

1                                   **INDIVIDUAL INCOME TAX CREDIT -**  
2                                   **AMOUNTS PAID FOR CARE OF ELDERLY**  
3                                   2003 GENERAL SESSION  
4                                   STATE OF UTAH

5                                   **Sponsor: David L. Hogue**

6   **This act modifies the Individual Income Tax Act to provide definitions and to authorize**  
7   **for taxable years beginning on or after January 1, 2004, a nonrefundable tax credit for**  
8   **certain amounts paid by a taxpayer in caring for a qualifying elderly person.**

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

10 ENACTS:

11           **59-10-134.1**, Utah Code Annotated 1953

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

13           Section 1. Section **59-10-134.1** is enacted to read:

14           **59-10-134.1. Nonrefundable tax credit for certain amounts paid in caring for a**  
15 **qualifying elderly person.**

16           (1) (a) (i) Except as provided in Subsection (1)(a)(ii), "eligible amount" means an  
17 amount paid by a taxpayer for medical care as defined in Section 213, Internal Revenue Code.

18           (ii) Notwithstanding Subsection (1)(a)(i) and subject to Subsection (1)(a)(iii), an  
19 amount paid for medical care does not include:

20           (A) an amount paid to a:

21           (I) nursing home;

22           (II) home for the aged; or

23           (III) home similar to Subsection (1)(a)(ii)(A)(I) or (II); or

24           (B) an amount paid for any:

25           (I) insurance covering medical care described in Section 213, Internal Revenue Code;

26           (II) insurance contract described in Section 213, Internal Revenue Code, including a  
27 qualified long-term care insurance contract; or



28 (III) qualified long-term care service described in Section 213, Internal Revenue Code.

29 (iii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,

30 the commission may make rules:

31 (A) defining the terms:

32 (I) "nursing home"; or

33 (II) "home for the aged"; or

34 (B) prescribing what constitutes a home similar to Subsection (1)(a)(ii)(A)(I) or (II).

35 (b) (i) "Qualifying elderly person" means a person who:

36 (A) is 70 years of age or older;

37 (B) is related to the taxpayer in a relationship described in Section 152(a)(1) through

38 (8), Internal Revenue Code;

39 (C) has as the person's principal place of residence the home of the taxpayer;

40 (D) is a member of the taxpayer's household; and

41 (E) the taxpayer claims as a dependent:

42 (I) for the taxable year;

43 (II) under Section 152, Internal Revenue Code; and

44 (III) on the taxpayer's federal individual income tax return.

45 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,

46 the commission may make rules:

47 (A) prescribing the circumstances under which a person:

48 (I) has as the person's principal place of residence the home of a taxpayer; or

49 (II) is a member of a taxpayer's household; and

50 (B) that are consistent with Section 152, Internal Revenue Code.

51 (2) Except as provided in Subsection (3), for taxable years beginning on or after

52 January 1, 2004, a taxpayer may claim a nonrefundable tax credit:

53 (a) for eligible amounts the taxpayer paid for the care of a qualifying elderly person;

54 (b) against taxes otherwise due under this chapter; and

55 (c) equal to the lesser of:

56 (i) the total of eligible amounts the taxpayer paid for the care of a qualifying elderly

57 person; or

58 (ii) \$3,000.

59           (3) Notwithstanding Subsection (2), if a taxpayer claims a deduction under Section  
60 213, Internal Revenue Code, for an eligible amount the taxpayer pays for the care of a  
61 qualifying elderly person, the taxpayer may not claim a tax credit:

62           (a) under this section;

63           (b) for that taxable year; and

64           (c) for the eligible amount the taxpayer paid for the care of the qualifying elderly  
65 person.

66           (4) (a) A taxpayer may claim the tax credit authorized by this section only for the  
67 taxable year in which an eligible amount is paid.

68           (b) A tax credit authorized by this section may not be:

69           (i) carried forward; or

70           (ii) carried back.

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**Legislative Review Note**

**as of 2-5-03 1:20 PM**

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

**Office of Legislative Research and General Counsel**