

1 **STATE EARNED INCOME TAX CREDIT**

2 2001 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: Jackie Biskupski**

5 **This act modifies the Individual Income Tax Act to provide for a refundable state earned**
6 **income tax credit that is a certain percentage of the federal earned income tax credit. The**
7 **act grants rulemaking authority to the State Tax Commission to issue refunds for the tax**
8 **credit.**

9 This act affects sections of Utah Code Annotated 1953 as follows:

10 ENACTS:

11 **59-10-133**, Utah Code Annotated 1953

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

13 Section 1. Section **59-10-133** is enacted to read:

14 **59-10-133. State earned income tax credit.**

15 (1) As used in this section:

16 (a) "Federal earned income tax credit" means the amount of the federal earned income tax
17 credit an individual is allowed for the taxable year under Sections 32(a) through (m), Internal
18 Revenue Code.

19 (b) "Federal earned income tax credit" does not include the supplemental child credit
20 provided for in Section 32(n), Internal Revenue Code.

21 (2) For taxable years beginning on or after January 1, 2002, an individual may claim as
22 provided in this section a refundable tax credit as follows:

23 (a) if an individual's federal adjusted gross income is less than or equal to \$5,000, the tax
24 credit is equal to 10% of the federal earned income tax credit;

25 (b) if an individual's federal adjusted gross income is greater than \$5,000, but less than or
26 equal to \$15,000, the tax credit is equal to 7% of the federal earned income tax credit; or

27 (c) if an individual's federal adjusted gross income is greater than \$15,000, but less than



28 or equal to \$25,000, the tax credit is equal to 4% of the federal earned income tax credit.

29 (3) (a) For taxable years beginning on or after January 1, 2003, the commission shall
30 increase or decrease the federal adjusted gross income amounts provided for in Subsection (2) in
31 a percentage equal to the percentage difference between the consumer price index for the preceding
32 calendar year and the consumer price index for calendar year 2001.

33 (b) For purposes of Subsection (3)(a), the commission shall calculate the consumer price
34 index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

35 (4) An individual may not claim a tax credit under this section if the individual's federal
36 adjusted gross income is greater than the greatest amount of federal adjusted gross income for
37 which a credit is allowed under Subsection (2)(c).

38 (5) An individual may not carry forward or carry back the credit provided for under this
39 section.

40 (6) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
41 commission may make rules providing procedures for issuing refunds for the credit provided for
42 under this section.

Legislative Review Note
as of 2-16-01 9:18 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel