

**Representative John Dougall** proposes the following substitute bill:

**INCOME TAX AMENDMENTS**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Brian S. King**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends the Corporate Franchise and Income Taxes chapter and the Individual Income Tax Act to reduce income tax rates.

**Highlighted Provisions:**

This bill:

- ▶ reduces tax rates under the Corporate Franchise and Income Taxes chapter and the Individual Income Tax Act from 5% to 4.75%; and
- ▶ makes technical and conforming changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect for a taxable year beginning on or after January 1, 2011.

**Utah Code Sections Affected:**

AMENDS:

**59-7-104**, as repealed and reenacted by Laws of Utah 1993, Chapter 169

**59-7-201**, as last amended by Laws of Utah 1993, Chapter 169

**59-10-104**, as last amended by Laws of Utah 2008, Chapter 389

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

27 Section 1. Section **59-7-104** is amended to read:

28 **59-7-104. Tax -- Minimum tax.**

29 (1) [~~Each domestic and~~] For a taxable year, a domestic corporation or a foreign  
30 corporation, except [those exempted] for a domestic corporation or foreign corporation exempt  
31 under Section 59-7-102, shall pay [an annual tax to the state based on its] a tax on the domestic  
32 corporation's or foreign corporation's Utah taxable income [for the taxable year] for the  
33 privilege of:

34 (a) exercising [its] the domestic corporation's or foreign corporation's corporate  
35 franchise; or [for the privilege of]

36 (b) doing business in the state.

37 (2) The tax [~~shall be 5% of a~~] is 4.75% of a domestic corporation's or foreign  
38 corporation's Utah taxable income.

39 (3) The minimum tax a domestic corporation or foreign corporation shall pay under  
40 this chapter is \$100.

41 Section 2. Section **59-7-201** is amended to read:

42 **59-7-201. Tax -- Minimum tax.**

43 (1) [~~There~~] For a taxable year, there is imposed upon [each] a corporation except  
44 [those] for a corporation exempt under Section 59-7-102 [for each taxable year], a tax upon  
45 [its] the corporation's Utah taxable income derived from sources within this state other than  
46 income for any period [which] that the corporation is required to include in its tax base under  
47 Section 59-7-104.

48 (2) The tax imposed by Subsection (1) [~~shall be 5%~~] is 4.75% of a corporation's Utah  
49 taxable income.

50 (3) [~~In no case shall the tax~~] A tax under this section may not be less than \$100.

51 Section 3. Section **59-10-104** is amended to read:

52 **59-10-104. Tax basis -- Tax rate -- Exemption.**

53 (1) [~~For taxable years beginning on or after January 1, 2008, a~~] A tax is imposed on the  
54 state taxable income of a resident individual as provided in this section.

55 (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the  
56 product of:

- 57 (a) the resident individual's state taxable income for that taxable year; and  
58 (b) [~~5%~~] 4.75%.
- 59 (3) This section does not apply to a resident individual exempt from taxation under  
60 Section 59-10-104.1.
- 61 Section 4. **Effective date.**  
62 This bill takes effect for a taxable year beginning on or after January 1, 2011.