

**INCOME TAX - CAPITAL GAIN
TRANSACTIONS**

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne L. Niederhauser

House Sponsor: John Dougall

LONG TITLE

General Description:

This bill amends the Individual Income Tax Act to address certain capital gain transactions.

Highlighted Provisions:

This bill:

- ▶ repeals definitions;
- ▶ repeals income tax subtractions for certain capital gain transactions;
- ▶ repeals obsolete language relating to income tax subtractions for military members;
- ▶ defines terms;
- ▶ enacts a nonrefundable tax credit for capital gain transactions;
- ▶ grants rulemaking authority to the State Tax Commission; and
- ▶ makes technical changes.

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.



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-10-103**, as last amended by Laws of Utah 2006, Fourth Special Session, Chapter 2

31 **59-10-114**, as last amended by Laws of Utah 2007, Chapter 100

32 **59-10-202**, as last amended by Laws of Utah 2007, Chapter 100

33 **59-10-1204**, as enacted by Laws of Utah 2006, Fourth Special Session, Chapter 2

34 ENACTS:

35 **59-10-1017**, Utah Code Annotated 1953



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

38 Section 1. Section **59-10-103** is amended to read:

39 **59-10-103. Definitions.**

40 (1) As used in this chapter:

41 (a) "Adjusted gross income":

42 (i) for a resident or nonresident individual, is as defined in Section 62, Internal

43 Revenue Code; or

44 (ii) for a resident or nonresident estate or trust, is as calculated in Section 67(e),

45 Internal Revenue Code.

46 (b) "Adoption expenses" means:

47 (i) any actual medical and hospital expenses of the mother of the adopted child which
48 are incident to the child's birth;

49 (ii) any welfare agency fees or costs;

50 (iii) any child placement service fees or costs;

51 (iv) any legal fees or costs; or

52 (v) any other fees or costs relating to an adoption.

53 (c) "Adult with a disability" means an individual who:

54 (i) is 18 years of age or older;

55 (ii) is eligible for services under Title 62A, Chapter 5, Services for People with

56 Disabilities; and

57 (iii) is not enrolled in:

58 (A) an education program for students with disabilities that is authorized under Section

59 53A-15-301; or

60 (B) a school established under Title 53A, Chapter 25, Schools for the Deaf and Blind.

61 ~~[(d) (i) For purposes of Subsection 59-10-114(2)(1), "capital gain transaction" means a~~
62 ~~transaction that results in a:]~~

63 ~~[(A) short-term capital gain; or]~~

64 ~~[(B) long-term capital gain:]~~

65 ~~[(ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,~~
66 ~~the commission may by rule define the term "transaction."]~~

67 ~~[(e) "Commercial domicile" means the principal place from which the trade or business~~
68 ~~of a Utah small business corporation is directed or managed:]~~

69 ~~[(f)]~~ (d) "Corporation" includes:

70 (i) associations;

71 (ii) joint stock companies; and

72 (iii) insurance companies.

73 ~~[(g)]~~ (e) "Dependent child with a disability" means an individual 21 years of age or
74 younger who:

75 (i) (A) is diagnosed by a school district representative under rules adopted by the State
76 Board of Education as having a disability classified as:

77 (I) autism;

78 (II) deafness;

79 (III) preschool developmental delay;

80 (IV) dual sensory impairment;

81 (V) hearing impairment;

82 (VI) intellectual disability;

83 (VII) multidisability;

84 (VIII) orthopedic impairment;

85 (IX) other health impairment;

86 (X) traumatic brain injury; or

87 (XI) visual impairment;

88 (B) is not receiving residential services from:

89 (I) the Division of Services for People with Disabilities created under Section

90 62A-5-102; or

91 (II) a school established under Title 53A, Chapter 25, Schools for the Deaf and Blind;

92 and

93 (C) is enrolled in:

94 (I) an education program for students with disabilities that is authorized under Section

95 53A-15-301; or

96 (II) a school established under Title 53A, Chapter 25, Schools for the Deaf and Blind;

97 or

98 (ii) is identified under guidelines of the Department of Health as qualified for:

99 (A) Early Intervention; or

100 (B) Infant Development Services.

101 [~~(f)~~] (f) "Distributable net income" is as defined in Section 643, Internal Revenue

102 Code.

103 [~~(g)~~] (g) "Employee" is as defined in Section 59-10-401.

104 [~~(h)~~] (h) "Employer" is as defined in Section 59-10-401.

105 [~~(i)~~] (i) "Federal taxable income":

106 (i) for a resident or nonresident individual, means taxable income as defined by Section

107 63, Internal Revenue Code; or

108 (ii) for a resident or nonresident estate or trust, is as calculated in Section 641(a) and

109 (b), Internal Revenue Code.

110 [~~(j)~~] (j) "Fiduciary" means:

111 (i) a guardian;

112 (ii) a trustee;

113 (iii) an executor;

114 (iv) an administrator;

115 (v) a receiver;

116 (vi) a conservator; or

117 (vii) any person acting in any fiduciary capacity for any individual.

118 [~~(k)~~] (k) "Homesteaded land diminished from the Uintah and Ouray Reservation"

119 means the homesteaded land that was held to have been diminished from the Uintah and Ouray

120 Reservation in Hagen v. Utah, 510 U.S. 399 (1994).

121 ~~[(n)]~~ (l) "Individual" means a natural person and includes aliens and minors.

122 ~~[(o)]~~ (m) "Irrevocable trust" means a trust in which the settlor may not revoke or
123 terminate all or part of the trust without the consent of a person who has a substantial beneficial
124 interest in the trust and the interest would be adversely affected by the exercise of the settlor's
125 power to revoke or terminate all or part of the trust.

126 ~~[(p)]~~ For purposes of Subsection 59-10-114(2)(1), "long-term capital gain" is as defined
127 in Section 1222, Internal Revenue Code.]

128 ~~[(q)]~~ (n) "Nonresident individual" means an individual who is not a resident of this
129 state.

130 ~~[(r)]~~ (o) "Nonresident trust" or "nonresident estate" means a trust or estate which is not
131 a resident estate or trust.

132 ~~[(s)]~~ (p) (i) "Partnership" includes a syndicate, group, pool, joint venture, or other
133 unincorporated organization:

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

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

137 (I) a trust;

138 (II) an estate; or

139 (III) a corporation.

