required to receive School-level Program**
196 **money -- School-level Program money to be used to implement a school improvement**
197 **plan.**

198 (1) To receive an allocation of School-level Program money under Section
199 53A-16-203, a public school shall have a school improvement plan that is developed and
200 approved in accordance with Section 53A-1a-108.5.

201 (2) A public school shall use its allocation of School-level Program money to
202 implement a school improvement plan that is developed and approved in accordance with
203 Section 53A-1a-108.5.

204 (3) A public school may carry forward unexpended School-level Program Money to
205 implement a school improvement plan in the next year, if the public school has a multiyear
206 school improvement plan that:

207 (a) specifies how the unexpended money will be used in the next year; and

208 (b) is annually reviewed and approved by the local school board.

209 (4) The expenditure of School-level Program money allocated to a district school shall
210 be administered in accordance with policies of the local school board.

211 Section 7. Section **53A-16-205** is enacted to read:

212 **53A-16-205. State Board of Education authority to make rules.**

213 The State Board of Education may make rules in accordance with this part and Title
214 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

215 (1) require a school district, charter school, or the Utah Schools for the Deaf and the
216 Blind to annually submit to the State Board of Education:

217 (a) school improvement plans; and

218 (b) each school's evaluation of progress in meeting goals for growth in student

219 academic achievement as specified in the school's school improvement plan;
220 (2) prohibit a school district or public school from using School-level Funding
221 Program money to supplant other state, federal, or local funds that would otherwise be
222 available for a school's educational programs;
223 (3) establish a formula for distributing money allocated for training school community
224 councils among school districts, charter schools, and the Utah Schools for the Deaf and the
225 Blind; and
226 (4) specify the time and manner in which a student count shall be determined for the
227 purpose of distributing School-level Funding Program money on an equal per student basis
228 pursuant to Section 53A-16-203.

229 Section 8. Section **53A-16-206** is enacted to read:

230 **53A-16-206. Evaluation of School-level Funding Program.**

231 (1) By November 1, 2016, 2017, and 2018, the State Board of Education shall make a
232 report to the Education Interim Committee evaluating the progress of the School-level Funding
233 Program in improving the academic achievement of the state's public school students.

234 (2) (a) After the fifth year of implementation of the School-level Funding Program, the
235 State Board of Education shall select an independent evaluator through a request for proposals
236 process to evaluate the impact of the School-level Funding Program on the academic
237 achievement of the state's public school students.

238 (b) The independent evaluator shall use multiple indicators, including test scores, to
239 evaluate the School-level Funding Program.

240 (c) By November 1, 2019, the State Board of Education shall report to the Education
241 Interim Committee on the evaluation conducted pursuant to Subsection (2)(a).

242 Section 9. Section **59-10-103** is amended to read:

243 **59-10-103. Definitions.**

244 (1) As used in this chapter:

245 (a) "Adjusted gross income":

246 (i) for a resident or nonresident individual, is as defined in Section 62, Internal
247 Revenue Code; or

248 (ii) for a resident or nonresident estate or trust, is as calculated in Section 67(e),
249 Internal Revenue Code.

- 250 (b) "Corporation" includes:
- 251 (i) an association;
- 252 (ii) a joint stock company; and
- 253 (iii) an insurance company.
- 254 (c) "Distributable net income" is as defined in Section 643, Internal Revenue Code.
- 255 (d) "Employee" is as defined in Section 59-10-401.
- 256 (e) "Employer" is as defined in Section 59-10-401.
- 257 (f) "Federal taxable income":
- 258 (i) for a resident or nonresident individual, means taxable income as defined by Section
- 259 63, Internal Revenue Code; or
- 260 (ii) for a resident or nonresident estate or trust, is as calculated in Section 641(a) and
- 261 (b), Internal Revenue Code.
- 262 (g) "Fiduciary" means:
- 263 (i) a guardian;
- 264 (ii) a trustee;
- 265 (iii) an executor;
- 266 (iv) an administrator;
- 267 (v) a receiver;
- 268 (vi) a conservator; or
- 269 (vii) any person acting in any fiduciary capacity for any individual.
- 270 (h) "Guaranteed annuity interest" is as defined in 26 C.F.R. Sec. 1.170A-6(c)(2).
- 271 (i) "Homesteaded land diminished from the Uintah and Ouray Reservation" means the
- 272 homesteaded land that was held to have been diminished from the Uintah and Ouray
- 273 Reservation in *Hagen v. Utah*, 510 U.S. 399 (1994).
- 274 (j) "Individual" means a natural person and includes aliens and minors.
- 275 (k) "Irrevocable trust" means a trust in which the settlor may not revoke or terminate
- 276 all or part of the trust without the consent of a person who has a substantial beneficial interest
- 277 in the trust and the interest would be adversely affected by the exercise of the settlor's power to
- 278 revoke or terminate all or part of the trust.
- 279 (l) "Military service" is as defined in Pub. L. No. 108-189, Sec. 101.
- 280 (m) "Nonresident individual" means an individual who is not a resident of this state.

281 (n) "Nonresident trust" or "nonresident estate" means a trust or estate which is not a
282 resident estate or trust.

283 (o) (i) "Partnership" includes a syndicate, group, pool, joint venture, or other
284 unincorporated organization:

285 (A) through or by means of which any business, financial operation, or venture is
286 carried on; and

287 (B) which is not, within the meaning of this chapter:

288 (I) a trust;

289 (II) an estate; or

290 (III) a corporation.

291 (ii) "Partnership" does not include any organization not included under the definition of
292 "partnership" in Section 761, Internal Revenue Code.

293 (iii) "Partner" includes a member in a syndicate, group, pool, joint venture, or
294 organization described in Subsection (1)(o)(i).

295 (p) "Qualified nongrantor charitable lead trust" means a trust:

296 (i) that is irrevocable;

297 (ii) that has a trust term measured by:

298 (A) a fixed term of years; or

299 (B) the life of a person living on the day on which the trust is created;

300 (iii) under which:

301 (A) a portion of the value of the trust assets is distributed during the trust term:

302 (I) to an organization described in Section 170(c), Internal Revenue Code; and

303 (II) as a:

304 (Aa) guaranteed annuity interest; or

305 (Bb) unitrust interest; and

306 (B) assets remaining in the trust at the termination of the trust term are distributed to a
307 beneficiary:

308 (I) designated in the trust; and

309 (II) that is not an organization described in Section 170(c), Internal Revenue Code;

310 (iv) for which the trust is allowed a deduction under Section 642(c), Internal Revenue

311 Code; and

312 (v) under which the grantor of the trust is not treated as the owner of any portion of the
313 trust for federal income tax purposes.

314 (q) (i) "Resident individual" means:

315 (A) an individual who is domiciled in this state for any period of time during the
316 taxable year, but only for the duration of the period during which the individual is domiciled in
317 this state; or

318 (B) an individual who is not domiciled in this state but:

319 (I) maintains a place of abode in this state; and

320 (II) spends in the aggregate 183 or more days of the taxable year in this state.

321 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
322 and for purposes of Subsection (1)(q)(i)(B), the commission shall by rule define what
323 constitutes spending a day of the taxable year in the state.

324 (r) "Resident estate" or "resident trust" is as defined in Section 75-7-103.

325 (s) "Servicemember" is as defined in Pub. L. No. 108-189, Sec. 101.

326 (t) "State income tax percentage for a nonresident estate or trust" means a percentage
327 equal to a nonresident estate's or trust's state taxable income for the taxable year divided by the
328 nonresident estate's or trust's total adjusted gross income for that taxable year after making the
329 adjustments required by:

330 (i) Section 59-10-202;

331 (ii) Section 59-10-207;

332 (iii) Section 59-10-209.1; or

333 (iv) Section 59-10-210.

334 (u) "State income tax percentage for a nonresident individual" means a percentage
335 equal to a nonresident individual's state taxable income for the taxable year divided by the
336 difference between:

337 (i) subject to Section 59-10-1405, the nonresident individual's total adjusted gross
338 income for that taxable year, after making the:

339 (A) additions and subtractions required by Section 59-10-114; and

340 (B) adjustments required by Section 59-10-115; and

341 (ii) if the nonresident individual described in Subsection (1)(u)(i) is a servicemember,
342 the compensation the servicemember receives for military service if the servicemember is

343 serving in compliance with military orders.

344 (v) "State income tax percentage for a part-year resident individual" means, for a
345 taxable year, a fraction:

346 (i) the numerator of which is the sum of:

347 (A) subject to Section 59-10-1404.5, for the time period during the taxable year that the
348 part-year resident individual is a resident, the part-year resident individual's total adjusted gross
349 income for that time period, after making the:

350 (I) additions and subtractions required by Section 59-10-114; and

351 (II) adjustments required by Section 59-10-115; and

352 (B) for the time period during the taxable year that the part-year resident individual is a
353 nonresident, an amount calculated by:

354 (I) determining the part-year resident individual's adjusted gross income for that time
355 period, after making the:

356 (Aa) additions and subtractions required by Section 59-10-114; and

357 (Bb) adjustments required by Section 59-10-115; and

358 (II) calculating the portion of the amount determined under Subsection (1)(v)(i)(B)(I)
359 that is derived from Utah sources in accordance with Section 59-10-117; and

360 (ii) the denominator of which is the difference between:

361 (A) the part-year resident individual's total adjusted gross income for that taxable year,
362 after making the:

363 (I) additions and subtractions required by Section 59-10-114; and

364 (II) adjustments required by Section 59-10-115; and

365 (B) if the part-year resident individual is a servicemember, any compensation the
366 servicemember receives for military service during the portion of the taxable year that the
367 servicemember is a nonresident if the servicemember is serving in compliance with military
368 orders.

369 (w) "Taxable income" or "state taxable income":

370 (i) subject to Section 59-10-1404.5, for a resident individual, means the resident
371 individual's adjusted gross income after making the:

372 (A) additions and subtractions required by Section 59-10-114; and

373 (B) adjustments required by Section 59-10-115;

- 374 (ii) for a nonresident individual, is an amount calculated by:
- 375 (A) determining the nonresident individual's adjusted gross income for the taxable
376 year, after making the:
- 377 (I) additions and subtractions required by Section 59-10-114; and
378 (II) adjustments required by Section 59-10-115; and
- 379 (B) calculating the portion of the amount determined under Subsection (1)(w)(ii)(A)
380 that is derived from Utah sources in accordance with Section 59-10-117;
- 381 (iii) for a resident estate or trust, is as calculated under Section 59-10-201.1; and
382 (iv) for a nonresident estate or trust, is as calculated under Section 59-10-204.
- 383 (x) "Taxpayer" means any individual, estate, trust, or beneficiary of an estate or trust,
384 that has income subject in whole or part to the tax imposed by this chapter.
- 385 (y) "Trust term" means a time period:
- 386 (i) beginning on the day on which a qualified nongrantor charitable lead trust is
387 created; and
- 388 (ii) ending on the day on which the qualified nongrantor charitable lead trust described
389 in Subsection (1)(y)(i) terminates.
- 390 (z) "Uintah and Ouray Reservation" means the lands recognized as being included
391 within the Uintah and Ouray Reservation in:
- 392 (i) Hagen v. Utah, 510 U.S. 399 (1994); and
393 (ii) Ute Indian Tribe v. Utah, 114 F.3d 1513 (10th Cir. 1997).
- 394 (aa) "Unadjusted income" means an amount equal to the difference between:
- 395 (i) the total income required to be reported by a resident or nonresident estate or trust
396 on the resident or nonresident estate's or trust's federal income tax return for estates and trusts
397 for the taxable year; and
- 398 (ii) the sum of the following:
- 399 (A) fees paid or incurred to the fiduciary of a resident or nonresident estate or trust:
- 400 (I) for administering the resident or nonresident estate or trust; and
401 (II) that the resident or nonresident estate or trust deducts as allowed on the resident or
402 nonresident estate's or trust's federal income tax return for estates and trusts for the taxable
403 year;
- 404 (B) the income distribution deduction that a resident or nonresident estate or trust

405 deducts under Section 651 or 661, Internal Revenue Code, as allowed on the resident or
406 nonresident estate's or trust's federal income tax return for estates and trusts for the taxable
407 year; and

408 (C) the amount that a resident or nonresident estate or trust deducts as a deduction for
409 estate tax or generation skipping transfer tax under Section 691(c), Internal Revenue Code, as
410 allowed on the resident or nonresident estate's or trust's federal income tax return for estates
411 and trusts for the taxable year[; ~~and~~].

