

**TAX CREDIT FOR MILITARY RETIRED PAY**

2008 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Steven R. Mascaro**

Senate Sponsor: D. Chris Buttars

---

---

**LONG TITLE**

**General Description:**

This bill amends the Individual Income Tax Act to enact a tax credit.

**Highlighted Provisions:**

This bill:

- ▶ defines terms; and
- ▶ enacts a nonrefundable tax credit for military retired pay.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill has retrospective operation for taxable years beginning on or after January 1, 2008.

This bill coordinates with S.B. 31, Income Tax Amendments, to provide for apportionment of a tax credit.

**Utah Code Sections Affected:**

ENACTS:

**59-10-1017**, Utah Code Annotated 1953

---

---

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

Section 1. Section **59-10-1017** is enacted to read:

**59-10-1017**. Nonrefundable tax credit for military retired pay.



28 (1) As used in this section:  
29 (a) "Active component of the United States Armed Forces" means active duty service

30 in the:

- 31 (i) United States Army;
- 32 (ii) United States Navy;
- 33 (iii) United States Air Force;
- 34 (iv) United States Marine Corps; or
- 35 (v) United States Coast Guard.

36 (b) "Military retired pay" means retired pay a claimant, estate, or trust receives for  
37 military service of:

- 38 (i) a resident or nonresident individual; or
- 39 (ii) a deceased resident or nonresident individual.

40 (c) "Military service" means service in:

- 41 (i) an active component of the United States Armed Forces; or
- 42 (ii) a reserve component of the United States Armed Forces.

43 (d) "Reserve component of the United States Armed Forces" means service in a reserve  
44 component of the armed forces listed in 10 U.S.C. Sec. 10101.

45 (2) For taxable years beginning on or after January 1, 2008, a claimant, estate, or trust,  
46 may claim a nonrefundable tax credit equal to the product of:

47 (a) the income the claimant, estate, or trust receives during the taxable year:

- 48 (i) in an amount that does not exceed \$10,000;
- 49 (ii) as military retired pay; and
- 50 (iii) to the extent that income is included in adjusted gross income on that claimant's,  
51 estate's, or trust's federal individual income tax return for that taxable year; and

52 (b) 5%.

53 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under  
54 this section.

55 (4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
56 commission may make rules defining what constitutes retired pay.

57 **Section 2. Retrospective operation.**

58 This bill has retrospective operation for taxable years beginning on or after January 1,

59 2008.

60 Section 3. **Coordinating H.B. 158 with S.B. 31 -- Modifying substantive language.**

61 If this H.B. 158 and S.B. 31, Income Tax Amendments, both pass, it is the intent of the

62 Legislature that the Office of Legislative Research and General Counsel, in preparing the Utah

63 Code database for publication, modify Section 59-10-1002.2, which is renumbered and

64 amended in S.B. 31, so that a citation to the statutory section enacted in Section 1 in this H.B.

65 158 is included in the list of sections in:

66 (1) Subsection 59-10-1002.2(1); and

67 (2) Subsection 59-10-1002.2(2).

---

**Legislative Review Note**

**as of 1-24-08 12:12 PM**

**Office of Legislative Research and General Counsel**

---

---

**H.B. 158 - Tax Credit for Military Retired Pay**

**Fiscal Note**

2008 General Session  
State of Utah

---

---

**State Impact**

Enactment of this bill could reduce the Education Fund by approximately \$6,000,000 annually.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
General Fund	\$0	\$0	\$0	\$0	(\$6,000,000)	(\$6,000,000)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,000,000)</b>	<b>(\$6,000,000)</b>

---

---

**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for businesses, or local governments. Individuals who have military retirement income will receive a credit of up to \$500.

---

---