140 (ii) "Partnership" does not include any organization not included under the definition of
141 "partnership" in Section 761, Internal Revenue Code.

142 (iii) "Partner" includes a member in a syndicate, group, pool, joint venture, or
143 organization described in Subsection (1)~~[(s)]~~(p)(i).

144 ~~[(t)]~~ "Qualifying military servicemember" means a member of:]

145 ~~[(i)]~~ The Utah Army National Guard;]

146 ~~[(ii)]~~ The Utah Air National Guard; or]

147 ~~[(iii)]~~ the following if the member is assigned to a unit that is located in the state:]

148 ~~[(A)]~~ The Army Reserve;]

149 ~~[(B)]~~ The Naval Reserve;]

150 ~~[(C)]~~ The Air Force Reserve;]

151 ~~[(D)]~~ The Marine Corps Reserve; or]

152 ~~[(E) The Coast Guard Reserve.]~~

153 ~~[(u) "Qualifying stock" means stock that is:]~~

154 ~~[(i) (A) common; or]~~

155 ~~[(B) preferred;]~~

156 ~~[(ii) as defined by the commission by rule, originally issued to:]~~

157 ~~[(A) a resident or nonresident individual; or]~~

158 ~~[(B) a partnership if the resident or nonresident individual making a subtraction from~~

159 ~~federal taxable income in accordance with Subsection 59-10-114(2)(1):]~~

160 ~~[(f) was a partner when the stock was issued; and]~~

161 ~~[(H) remains a partner until the last day of the taxable year for which the resident or~~

162 ~~nonresident individual makes the subtraction from federal taxable income in accordance with~~

163 ~~Subsection 59-10-114(2)(1); and]~~

164 ~~[(iii) issued:]~~

165 ~~[(A) by a Utah small business corporation;]~~

166 ~~[(B) on or after January 1, 2003; and]~~

167 ~~[(C) for:]~~

168 ~~[(f) money; or]~~

169 ~~[(H) other property, except for stock or securities.]~~

170 ~~[(v)] (q) (i) "Resident individual" means:~~

171 (A) an individual who is domiciled in this state for any period of time during the

172 taxable year, but only for the duration of the period during which the individual is domiciled in

173 this state; or

174 (B) an individual who is not domiciled in this state but:

175 (I) maintains a permanent place of abode in this state; and

176 (II) spends in the aggregate 183 or more days of the taxable year in this state.

177 (ii) For purposes of Subsection (1)~~[(v)](q)(i)(B)~~, a fraction of a calendar day shall be

178 counted as a whole day.

179 ~~[(w)] (r) "Resident estate" or "resident trust" is as defined in Section 75-7-103.~~

180 ~~[(x) For purposes of Subsection 59-10-114(2)(1), "short-term capital gain" is as defined~~

181 ~~in Section 1222, Internal Revenue Code.]~~

182 ~~[(y)] (s) "Taxable income" or "state taxable income":~~

183 (i) subject to Subsection 59-10-302(2), for a resident individual other than a resident
 184 individual described in Subsection (1)~~(y)~~(s)(iii), means the resident individual's federal
 185 taxable income after making the:

186 (A) additions and subtractions required by Section 59-10-114; and

187 (B) adjustments required by Section 59-10-115;

188 (ii) for a nonresident individual other than a nonresident individual described in
 189 Subsection (1)~~(y)~~(s)(iii), is as defined in Section 59-10-116;

190 (iii) for a resident or nonresident individual that collects and pays a tax described in
 191 Part 12, Single Rate Individual Income Tax Act, is as defined in Section 59-10-1202;

192 (iv) for a resident estate or trust, is as calculated under Section 59-10-201.1; and

193 (v) for a nonresident estate or trust, is as calculated under Section 59-10-204.

194 ~~(z)~~ (t) "Taxpayer" means any individual, estate, or trust or beneficiary of an estate or
 195 trust, whose income is subject in whole or part to the tax imposed by this chapter.

196 ~~(aa)~~ (u) "Uintah and Ouray Reservation" means the lands recognized as being
 197 included within the Uintah and Ouray Reservation in:

198 (i) Hagen v. Utah, 510 U.S. 399 (1994); and

199 (ii) Ute Indian Tribe v. Utah, 114 F.3d 1513 (10th Cir. 1997).

200 ~~(bb)~~ (i) "Utah small business corporation" means a corporation that:]

201 ~~[(A) is a small business corporation as defined in Section 1244(c)(3), Internal Revenue~~
 202 ~~Code;]~~

203 ~~[(B) except as provided in Subsection (1)(bb)(i)(B), meets the requirements of Section~~
 204 ~~1244(c)(1)(C), Internal Revenue Code; and]~~

205 ~~[(C) has its commercial domicile in this state.]~~

206 ~~[(ii) Notwithstanding Subsection (1)(bb)(i)(B), the time period described in Section~~
 207 ~~1244(c)(1)(C) and Section 1244(c)(2), Internal Revenue Code, for determining the source of a~~
 208 ~~corporation's aggregate gross receipts shall end on the last day of the taxable year for which the~~
 209 ~~resident or nonresident individual makes a subtraction from federal taxable income in~~
 210 ~~accordance with Subsection 59-10-114(2)(1).]~~

211 ~~(cc)~~ (v) "Ute tribal member" means a person who is enrolled as a member of the Ute
 212 Indian Tribe of the Uintah and Ouray Reservation.

213 ~~(dd)~~ (w) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.

214 [~~ee~~] (x) "Wages" is as defined in Section 59-10-401.

215 (2) (a) Any term used in this chapter has the same meaning as when used in
216 comparable context in the laws of the United States relating to federal income taxes unless a
217 different meaning is clearly required.

218 (b) Any reference to the Internal Revenue Code or to the laws of the United States shall
219 mean the Internal Revenue Code or other provisions of the laws of the United States relating to
220 federal income taxes that are in effect for the taxable year.

221 (c) Any reference to a specific section of the Internal Revenue Code or other provision
222 of the laws of the United States relating to federal income taxes shall include any
223 corresponding or comparable provisions of the Internal Revenue Code as hereafter amended,
224 redesignated, or reenacted.