412 [~~(D) the amount that a resident or nonresident estate or trust deducts as a personal
413 exemption under Section 642(b), Internal Revenue Code, as allowed on the resident or
414 nonresident estate's or trust's federal income tax return for estates and trusts for the taxable
415 year.~~]

416 (bb) "Unitrust interest" is as defined in 26 C.F.R. Sec. 1.170A-6(c)(2).

417 (cc) "Ute tribal member" means a person who is enrolled as a member of the Ute
418 Indian Tribe of the Uintah and Ouray Reservation.

419 (dd) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.

420 (ee) "Wages" is as defined in Section 59-10-401.

421 (2) (a) Any term used in this chapter has the same meaning as when used in
422 comparable context in the laws of the United States relating to federal income taxes unless a
423 different meaning is clearly required.

424 (b) Any reference to the Internal Revenue Code or to the laws of the United States shall
425 mean the Internal Revenue Code or other provisions of the laws of the United States relating to
426 federal income taxes that are in effect for the taxable year.

427 (c) Any reference to a specific section of the Internal Revenue Code or other provision
428 of the laws of the United States relating to federal income taxes shall include any
429 corresponding or comparable provisions of the Internal Revenue Code as amended,
430 redesignated, or reenacted.

431 Section 10. Section **59-10-1018** is amended to read:

432 **59-10-1018. Definitions -- Nonrefundable taxpayer tax credits.**

433 (1) As used in this section:

434 (a) "Dependent adult with a disability" means an individual who:

435 (i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the

436 claimant's federal individual income tax return for the taxable year;

437 (ii) is not the claimant or the claimant's spouse; and

438 (iii) is:

439 (A) 18 years of age or older;

440 (B) eligible for services under Title 62A, Chapter 5, Services for People with

441 Disabilities; and

442 (C) not enrolled in an education program for students with disabilities that is

443 authorized under Section 53A-15-301.

444 (b) "Dependent child with a disability" means an individual 21 years of age or younger

445 who:

446 (i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the

447 claimant's federal individual income tax return for the taxable year;

448 (ii) is not the claimant or the claimant's spouse; and

449 (iii) is:

450 (A) an eligible student with a disability; or

451 (B) identified under guidelines of the Department of Health as qualified for Early

452 Intervention or Infant Development Services.

453 (c) "Eligible student with a disability" means an individual who is:

454 (i) diagnosed by a school district representative under rules the State Board of

455 Education adopts in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking

456 Act, as having a disability classified as autism, deafness, preschool developmental delay, dual

457 sensory impairment, hearing impairment, intellectual disability, multidisability, orthopedic

458 impairment, other health impairment, traumatic brain injury, or visual impairment;

459 (ii) not receiving residential services from the Division of Services for People with

460 Disabilities created under Section 62A-5-102 or a school established under Title 53A, Chapter

461 25b, Utah Schools for the Deaf and the Blind; and

462 (iii) (A) enrolled in an education program for students with disabilities that is

463 authorized under Section 53A-15-301; or

464 (B) a recipient of a scholarship awarded under Title 53A, Chapter 1a, Part 7, Carson

465 Smith Scholarships for Students with Special Needs Act.

466 (d) "Head of household filing status" means a head of household, as defined in Section

467 2(b), Internal Revenue Code, who files a single federal individual income tax return for the
468 taxable year.

469 (e) "Joint filing status" means:

470 (i) a husband and wife who file a single return jointly under this chapter for a taxable
471 year; or

472 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a
473 single federal individual income tax return for the taxable year.

