

INDIVIDUAL INCOME TAX REVISIONS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Thomas V. Hatch

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies tax rates under the Individual Income Tax Act.

Highlighted Provisions:

This bill:

- ▶ modifies tax rates under the Individual Income Tax Act; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect for taxable years beginning on or after January 1, 2007.

Utah Code Sections Affected:

AMENDS:

59-10-104, as last amended by Chapters 323 and 324, Laws of Utah 2001

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

Section 1. Section **59-10-104** is amended to read:

59-10-104. Tax basis -- Rates -- Exemption.

(1) Except as provided in Subsection (4), for taxable years beginning on or after January 1, [~~2007~~] 2007, a tax is imposed on the state taxable income, as defined in Section 59-10-112, of every resident individual as provided in this section.



28 (2) For an individual, other than a husband and wife or head of household required to
 29 use the tax table under Subsection (3), the tax under this section is imposed in accordance with
 30 the following table:

31 If the state taxable income is:	The tax is:
32 Less than or equal to \$863	[2.3% <u>2.21%</u> of the state taxable income
33 Greater than \$863 but less than or equal 34 to \$1,726	[\$20] \$19, plus [3.3% <u>3.17%</u> of state taxable income greater than \$863
35 Greater than \$1,726 but less than or equal 36 to \$2,588	[\$48] \$46, plus [4.2% <u>4.03%</u> of state taxable income greater than \$1,726
37 Greater than \$2,588 but less than or equal 38 to \$3,450	[\$85] \$81, plus [5.2% <u>4.99%</u> of state taxable income greater than \$2,588
39 Greater than \$3,450 but less than or equal 40 to \$4,313	[\$129] \$124, plus [6% <u>5.76%</u> of state taxable income greater than \$3,450
41 Greater than \$4,313	[\$181] \$174, plus [7% <u>6.72%</u> of state taxable income greater than \$4,313

43 (3) For a husband and wife filing a single return jointly, or a head of household as
 44 defined in Section 2(b), Internal Revenue Code, filing a single return, the tax under this section
 45 is imposed in accordance with the following table:

46 If the state taxable income is:	The tax is:
47 Less than or equal to \$1,726	[2.3% <u>2.21%</u> of the state taxable income
48 Greater than \$1,726 but less than or equal 49 to \$3,450	[\$40] \$38, plus [3.3% <u>3.17%</u> of state taxable income greater than \$1,726
50 Greater than \$3,450 but less than or equal 51 to \$5,176	[\$97] \$93, plus [4.2% <u>4.03%</u> of state taxable income greater than \$3,450
52 Greater than \$5,176 but less than or equal 53 to \$6,900	[\$169] \$162, plus [5.2% <u>4.99%</u> of state taxable income greater than \$5,176
54 Greater than \$6,900 but less than or equal 55 to \$8,626	[\$259] \$248, plus [6% <u>5.76%</u> of state taxable income greater than \$6,900
56 Greater than \$8,626	[\$362] \$348, plus [7% <u>6.72%</u> of state taxable income greater than \$8,626

57
 58 (4) This section does not apply to a resident individual exempt from taxation under

59 Section 59-10-104.1.

60 Section 2. **Effective date.**

61 This bill takes effect for taxable years beginning on or after January 1, 2007.

Legislative Review Note

as of 2-10-06 12:44 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0270

Individual Income Tax Revisions

14-Feb-06

11:17 AM

State Impact

Passage of this bill could reduce the Uniform School Fund by \$27,000,000 in FY 2007 and by \$100,000,000 in FY 2008.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
Uniform School Fund	\$0	\$0	(\$27,000,000)	(\$100,000,000)
TOTAL	\$0	\$0	(\$27,000,000)	(\$100,000,000)

Individual and Business Impact

Individuals would see a decrease in tax liability.

Office of the Legislative Fiscal Analyst