

April 18, 2006 (11:43am)

Mr. Speaker:

The House Rules Committee recommends, with written request of the sponsor, that 1st Sub. S.B. 242, Tax Revisions (*Sen. C. Bramble*) be replaced with 2nd Sub. S.B. 242, Tax Revisions (*Sen. C. Bramble*), and further recommends, under suspension of the rules, it be considered read for the second time and placed on the Third Reading Calendar for Senate bills with the following amendments:

1. *Page 2, Line 50 through Page 3, Line 69:*

50 AMENDS:

* * * *Some lines not shown* * * *

69 59-10-104, as last amended by Chapters 323 and 324, Laws of Utah 2001 =
59-10-104.1, as enacted by Chapter 323, Laws of Utah 2001

2. *Page 5, Lines 120 through 130:*

120 REPEALS:

* * * *Some lines not shown* * * *

130 { ~~59-10-104.1, as enacted by Chapter 323, Laws of Utah 2001~~ }

3. *Page 44, Lines 1344 through 1347:*

1344 (2) The tax imposed by this section is equal to the product of:

1345 (a) a resident individual's state taxable income for the taxable year; and

1346 (b) 4.975%. =

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 19. Section 59-10-104.1 is amended to read:

59-10-104.1. Exemption from taxation.

(1) For purposes of this section:

(a) "personal exemptions" means the total exemption amount an individual is allowed to claim for the taxable year under Section 151, Internal Revenue Code, for:

- (i) the individual;
- (ii) the individual's spouse; and
- (iii) the individual's dependents; and

(b) "standard deduction":

(i) except as provided in Subsection (1)(b)(ii), means the standard deduction an individual is allowed to claim for the taxable year under Section 63, Internal Revenue Code; and

(ii) notwithstanding Subsection (1)(b)(i), does not include an additional amount allowed under Section 63(f), Internal Revenue Code, for an individual or an individual's spouse who is:

- (A) blind; or
- (B) 65 years of age or older.

(2) For taxable years beginning on or after January 1, 2002, an individual is exempt from a tax imposed by Section 59-10-104 ~~{, 59-10-105, }~~ or 59-10-116 if the individual's adjusted gross income on the individual's federal individual income tax return for the taxable year is less than or equal to the sum of the individual's:

- (a) personal exemptions for that taxable year; and
- (b) standard deduction for that taxable year.

Renumber remaining sections accordingly.

4. *Page 56, Lines 1705 through 1710:*

1705 (b) state income tax percentage.

1706 **{+}** (3) **This section does not apply to a nonresident individual exempt from taxation**

1707 under Section 59-10-104.1. {+}

1708 **{+}** (4) **{+}** ~~{3}~~ In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking

1709 Act, for purposes of Subsection (1), the commission may by rule define what constitutes
1710 compensation.

5. *Page 101, Line 3121 through Page 102, Line 3134:*

3121 Section 64. Repealer.

3122 This bill repeals:

* * * *Some lines not shown* * * *

3134 { ~~Section 59-10-104.1, Exemption from taxation.~~ }

1. Page 40, Lines 1207 through 1228:

1207 {+} {+} (j) "Irrevocable trust" means a trust in which the settlor
may not revoke or terminate

1208 all or part of the trust without the consent of a person who has a substantial
beneficial interest

1209 in the trust and the interest would be adversely affected by the exercise of the settlor's
power to

1210 revoke or terminate all or part of the trust. {+}

1211 [~~(m)~~] For purposes of Subsection 59-10-114(2)(m), "long-term capital gain" is as
1212 defined in Section 1222, Internal Revenue Code.]

1213 [~~(n)~~] (j) (k) "Nonresident individual" means an individual who is not a
resident of this

1214 state.

1215 [~~(o)~~] (k) (l) "Nonresident trust" or "nonresident estate" means a trust or
estate which is not

1216 a resident estate or trust.

1217 [~~(p)~~] (l) (m) (i) "Partnership" includes a syndicate, group, pool, joint
venture, or other

1218 unincorporated organization:

1219 (A) through or by means of which any business, financial operation, or venture is
1220 carried on; and

1221 (B) which is not, within the meaning of this chapter:

1222 (I) a trust;

1223 (II) an estate; or

1224 (III) a corporation.

1225 (ii) "Partnership" does not include any organization not included under the definition
of

1226 "partnership" in Section 761, Internal Revenue Code.
1227 (iii) "Partner" includes a member in a syndicate, group, pool, joint venture, or
1228 organization described in Subsection (1)~~(p)~~ ~~{(t)}~~ (m) (i).

2. *Page 41, Line 1255:*

1255 ~~(s)~~ ~~{(m)}~~ (n) (i) "Resident individual" means:

3. *Page 41, Lines 1262 through 1264:*

1262 (ii) For purposes of Subsection (1)~~(s)~~ ~~{(m)}~~ (n) (i)(B), a fraction of a
calendar day shall be
1263 counted as a whole day.
1264 ~~(t)~~ ~~{(m)}~~ (o) "Resident estate" or "resident trust" is as defined in Section
75-7-103.