225 Section 2. Section **59-10-114** is amended to read:

226 **59-10-114. Additions to and subtractions from federal taxable income of an**
227 **individual.**

228 (1) There shall be added to federal taxable income of a resident or nonresident
229 individual:

230 (a) the amount of any income tax imposed by this or any predecessor Utah individual
231 income tax law and the amount of any income tax imposed by the laws of another state, the
232 District of Columbia, or a possession of the United States, to the extent deducted from adjusted
233 gross income in determining federal taxable income;

234 (b) a lump sum distribution that the taxpayer does not include in adjusted gross income
235 on the taxpayer's federal individual income tax return for the taxable year;

236 (c) for taxable years beginning on or after January 1, 2002, the amount of a child's
237 income calculated under Subsection (5) that:

238 (i) a parent elects to report on the parent's federal individual income tax return for the
239 taxable year; and

240 (ii) the parent does not include in adjusted gross income on the parent's federal
241 individual income tax return for the taxable year;

242 (d) 25% of the personal exemptions, as defined and calculated in the Internal Revenue
243 Code;

244 (e) a withdrawal from a medical care savings account and any penalty imposed in the

245 taxable year if:

246 (i) the resident or nonresident individual did not deduct or include the amounts on the
247 resident or nonresident individual's federal individual income tax return pursuant to Section
248 220, Internal Revenue Code;

249 (ii) the withdrawal is subject to Subsections 31A-32a-105(1) and (2); and

250 (iii) the withdrawal is deducted by the resident or nonresident individual under
251 Subsection (2)(h);

252 (f) the amount withdrawn under Title 53B, Chapter 8a, Higher Education Savings
253 Incentive Program, from the account of a resident or nonresident individual who is an account
254 owner as defined in Section 53B-8a-102, for the taxable year for which the amount is
255 withdrawn, if that amount withdrawn from the account of the resident or nonresident individual
256 who is the account owner:

257 (i) is not expended for higher education costs as defined in Section 53B-8a-102; and

258 (ii) is:

259 (A) subtracted by the resident or nonresident individual:

260 (I) who is the account owner; and

261 (II) in accordance with Subsection (2)(i); or

262 (B) used as the basis for the resident or nonresident individual who is the account
263 owner to claim a tax credit under Section 59-10-1206.1;

264 (g) except as provided in Subsection (6), for taxable years beginning on or after
265 January 1, 2003, for bonds, notes, and other evidences of indebtedness acquired on or after
266 January 1, 2003, the interest from bonds, notes, and other evidences of indebtedness issued by
267 one or more of the following entities:

268 (i) a state other than this state;

269 (ii) the District of Columbia;

270 (iii) a political subdivision of a state other than this state; or

271 (iv) an agency or instrumentality of an entity described in Subsections (1)(g)(i) through
272 (iii);

273 (h) subject to Subsection (2)(n), any distribution received by a resident beneficiary of a
274 resident trust of income that was taxed at the trust level for federal tax purposes, but was
275 subtracted from state taxable income of the trust pursuant to Subsection 59-10-202(2)(c);

276 (i) any distribution received by a resident beneficiary of a nonresident trust of
277 undistributed distributable net income realized by the trust on or after January 1, 2004, if that
278 undistributed distributable net income was taxed at the trust level for federal tax purposes, but
279 was not taxed at the trust level by any state, with undistributed distributable net income
280 considered to be distributed from the most recently accumulated undistributed distributable net
281 income; and

282 (j) any adoption expense:

283 (i) for which a resident or nonresident individual receives reimbursement from another
284 person; and

285 (ii) to the extent to which the resident or nonresident individual deducts that adoption
286 expense:

287 (A) under Subsection (2)(c); or

288 (B) from federal taxable income on a federal individual income tax return.

289 (2) There shall be subtracted from federal taxable income of a resident or nonresident
290 individual:

291 (a) the interest or a dividend on obligations or securities of the United States and its
292 possessions or of any authority, commission, or instrumentality of the United States, to the
293 extent that interest or dividend is included in gross income for federal income tax purposes for
294 the taxable year but exempt from state income taxes under the laws of the United States, but
295 the amount subtracted under this Subsection (2)(a) shall be reduced by any interest on
296 indebtedness incurred or continued to purchase or carry the obligations or securities described
297 in this Subsection (2)(a), and by any expenses incurred in the production of interest or dividend
298 income described in this Subsection (2)(a) to the extent that such expenses, including
299 amortizable bond premiums, are deductible in determining federal taxable income;

300 (b) 1/2 of the net amount of any income tax paid or payable to the United States after all
301 allowable credits, as reported on the United States individual income tax return of the taxpayer
302 for the same taxable year;

303 (c) the amount of adoption expenses for one of the following taxable years as elected
304 by the resident or nonresident individual:

305 (i) regardless of whether a court issues an order granting the adoption, the taxable year
306 in which the adoption expenses are:

- 307 (A) paid; or
- 308 (B) incurred;
- 309 (ii) the taxable year in which a court issues an order granting the adoption; or
- 310 (iii) any year in which the resident or nonresident individual may claim the federal
- 311 adoption expenses credit under Section 23, Internal Revenue Code;
- 312 (d) amounts received by taxpayers under age 65 as retirement income which, for
- 313 purposes of this section, means pensions and annuities, paid from an annuity contract
- 314 purchased by an employer under a plan which meets the requirements of Section 404(a)(2),
- 315 Internal Revenue Code, or purchased by an employee under a plan which meets the
- 316 requirements of Section 408, Internal Revenue Code, or paid by the United States, a state, or
- 317 political subdivision thereof, or the District of Columbia, to the employee involved or the
- 318 surviving spouse;
- 319 (e) for each taxpayer age 65 or over before the close of the taxable year, a \$7,500
- 320 personal retirement exemption;
- 321 (f) 75% of the amount of the personal exemption, as defined and calculated in the
- 322 Internal Revenue Code, for each dependent child with a disability and adult with a disability
- 323 who is claimed as a dependent on a taxpayer's return;
- 324 (g) subject to the limitations of Subsection (3)(e), amounts a taxpayer pays during the
- 325 taxable year for health care insurance, as defined in Title 31A, Chapter 1, General Provisions:
- 326 (i) for:
- 327 (A) the taxpayer;
- 328 (B) the taxpayer's spouse; and
- 329 (C) the taxpayer's dependents; and
- 330 (ii) to the extent the taxpayer does not deduct the amounts under Section 125, 162, or
- 331 213, Internal Revenue Code, in determining federal taxable income for the taxable year;
- 332 (h) (i) except as provided in this Subsection (2)(h), the amount of a contribution made
- 333 during the taxable year on behalf of the taxpayer to a medical care savings account and interest
- 334 earned on a contribution to a medical care savings account established pursuant to Title 31A,
- 335 Chapter 32a, Medical Care Savings Account Act, to the extent the contribution is accepted by
- 336 the account administrator as provided in the Medical Care Savings Account Act, and if the
- 337 taxpayer did not deduct or include amounts on the taxpayer's federal individual income tax

338 return pursuant to Section 220, Internal Revenue Code; and

339 (ii) a contribution deductible under this Subsection (2)(h) may not exceed either of the
340 following:

341 (A) the maximum contribution allowed under the Medical Care Savings Account Act
342 for the tax year multiplied by two for taxpayers who file a joint return, if neither spouse is
343 covered by health care insurance as defined in Section 31A-1-301 or self-funded plan that
344 covers the other spouse, and each spouse has a medical care savings account; or

345 (B) the maximum contribution allowed under the Medical Care Savings Account Act
346 for the tax year for taxpayers:

347 (I) who do not file a joint return; or

348 (II) who file a joint return, but do not qualify under Subsection (2)(h)(ii)(A);

349 (i) subject to Subsection (1)(f), the amount of a qualified investment as defined in
350 Section 53B-8a-102 that:

351 (i) a resident or nonresident individual who is an account owner as defined in Section
352 53B-8a-102 makes during the taxable year;

353 (ii) the resident or nonresident individual described in Subsection (2)(i)(i) does not
354 deduct on a federal individual income tax return; and

355 (iii) does not exceed the maximum amount of the qualified investment that may be
356 subtracted from federal taxable income for a taxable year in accordance with Subsections
357 53B-8a-106(1)(e) and (f);

358 (j) for taxable years beginning on or after January 1, 2000, any amounts paid for
359 premiums for long-term care insurance as defined in Section 31A-1-301 to the extent the
360 amounts paid for long-term care insurance were not deducted under Section 213, Internal
361 Revenue Code, in determining federal taxable income;

362 (k) for taxable years beginning on or after January 1, 2000, if the conditions of
363 Subsection (4)(a) are met, the amount of income derived by a Ute tribal member:

364 (i) during a time period that the Ute tribal member resides on homesteaded land
365 diminished from the Uintah and Ouray Reservation; and

366 (ii) from a source within the Uintah and Ouray Reservation;

367 ~~[(f) (i) for taxable years beginning on or after January 1, 2003, the total amount of a~~
368 ~~resident or nonresident individual's short-term capital gain or long-term capital gain on a~~

369 capital gain transaction:]
370 ~~[(A) that occurs on or after January 1, 2003;]~~
371 ~~[(B) if 70% or more of the gross proceeds of the capital gain transaction are expended:]~~
372 ~~[(F) to purchase qualifying stock in a Utah small business corporation; and]~~
373 ~~[(H) within a 12-month period after the day on which the capital gain transaction~~
374 ~~occurs; and]~~
375 ~~[(C) if, prior to the purchase of the qualifying stock described in Subsection~~
376 ~~(2)(i)(B)(F), the resident or nonresident individual did not have an ownership interest in the~~
377 ~~Utah small business corporation that issued the qualifying stock; and]~~
378 ~~[(ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,~~
379 ~~the commission may make rules:]~~
380 ~~[(A) defining the term "gross proceeds"; and]~~
381 ~~[(B) for purposes of Subsection (2)(i)(C), prescribing the circumstances under which~~
382 ~~a resident or nonresident individual has an ownership interest in a Utah small business~~
383 ~~corporation;]~~
384 ~~[(m) for the taxable year beginning on or after January 1, 2005, but beginning on or~~
385 ~~before December 31, 2005, the first \$2,200 of income a qualifying military servicemember~~
386 ~~receives:]~~
387 ~~[(i) for service:]~~
388 ~~[(A) as a qualifying military servicemember; or]~~
389 ~~[(B) under an order into active service in accordance with Section 39-1-5; and]~~
390 ~~[(ii) to the extent that income is included in adjusted gross income on that resident or~~
391 ~~nonresident individual's federal individual income tax return for that taxable year;]~~
392 ~~[(n) (1) an amount received by a resident or nonresident individual or distribution~~
393 ~~received by a resident or nonresident beneficiary of a resident trust:~~
394 ~~(i) if that amount or distribution constitutes a refund of taxes imposed by:~~
395 ~~(A) a state; or~~
396 ~~(B) the District of Columbia; and~~
397 ~~(ii) to the extent that amount or distribution is included in adjusted gross income for~~
398 ~~that taxable year on the federal individual income tax return of the resident or nonresident~~
399 ~~individual or resident or nonresident beneficiary of a resident trust;~~

400 ~~[(m)]~~ (m) the amount of a railroad retirement benefit:
401 (i) paid:
402 (A) in accordance with The Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et
403 seq.;

404 (B) to a resident or nonresident individual; and
405 (C) for the taxable year; and
406 (ii) to the extent that railroad retirement benefit is included in adjusted gross income on
407 that resident or nonresident individual's federal individual income tax return for that taxable
408 year; and

409 ~~[(n)]~~ (n) an amount:
410 (i) received by an enrolled member of an American Indian tribe; and
411 (ii) to the extent that the state is not authorized or permitted to impose a tax under this
412 part on that amount in accordance with:
413 (A) federal law;
414 (B) a treaty; or
415 (C) a final decision issued by a court of competent jurisdiction.

