

EARNED INCOME TAX CREDIT

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brian S. King

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Refundable Tax Credit Act to enact a refundable earned income tax credit.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ enacts a refundable earned income tax credit; and
- ▶ provides that the tax credit is subject to apportionment for a nonresident individual or part-year resident individual.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for a taxable year beginning on or after January 1, 2009.

Utah Code Sections Affected:

ENACTS:

59-10-1102.1, Utah Code Annotated 1953

59-10-1108, Utah Code Annotated 1953

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



28 Section 1. Section **59-10-1102.1** is enacted to read:

29 **59-10-1102.1. Apportionment of tax credit.**

30 A nonresident individual or a part-year resident individual that claims a tax credit in
31 accordance with Section 59-10-1108 may only claim an apportioned amount of the tax credit
32 equal to:

33 (1) for a nonresident individual, the product of:

34 (a) the state income tax percentage for the nonresident individual; and

35 (b) the amount of the tax credit that the nonresident individual would have been

36 allowed to claim but for the apportionment requirements of this section; or

37 (2) for a part-year resident individual, the product of:

38 (a) the state income tax percentage for the part-year resident individual; and

39 (b) the amount of the tax credit that the part-year resident individual would have been

40 allowed to claim but for the apportionment requirements of this section.

41 Section 2. Section **59-10-1108** is enacted to read:

42 **59-10-1108. Refundable earned income tax credit.**

43 (1) As used in this section, "federal earned income tax credit" means the amount of the
44 federal earned income tax credit a claimant is allowed:

45 (a) in accordance with Section 32, Internal Revenue Code;

46 (b) for the taxable year; and

47 (c) on the claimant's federal individual income tax return.

48 (2) Except as provided in Section 59-10-1102.1 and subject to Subsections (3) and (4),
49 a claimant may claim a refundable tax credit equal to 10% of the federal earned income tax
50 credit.

51 (3) For purposes of this section, if a husband and wife file a single return jointly, the
52 husband and wife are considered to be one claimant.

53 (4) A claimant may not carry forward or carry back a tax credit provided for under this
54 section.

55 Section 3. **Retrospective operation.**

56 This bill has retrospective operation for a taxable year beginning on or after January 1,
57 2009.

Legislative Review Note
as of 1-27-09 12:16 PM

Office of Legislative Research and General Counsel

H.B. 133 - Earned Income Tax Credit

Fiscal Note

2009 General Session
State of Utah

State Impact

Enactment of this bill could reduce the Education Fund by \$32,300,000 in FY 2010 and by \$33,600,000 in FY 2011.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
Education Fund	\$0	\$0	\$0	\$0	(\$32,300,000)	(\$33,600,000)
Total	\$0	\$0	\$0	\$0	(\$32,300,000)	(\$33,600,000)

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. Eligible individuals could receive a refundable tax credit of 10 percent of the federal income tax credit allowed.