474 (f) "Single filing status" means:

475 (i) a single individual who files a single federal individual income tax return for the
476 taxable year; or

477 (ii) a married individual who:

478 (A) does not file a single federal individual income tax return jointly with that married
479 individual's spouse for the taxable year; and

480 (B) files a single federal individual income tax return for the taxable year.

481 (2) Except as provided in Section 59-10-1002.2, and subject to Subsections (3) through
482 (5), a claimant may claim a nonrefundable tax credit against taxes otherwise due under this part
483 equal to the sum of:

484 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal
485 individual income tax return for the taxable year, 6% of the amount the claimant deducts as
486 allowed as the standard deduction on the claimant's federal individual income tax return for
487 that taxable year; or

488 (ii) for a claimant that itemizes deductions on the claimant's federal individual income
489 tax return for the taxable year, the product of:

490 (A) the difference between:

491 (I) the amount the claimant deducts as allowed as an itemized deduction on the
492 claimant's federal individual income tax return for that taxable year; and

493 (II) any amount of state or local income taxes the claimant deducts as allowed as an
494 itemized deduction on the claimant's federal individual income tax return for that taxable year;
495 and

496 (B) 6%; and

497 (b) the product of:

498 (i) ~~[75% of the total amount the claimant deducts as allowed as a personal exemption~~
499 ~~deduction on the claimant's federal individual income tax return for that taxable year, plus an~~
500 ~~additional]~~ 75% of the amount the claimant deducts as allowed as a personal exemption
501 deduction on the claimant's federal individual income tax return for that taxable year with
502 respect to each dependent adult with a disability or dependent child with a disability; and

503 (ii) 6%.

504 (3) A claimant may not carry forward or carry back a tax credit under this section.

505 (4) The tax credit allowed by Subsection (2) shall be reduced by \$.013 for each dollar
506 by which a claimant's state taxable income exceeds:

507 (a) for a claimant who has a single filing status, \$12,000;

508 (b) for a claimant who has a head of household filing status, \$18,000; or

509 (c) for a claimant who has a joint filing status, \$24,000.

510 (5) (a) For taxable years beginning on or after January 1, 2009, the commission shall
511 increase or decrease the following dollar amounts by a percentage equal to the percentage
512 difference between the consumer price index for the preceding calendar year and the consumer
513 price index for calendar year 2007:

514 (i) the dollar amount listed in Subsection (4)(a); and

515 (ii) the dollar amount listed in Subsection (4)(b).

516 (b) After the commission increases or decreases the dollar amounts listed in Subsection
517 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the
518 nearest whole dollar.

519 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),
520 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that
521 the dollar amount listed in Subsection (4)(c) is equal to the product of:

522 (i) the dollar amount listed in Subsection (4)(a); and

523 (ii) two.

524 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer
525 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

526 **Section 11. Appropriation.**

527 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for
528 the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following sums of money

529 are appropriated from resources not otherwise appropriated, or reduced from amounts
 530 previously appropriated, out of the funds or accounts indicated. These sums of money are in
 531 addition to any amounts previously appropriated for fiscal year 2015.

532 To Related to Basic Program

533 From Education Fund \$398,614,000

534 Schedule of Programs:

535 School-level Funding Program \$398,614,000

536 The Legislature intends that of the \$398,614,000 appropriated for the School-level
 537 Funding Program \$ _____ shall be distributed to school districts, charter schools, and
 538 the Utah Schools for the Deaf and the Blind as provided in Section 53A-16-203 for training
 539 school community councils.

540 Section 12. **Retrospective operation.**

541 (1) Except as provided in Subsection (2), the following sections take effect on May 13,
 542 2014 and have retrospective operation for a taxable year beginning on or after January 1, 2014:

543 (a) Section 59-10-103; and

544 (b) Section 59-10-1018.

545 (2) The following sections in this bill take effect on July 1, 2014:

546 (a) Section 53A-1a-108.5;

547 (b) Section 53A-1a-511;

548 (c) Section 53A-16-201;

549 (d) Section 53A-16-202;

550 (e) Section 53A-16-203;

551 (f) Section 53A-16-204;

552 (g) Section 53A-16-205; and

553 (h) Section 53A-16-206.