416 (3) (a) For purposes of Subsection (2)(d), the amount of retirement income subtracted
417 for taxpayers under 65 shall be the lesser of the amount included in federal taxable income, or
418 \$4,800, except that:
419 (i) for married taxpayers filing joint returns, for each \$1 of adjusted gross income
420 earned over \$32,000, the amount of the retirement income exemption that may be subtracted
421 shall be reduced by 50 cents;
422 (ii) for married taxpayers filing separate returns, for each \$1 of adjusted gross income
423 earned over \$16,000, the amount of the retirement income exemption that may be subtracted
424 shall be reduced by 50 cents; and
425 (iii) for individual taxpayers, for each \$1 of adjusted gross income earned over
426 \$25,000, the amount of the retirement income exemption that may be subtracted shall be
427 reduced by 50 cents.

428 (b) For purposes of Subsection (2)(e), the amount of the personal retirement exemption
429 shall be further reduced according to the following schedule:
430 (i) for married taxpayers filing joint returns, for each \$1 of adjusted gross income

431 earned over \$32,000, the amount of the personal retirement exemption shall be reduced by 50
432 cents;

433 (ii) for married taxpayers filing separate returns, for each \$1 of adjusted gross income
434 earned over \$16,000, the amount of the personal retirement exemption shall be reduced by 50
435 cents; and

436 (iii) for individual taxpayers, for each \$1 of adjusted gross income earned over
437 \$25,000, the amount of the personal retirement exemption shall be reduced by 50 cents.

438 (c) For purposes of Subsections (3)(a) and (b), adjusted gross income shall be
439 calculated by adding to adjusted gross income any interest income not otherwise included in
440 adjusted gross income.

441 (d) For purposes of determining ownership of items of retirement income common law
442 doctrine will be applied in all cases even though some items may have originated from service
443 or investments in a community property state. Amounts received by the spouse of a living
444 retiree because of the retiree's having been employed in a community property state are not
445 deductible as retirement income of such spouse.

446 (e) For purposes of Subsection (2)(g), a subtraction for an amount paid for health care
447 insurance as defined in Title 31A, Chapter 1, General Provisions, is not allowed:

448 (i) for an amount that is reimbursed or funded in whole or in part by the federal
449 government, the state, or an agency or instrumentality of the federal government or the state;
450 and

451 (ii) for a taxpayer who is eligible to participate in a health plan maintained and funded
452 in whole or in part by the taxpayer's employer or the taxpayer's spouse's employer.

453 (4) (a) A subtraction for an amount described in Subsection (2)(k) is allowed only if:

454 (i) the taxpayer is a Ute tribal member; and

455 (ii) the governor and the Ute tribe execute and maintain an agreement meeting the
456 requirements of this Subsection (4).

457 (b) The agreement described in Subsection (4)(a):

458 (i) may not:

459 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

460 (B) provide a subtraction under this section greater than or different from the

461 subtraction described in Subsection (2)(k); or

- 462 (C) affect the power of the state to establish rates of taxation; and
- 463 (ii) shall:
- 464 (A) provide for the implementation of the subtraction described in Subsection (2)(k);
- 465 (B) be in writing;
- 466 (C) be signed by:
- 467 (I) the governor; and
- 468 (II) the chair of the Business Committee of the Ute tribe;
- 469 (D) be conditioned on obtaining any approval required by federal law; and
- 470 (E) state the effective date of the agreement.

471 (c) (i) The governor shall report to the commission by no later than February 1 of each
472 year regarding whether or not an agreement meeting the requirements of this Subsection (4) is
473 in effect.

474 (ii) If an agreement meeting the requirements of this Subsection (4) is terminated, the
475 subtraction permitted under Subsection (2)(k) is not allowed for taxable years beginning on or
476 after the January 1 following the termination of the agreement.

477 (d) For purposes of Subsection (2)(k) and in accordance with Title 63, Chapter 46a,
478 Utah Administrative Rulemaking Act, the commission may make rules:

479 (i) for determining whether income is derived from a source within the Uintah and
480 Ouray Reservation; and

481 (ii) that are substantially similar to how adjusted gross income derived from Utah
482 sources is determined under Section 59-10-117.

483 (5) (a) For purposes of this Subsection (5), "Form 8814" means:

484 (i) the federal individual income tax Form 8814, Parents' Election To Report Child's
485 Interest and Dividends; or

486 (ii) (A) for taxable years beginning on or after January 1, 2002, a form designated by
487 the commission in accordance with Subsection (5)(a)(ii)(B) as being substantially similar to
488 2000 Form 8814 if for purposes of federal individual income taxes the information contained
489 on 2000 Form 8814 is reported on a form other than Form 8814; and

490 (B) for purposes of Subsection (5)(a)(ii)(A) and in accordance with Title 63, Chapter
491 46a, Utah Administrative Rulemaking Act, the commission may make rules designating a form
492 as being substantially similar to 2000 Form 8814 if for purposes of federal individual income

493 taxes the information contained on 2000 Form 8814 is reported on a form other than Form
494 8814.

495 (b) The amount of a child's income added to adjusted gross income under Subsection
496 (1)(c) is equal to the difference between:

497 (i) the lesser of:

498 (A) the base amount specified on Form 8814; and

499 (B) the sum of the following reported on Form 8814:

500 (I) the child's taxable interest;

501 (II) the child's ordinary dividends; and

502 (III) the child's capital gain distributions; and

503 (ii) the amount not taxed that is specified on Form 8814.

504 (6) Notwithstanding Subsection (1)(g), interest from bonds, notes, and other evidences
505 of indebtedness issued by an entity described in Subsections (1)(g)(i) through (iv) may not be
506 added to federal taxable income of a resident or nonresident individual if, as annually
507 determined by the commission:

508 (a) for an entity described in Subsection (1)(g)(i) or (ii), the entity and all of the
509 political subdivisions, agencies, or instrumentalities of the entity do not impose a tax based on
510 income on any part of the bonds, notes, and other evidences of indebtedness of this state; or

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

514 (i) the entity; or

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

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

517 Section 3. Section **59-10-202** is amended to read:

518 **59-10-202. Additions to and subtractions from federal taxable income of a**
519 **resident or nonresident estate or trust.**

520 (1) There shall be added to federal taxable income of a resident or nonresident estate or
521 trust:

522 (a) the amount of any income tax imposed by this or any predecessor Utah individual
523 income tax law and the amount of any income tax imposed by the laws of another state, the

524 District of Columbia, or a possession of the United States, to the extent deducted from federal
525 adjusted total income as defined in Section 62, Internal Revenue Code, in determining federal
526 taxable income;