4. *Page 42, Line 1269:*

1269 ~~{(o)}~~ (p) "Taxable income" or "state taxable income":

5. *Page 42, Lines 1276 through 1278:*

1276 ~~(w)~~ ~~{(p)}~~ (q) "Taxpayer" means any individual, estate, or trust or
beneficiary of an estate or
1277 trust, whose income is subject in whole or part to the tax imposed by this chapter.
1278 ~~(x)~~ ~~{(q)}~~ (r) "Uintah and Ouray Reservation" means the lands recognized
as being included

6. *Page 42, Lines 1293 through 1296:*

1293 ~~(z)~~ ~~{(r)}~~ (s) "Ute tribal member" means a person who is enrolled as a
member of the Ute
1294 Indian Tribe of the Uintah and Ouray Reservation.
1295 ~~(aa)~~ ~~{(s)}~~ (t) "Ute tribe" means the Ute Indian Tribe of the Uintah and
Ouray Reservation.
1296 ~~(bb)~~ ~~{(t)}~~ (u) "Wages" is as defined in Section 59-10-401.

1. Page 45, Line 1380 through Page 46, Line 1392:

1380 {+} {-(g)} **(b)** except as provided in Subsection {-(6)} **(4)** , for
taxable years beginning on or after
1381 January 1, 2003, for bonds, notes, and other evidences of indebtedness acquired on or
after
1382 January 1, 2003, the interest from bonds, notes, and other evidences of indebtedness
issued by
1383 one or more of the following entities: {+}
1384 {+} (i) a state other than this state; {+}
1385 {+} (ii) the District of Columbia; {+}
1386 {+} (iii) a political subdivision of a state other than this state; or {+}
1387 {+} (iv) an agency or instrumentality of an entity described in Subsections
(1) {-(g)} **(b)** (i)
1388 through (iii); {+}
1389 [(+)] {-(b)} **(c)** any distribution received by a resident beneficiary of a
resident trust of income
1390 that was taxed at the trust level for federal tax purposes, but was subtracted from state
taxable
1391 income of the trust pursuant to Subsection 59-10-202(2)[(e)] **(b)**; and
1392 [(+)] {-(c)} **(d)** any distribution received by a resident beneficiary of a
nonresident trust of

2. Page 53, Lines 1622 through 1634:

1622 {+} (6) {~~Notwithstanding Subsection (1)(g), interest~~} **Interest** from
bonds, notes, and other evidences
1623 of indebtedness issued by an entity described in Subsections (1) {-(g)} **(b)** (i)
through (iv) may not be
1624 added to {~~federal taxable~~} **adjusted gross** income of a resident or
nonresident individual if, as annually
1625 determined by the commission: {+}
1626 {+} (a) for an entity described in Subsection (1) {-(g)} **(b)** (i) or (ii),
the entity and all of the
1627 political subdivisions, agencies, or instrumentalities of the entity do not impose a tax
based on

- 1628 income on any part of the bonds, notes, and other evidences of indebtedness of this
state; or {+}
- 1629 {+} (b) for an entity described in Subsection (1) ~~{(g)}~~ (b) (iii) or (iv),
the following do not impose
- 1630 a tax based on income on any part of the bonds, notes, and other evidences of
indebtedness of
- 1631 this state: {+}
- 1632 {+} (i) the entity; or {+}
- 1633 {+} (ii) (A) the state in which the entity is located; or {+}
- 1634 {+} (B) the District of Columbia, if the entity is located within the District of
Columbia. {+}

3. Page 61, Lines 1866 through 1867:

- 1866 (1) There shall be added to [~~federal taxable~~] adjusted gross income of a resident or
1867 nonresident estate or trust {+} : {+}
- = (a) except as provided in Subsection (3), for taxable years beginning on or after
January 1, 2003, for bonds, notes, and other evidences of indebtedness acquired on or
after January 1, 2003, the interest from bonds, notes, and other evidences of
indebtedness issued by one or more of the following entities:
- (i) a state other than this state;
(ii) the District of Columbia;
(iii) a political subdivision of a state other than this state; or
(iv) an agency or instrumentality of an entity described in Subsections (1)(a)(i)
through (iii); and
- (b) any fiduciary adjustments required by Section 59-10-210.

4. Page 64, Lines 1967 through 1968:

- 1967 (ii) that are substantially similar to how federal adjusted gross income derived from
1968 Utah sources is determined under Section 59-10-117.
- (4) Interest from bonds, notes, and other evidences of indebtedness issued by
an entity described in Subsections (1)(a)(i) through (iv) may not be added to adjusted
gross income of a resident or nonresident individual if, as annually determined by the
commission:
- (a) for an entity described in Subsection (1)(a)(i) or (ii), the entity and all of the
political subdivisions, agencies, or instrumentalities of the entity do not impose a tax

based on income on any part of the bonds, notes, and other evidences of indebtedness of this state; or

(b) for an entity described in Subsection (1)(a)(iii) or (iv), the following do not impose a tax based on income on any part of the bonds, notes, and other evidences of indebtedness of the state:

(i) the entity; or

(ii) (A) the state in which the entity is located; or

(B) the District of Columbia, if the entity is located within the District of Columbia.

5. Page 104, Line 3192:

3192 (b) Subsection 59-10-114(1) {~~(c)~~} (d) .

Respectfully,

Rep. Rebecca Lockhart
Chair