527 (b) a lump sum distribution allowable as a deduction under Section 402(d)(3) of the
528 Internal Revenue Code, to the extent deductible under Section 62(a)(8) of the Internal Revenue
529 Code in determining adjusted gross income;

530 (c) except as provided in Subsection (3), for taxable years beginning on or after
531 January 1, 2003, for bonds, notes, and other evidences of indebtedness acquired on or after
532 January 1, 2003, the interest from bonds, notes, and other evidences of indebtedness issued by
533 one or more of the following entities:

534 (i) a state other than this state;

535 (ii) the District of Columbia;

536 (iii) a political subdivision of a state other than this state; or

537 (iv) an agency or instrumentality of an entity described in Subsections (1)(c)(i) through
538 (iii);

539 (d) any portion of federal taxable income for a taxable year if that federal taxable
540 income is derived from stock:

541 (i) in an S corporation; and

542 (ii) that is held by an electing small business trust;

543 (e) (i) the amount withdrawn under Title 53B, Chapter 8a, Higher Education Savings
544 Incentive Program, from the account of a resident or nonresident estate or trust that is an
545 account owner as defined in Section 53B-8a-102, for the taxable year for which the amount is
546 withdrawn, if that amount withdrawn from the account of the resident or nonresident estate or
547 trust that is the account owner:

548 (A) is not expended for higher education costs as defined in Section 53B-8a-102; and

549 (B) is subtracted by the resident or nonresident estate or trust:

550 (I) that is the account owner; and

551 (II) in accordance with Subsection (2)(~~f~~)(h)(i); and

552 (ii) the amount withdrawn under Title 53B, Chapter 8a, Higher Education Savings
553 Incentive Program, from the account of a resident or nonresident estate or trust that is an
554 account owner as defined in Section 53B-8a-102, for the taxable year beginning on or after

555 January 1, 2007, but beginning on or before December 31, 2007, if that amount withdrawn
556 from the account of the resident or nonresident estate or trust that is the account owner:

557 (A) is not expended for higher education costs as defined in Section 53B-8a-102; and

558 (B) is subtracted by the resident or nonresident estate or trust:

559 (I) that is the account owner; and

560 (II) in accordance with Subsection (2)(~~f~~)(h)(ii); and

561 (f) any fiduciary adjustments required by Section 59-10-210.

562 (2) There shall be subtracted from federal taxable income of a resident or nonresident
563 estate or trust:

564 (a) the interest or a dividend on obligations or securities of the United States and its
565 possessions or of any authority, commission, or instrumentality of the United States, to the
566 extent that interest or dividend is included in gross income for federal income tax purposes for
567 the taxable year but exempt from state income taxes under the laws of the United States, but
568 the amount subtracted under this Subsection (2) shall be reduced by any interest on
569 indebtedness incurred or continued to purchase or carry the obligations or securities described
570 in this Subsection (2), and by any expenses incurred in the production of interest or dividend
571 income described in this Subsection (2) to the extent that such expenses, including amortizable
572 bond premiums, are deductible in determining federal taxable income;

573 (b) 1/2 of the net amount of any income tax paid or payable to the United States after
574 all allowable credits, as per the United States fiduciary income tax return of the taxpayer for the
575 same taxable year;

576 (c) income of an irrevocable resident trust if:

577 (i) the income would not be treated as state taxable income derived from Utah sources
578 under Section 59-10-204 if received by a nonresident trust;

579 (ii) the trust first became a resident trust on or after January 1, 2004;

580 (iii) no assets of the trust were held, at any time after January 1, 2003, in another
581 resident irrevocable trust created by the same settlor or the spouse of the same settlor;

582 (iv) the trustee of the trust is a trust company as defined in Subsection 7-5-1(1)(d);

583 (v) the amount subtracted under this Subsection (2) is reduced to the extent the settlor
584 or any other person is treated as an owner of any portion of the trust under Subtitle A,
585 Subchapter J, Subpart E of the Internal Revenue Code; and

586 (vi) the amount subtracted under this Subsection (2) is reduced by any interest on
587 indebtedness incurred or continued to purchase or carry the assets generating the income
588 described in this Subsection (2), and by any expenses incurred in the production of income
589 described in this Subsection (2), to the extent that those expenses, including amortizable bond
590 premiums, are deductible in determining federal taxable income;

591 (d) if the conditions of Subsection (4)(a) are met, the amount of income of a resident or
592 nonresident estate or trust derived from a deceased Ute tribal member:

593 (i) during a time period that the Ute tribal member resided on homesteaded land
594 diminished from the Uintah and Ouray Reservation; and

595 (ii) from a source within the Uintah and Ouray Reservation;

596 ~~[(e) (i) for taxable years beginning on or after January 1, 2003, the total amount of a
597 resident or nonresident estate's or trust's short-term capital gain or long-term capital gain on a
598 capital gain transaction:]~~

599 ~~[(A) that occurs on or after January 1, 2003;]~~

600 ~~[(B) if 70% or more of the gross proceeds of the capital gain transaction are expended:]~~

601 ~~[(F) to purchase qualifying stock in a Utah small business corporation; and]~~

602 ~~[(H) within a 12-month period after the day on which the capital gain transaction
603 occurs; and]~~

604 ~~[(C) if, prior to the purchase of the qualifying stock described in Subsection
605 (2)(e)(i)(B)(F), the resident or nonresident estate or trust did not have an ownership interest in
606 the Utah small business corporation that issued the qualifying stock; and]~~

607 ~~[(ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
608 the commission may make rules:]~~

609 ~~[(A) defining the term "gross proceeds"; and]~~

610 ~~[(B) for purposes of Subsection (2)(e)(i)(C), prescribing the circumstances under which
611 a resident or nonresident estate or trust has an ownership interest in a Utah small business
612 corporation;]~~

613 ~~[(f) for the taxable year beginning on or after January 1, 2005, but beginning on or
614 before December 31, 2005, the first \$2,200 of income of a resident or nonresident estate or
615 trust that is derived from a deceased qualifying military servicemember:]~~

616 ~~[(i) for service:]~~

617 ~~[(A) as a qualifying military servicemember; or]~~
618 ~~[(B) under an order into active service in accordance with Section 39-1-5; and]~~
619 ~~[(ii) to the extent that income is included in total income on that resident or nonresident~~
620 ~~estate's or trust's federal income tax return for estates and trusts for that taxable year;]~~
621 ~~[(g)]~~ (e) any amount:
622 (i) received by a resident or nonresident estate or trust;
623 (ii) that constitutes a refund of taxes imposed by:
624 (A) a state; or
625 (B) the District of Columbia; and
626 (iii) to the extent that amount is included in total income on that resident or nonresident
627 estate's or trust's federal tax return for estates and trusts for that taxable year;
628 ~~[(h)]~~ (f) the amount of a railroad retirement benefit:
629 (i) paid:
630 (A) in accordance with The Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et
631 seq.;
632 (B) to a resident or nonresident estate or trust derived from a deceased resident or
633 nonresident individual; and
634 (C) for the taxable year; and
635 (ii) to the extent that railroad retirement benefit is included in total income on that
636 resident or nonresident estate's or trust's federal tax return for estates and trusts;
637 ~~[(i)]~~ (g) an amount:
638 (i) received by a resident or nonresident estate or trust if that amount is derived from a
639 deceased enrolled member of an American Indian tribe; and
640 (ii) to the extent that the state is not authorized or permitted to impose a tax under this
641 part on that amount in accordance with:
642 (A) federal law;
643 (B) a treaty; or
644 (C) a final decision issued by a court of competent jurisdiction;
645 ~~[(j)]~~ (h) (i) subject to Subsection (1)(e)(i), for taxable years beginning on or after
646 January 1, 2007, the amount of a qualified investment as defined in Section 53B-8a-102 that:
647 (A) a resident or nonresident estate or trust that is an account owner as defined in

648 Section 53B-8a-102 makes during the taxable year;

649 (B) the resident or nonresident estate or trust described in Subsection (2)~~(f)~~(h)(i)(A)
650 does not deduct on a federal tax return for estates and trusts; and

651 (C) does not exceed the maximum amount of the qualified investment that may be
652 subtracted from federal taxable income for a taxable year in accordance with Subsections
653 53B-8a-106(1)(e) and (f); and

654 (ii) subject to Subsection (1)(e)(ii), for the taxable year beginning on or after January 1,
655 2007, but beginning on or before December 31, 2007 only, and in addition to any subtraction a
656 resident or nonresident estate or trust that is an account owner as defined in Section
657 53B-8a-102 makes in accordance with Subsection (2)~~(f)~~(h)(i), the amount of a qualified
658 investment as defined in Section 53B-8a-102 that:

659 (A) a resident or nonresident estate or trust that is an account owner as defined in
660 Section 53B-8a-102 could have subtracted under Subsection (2)~~(f)~~(h)(i) for the taxable year
661 beginning on or after January 1, 2006, but beginning on or before December 31, 2006, had the
662 subtraction under Subsection (2)~~(f)~~(h)(i) been in effect for the taxable year beginning on or
663 after January 1, 2006, but beginning on or before December 31, 2006;

664 (B) the resident or nonresident estate or trust described in Subsection (2)~~(f)~~(h)(ii)(A)
665 makes during the taxable year beginning on or after January 1, 2006, but beginning on or
666 before December 31, 2006;

667 (C) the resident or nonresident estate or trust described in Subsection (2)~~(f)~~(h)(ii)(A)
668 does not deduct on a federal tax return for estates and trusts; and

669 (D) does not exceed the maximum amount of the qualified investment that may be
670 subtracted from federal taxable income:

671 (I) for the taxable year beginning on or after January 1, 2006, but beginning on or
672 before December 31, 2006; and

673 (II) in accordance with Subsections 53B-8a-106(1)(e) and (f); and

674 ~~(k)~~ (i) any fiduciary adjustments required by Section 59-10-210.

675 (3) Notwithstanding Subsection (1)(c), interest from bonds, notes, and other evidences
676 of indebtedness issued by an entity described in Subsections (1)(c)(i) through (iv) may not be
677 added to federal taxable income of a resident or nonresident estate or trust if, as annually
678 determined by the commission:

679 (a) for an entity described in Subsection (1)(c)(i) or (ii), the entity and all of the
680 political subdivisions, agencies, or instrumentalities of the entity do not impose a tax based on
681 income on any part of the bonds, notes, and other evidences of indebtedness of this state; or

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

685 (i) the entity; or

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

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

688 (4) (a) A subtraction for an amount described in Subsection (2)(d) is allowed only if:

689 (i) the income is derived from a deceased Ute tribal member; and

690 (ii) the governor and the Ute tribe execute and maintain an agreement meeting the

691 requirements of this Subsection (4).

692 (b) The agreement described in Subsection (4)(a):

693 (i) may not:

694 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

695 (B) provide a subtraction under this section greater than or different from the

696 subtraction described in Subsection (2)(d); or

697 (C) affect the power of the state to establish rates of taxation; and

698 (ii) shall:

699 (A) provide for the implementation of the subtraction described in Subsection (2)(d);

700 (B) be in writing;

701 (C) be signed by:

702 (I) the governor; and

703 (II) the chair of the Business Committee of the Ute tribe;

704 (D) be conditioned on obtaining any approval required by federal law; and

705 (E) state the effective date of the agreement.

706 (c) (i) The governor shall report to the commission by no later than February 1 of each
707 year regarding whether or not an agreement meeting the requirements of this Subsection (4) is
708 in effect.

709 (ii) If an agreement meeting the requirements of this Subsection (4) is terminated, the

710 subtraction permitted under Subsection (2)(d) is not allowed for taxable years beginning on or
711 after the January 1 following the termination of the agreement.

712 (d) For purposes of Subsection (2)(d) and in accordance with Title 63, Chapter 46a,
713 Utah Administrative Rulemaking Act, the commission may make rules:

714 (i) for determining whether income is derived from a source within the Uintah and
715 Ouray Reservation; and

716 (ii) that are substantially similar to how adjusted gross income derived from Utah
717 sources is determined under Section 59-10-117.

718 Section 4. Section **59-10-1017** is enacted to read:

719 **59-10-1017. Nonrefundable tax credit for capital gain transactions.**

720 (1) As used in this section:

721 (a) (i) "Capital gain transaction" means a transaction that results in a:

722 (A) short-term capital gain; or

723 (B) long-term capital gain.

724 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
725 the commission may by rule define the term "transaction."

726 (b) "Commercial domicile" means the principal place from which the trade or business
727 of a Utah small business corporation is directed or managed.

728 (c) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.

729 (d) "Qualifying stock" means stock that is:

730 (i) (A) common; or

731 (B) preferred;

732 (ii) as defined by the commission by rule made in accordance with Title 63, Chapter
733 46a, Utah Administrative Rulemaking Act, originally issued to:

734 (A) a claimant, estate, or trust; or

735 (B) a partnership if the claimant, estate, or trust that claims a tax credit under this
736 section:

737 (I) was a partner on the day on which the stock was issued; and

738 (II) remains a partner until the last day of the taxable year for which the claimant,
739 estate, or trust claims a tax credit under this section; and

740 (iii) issued:

741 (A) by a Utah small business corporation;
742 (B) on or after January 1, 2008; and
743 (C) for:
744 (I) money; or
745 (II) other property, except for stock or securities.
746 (e) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.
747 (f) (i) "Utah small business corporation" means a corporation that:
748 (A) except as provided in Subsection (1)(f)(ii), is a small business corporation as
749 defined in Section 1244(c)(3), Internal Revenue Code;
750 (B) except as provided in Subsection (1)(f)(iii), meets the requirements of Section
751 1244(c)(1)(C), Internal Revenue Code; and
752 (C) has its commercial domicile in this state.
753 (ii) The dollar amount listed in Section 1244(c)(3)(A) is considered to be \$2,500,000.
754 (iii) The phrase "the date the loss on such stock was sustained" in Sections
755 1244(c)(1)(C) and 1244(c)(2), Internal Revenue Code, is considered to be "the last day of the
756 taxable year for which the claimant, estate, or trust claims a tax credit under this section."
757 (2) For taxable years beginning on or after January 1, 2008, a claimant, estate, or trust
758 that meets the requirements of Subsection (3) may claim a nonrefundable tax credit equal to the
759 product of:
760 (a) the total amount of the claimant's, estate's, or trust's short-term capital gain or
761 long-term capital gain on a capital gain transaction that occurs on or after January 1, 2008; and
762 (b) 5%.
763 (3) For purposes of Subsection (2), a claimant, estate, or trust may claim the
764 nonrefundable tax credit allowed by Subsection (2) if:
765 (a) 70% or more of the gross proceeds of the capital gain transaction are expended:
766 (i) to purchase qualifying stock in a Utah small business corporation; and
767 (ii) within a 12-month period after the day on which the capital gain transaction occurs;
768 and
769 (b) prior to the purchase of the qualifying stock described in Subsection (3)(a)(i), the
770 claimant, estate, or trust did not have an ownership interest in the Utah small business
771 corporation that issued the qualifying stock.

772 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under
 773 this section.

774 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
 775 commission may make rules:

776 (a) defining the term "gross proceeds"; and

777 (b) prescribing the circumstances under which a claimant, estate, or trust has an
 778 ownership interest in a Utah small business corporation.

779 Section 5. Section **59-10-1204** is amended to read:

780 **59-10-1204. Additions to and subtractions from adjusted gross income of a**
 781 **resident or nonresident individual.**

782 (1) In calculating state taxable income for purposes of this part, the following amounts
 783 shall be added to the adjusted gross income of a resident or nonresident individual:

784 (a) the amount described in Subsection 59-10-114(1)(a), if that amount is deducted by
 785 a resident or nonresident estate or trust in determining federal taxable income;

786 (b) the lump sum distribution described in Subsection 59-10-114(1)(b);

787 (c) subject to Subsection 59-10-114(5), the amount described in Subsection
 788 59-10-114(1)(c);

789 (d) a withdrawal described in Subsection 59-10-114(1)(e);

790 (e) the amount described in Subsection 59-10-114(1)(f);

791 (f) subject to Subsection 59-10-114(6), the interest described in Subsection
 792 59-10-114(1)(g);

793 (g) a distribution described in Subsection 59-10-114(1)(h);

794 (h) a distribution described in Subsection 59-10-114(1)(i); or

795 (i) an expense described in Subsection 59-10-114(1)(j).

796 (2) In calculating state taxable income for purposes of this part, the following amounts
 797 shall be subtracted from the adjusted gross income of a resident or nonresident individual:

798 (a) the interest or dividends described in Subsection 59-10-114(2)(a);

799 (b) subject to Subsection 59-10-114(4), the amount described in Subsection
 800 59-10-114(2)(k);

801 (c) an amount described in Subsection 59-10-114(2)~~(l)~~(l);

802 (d) the amount described in Subsection 59-10-114(2)~~(m)~~(m); and

803 (e) an amount described in Subsection 59-10-114(2)[~~(p)~~](n).

804 Section 6. **Retrospective operation.**

805 This bill has retrospective operation for taxable years beginning on or after January 1,
806 2008.

807 Section 7. **Coordinating S.B. 64 with S.B. 31 -- Modifying substantive language.**

808 If this S.B. 64 and S.B. 31, Income Tax Amendments, both pass, it is the intent of the
809 Legislature that the Office of Legislative Research and General Counsel, in preparing the Utah
810 Code database for publication, modify Section 59-10-1002.2, which is renumbered and
811 amended in S.B. 31, so that a citation to the statutory section enacted in Section 4 in this S.B.
812 64 is included in the list of sections in:

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

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

Legislative Review Note
as of 1-14-08 4:23 PM

Office of Legislative Research and General Counsel

S.B. 64 - Income Tax - Capital Gain Transactions

Fiscal Note

2008 General Session
State of Utah

State Impact

Enactment of this bill will reduce revenue by \$400,000 ongoing beginning in FY 2009.

	<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>
Education Fund	\$0	\$0	\$0	\$0	(\$400,000)	(\$400,000)
Total	\$0	\$0	\$0	\$0	(\$400,000)	(\$400,000)

Individual, Business and/or Local Impact

Individuals investing proceeds from a long-term or short-term capital gains transaction in a Utah small business corporation will benefit. Small businesses may benefit by having more capital invested from outside sources. There is likely no local impact.