

MODIFICATIONS TO INCOME TAX

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Deidre M. Henderson

House Sponsor: Craig Hall

LONG TITLE

General Description:

This bill amends provisions related to income tax credits and contributions.

Highlighted Provisions:

This bill:

- ▶ repeals provisions requiring the State Tax Commission to notify certain state agencies that the State Tax Commission is required to remove certain tax credits from tax returns;

- ▶ enacts provisions requiring the State Tax Commission to publish certain information pertaining to the requirement that the State Tax Commission remove certain tax credits and contributions from tax returns; and

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-7-903, as enacted by Laws of Utah 2014, Chapter 315

59-10-1002.1, as renumbered and amended by Laws of Utah 2008, Chapter 389

59-10-1304, as last amended by Laws of Utah 2013, Chapters 235 and 338

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

30 Section 1. Section 59-7-903 is amended to read:

31 **59-7-903. Removal of tax credit from tax return -- Prohibition on claiming or**
32 **carrying forward a tax credit -- Commission publishing requirements.**

33 (1) Subject to Subsection (2), the commission shall remove a tax credit from a tax
34 return and a person filing a tax return may not claim or carry forward the tax credit if:

35 (a) the total amount of tax credit claimed or carried forward by all persons who file a
36 tax return is less than \$10,000 per taxable year for three consecutive taxable years; and

37 (b) less than 10 persons per year for the three consecutive taxable years described in
38 Subsection (1)(a) file a tax return claiming or carrying forward the tax credit.

39 (2) If the commission determines the requirements of Subsection (1) are met, the
40 commission shall remove a tax credit from a tax return and a person filing a tax return may not
41 claim or carry forward the tax credit beginning two taxable years after the January 1
42 immediately following the date the commission determines the requirements of Subsection (1)
43 are met.

44 (3) The commission shall, on or before the November interim meeting of the year after
45 the taxable year in which the commission determines the requirements of Subsection (1) are
46 met~~[-(a)]~~, report to the Revenue and Taxation Interim Committee that, in accordance with this
47 section:

48 ~~[(i)]~~ (a) the commission is required to remove a tax credit from a return on which the
49 tax credit appears; and

50 ~~[(i)]~~ (b) a person filing a tax return may not claim or carry forward the tax credit~~[-~~
51 ~~and]~~.

52 ~~[(b) notify each state agency required by statute to assist in the administration of the tax~~
53 ~~credit that, in accordance with this section:]~~

54 ~~[(i) the commission is required to remove a tax credit from a return on which the tax~~
55 ~~credit appears; and]~~

56 ~~[(ii) a person filing a tax return may not claim or carry forward the tax credit.]~~

57 (4) (a) Within a 30-day period after making the report required by Subsection (3), the

58 commission shall publish a list in accordance with Subsection (4)(b) stating each tax credit that
59 the commission will remove from a return on which the tax credit appears.

60 (b) The list shall:

61 (i) be published on:

62 (A) the commission's website; and

63 (B) the public legal notice website in accordance with Section [45-1-101](#);

64 (ii) include a statement that:

65 (A) the commission is required to remove the tax credit from each return on which the
66 tax credit appears; and

67 (B) the tax credit may not be claimed or carried forward on a return;

68 (iii) state the taxable year for which the removal described in Subsection (4)(a) takes
69 effect; and

70 (iv) remain available for viewing and searching until the commission publishes a new
71 list in accordance with this Subsection (4).

72 Section 2. Section **59-10-1002.1** is amended to read:

73 **59-10-1002.1. Removal of tax credit from tax return and prohibition on claiming**
74 **or carrying forward a tax credit -- Conditions for removal and prohibition on claiming or**
75 **carrying forward a tax credit -- Commission publishing requirements.**

76 (1) As used in this section, "tax return" means a tax return filed in accordance with this
77 chapter.

78 (2) Beginning two taxable years after the requirements of Subsection (3) are met:

79 (a) the commission shall remove a tax credit allowed under this part from each tax
80 return on which the tax credit appears; and

81 (b) a claimant, estate, or trust filing a tax return may not claim or carry forward the tax
82 credit.

83 (3) The commission shall remove a tax credit allowed under this part from a tax return
84 and a claimant, estate, or trust filing a tax return may not claim or carry forward the tax credit
85 as provided in Subsection (2) if:

86 (a) the total amount of the tax credit claimed or carried forward by all claimants,
87 estates, or trusts filing tax returns is less than \$10,000 per year for three consecutive taxable
88 years beginning on or after January 1, 2002; and

89 (b) less than 10 claimants, estates, and trusts per year for the three consecutive taxable
90 years described in Subsection (3)(a), file a tax return claiming or carrying forward the tax
91 credit.

92 (4) The commission shall, on or before the November interim meeting of the year after
93 the taxable year in which the requirements of Subsection (3) are met~~[-(a)]~~, report to the
94 Revenue and Taxation Interim Committee that in accordance with this section:

95 ~~[(i)]~~ (a) the commission is required to remove a tax credit from each tax return on
96 which the tax credit appears; and

97 ~~[(ii)]~~ (b) a claimant, estate, or trust filing a tax return may not claim or carry forward
98 the tax credit~~[-and]~~.

99 ~~[(b) notify each state agency required by statute to assist in the administration of the tax
100 credit that in accordance with this section:]~~

101 ~~[(i) the commission is required to remove a tax credit from each tax return on which
102 the tax credit appears; and]~~

103 ~~[(ii) a claimant, estate, or trust filing a tax return may not claim or carry forward the tax
104 credit.]~~

105 (5) (a) Within a 30-day period after making the report required by Subsection (4), the
106 commission shall publish a list in accordance with Subsection (5)(b) stating each tax credit that
107 the commission will remove from a return on which the tax credit appears.

108 (b) The list shall:

109 (i) be published on:

110 (A) the commission's website; and

111 (B) the public legal notice website in accordance with Section [45-1-101](#);

112 (ii) include a statement that:

113 (A) the commission is required to remove the tax credit from each return on which the

114 tax credit appears; and
 115 (B) the tax credit may not be claimed or carried forward on a return;
 116 (iii) state the taxable year for which the removal described in Subsection (5)(a) takes
 117 effect; and
 118 (iv) remain available for viewing and searching until the commission publishes a new
 119 list in accordance with this Subsection (5).

120 Section 3. Section **59-10-1304** is amended to read:

121 **59-10-1304. Removal of designation and prohibitions on collection for certain**
 122 **contributions on income tax return -- Conditions for removal and prohibitions on**
 123 **collection -- Commission publication requirements.**

124 (1) (a) If a contribution or combination of contributions described in Subsection (1)(b)
 125 generate less than \$30,000 per year for three consecutive years, the commission shall remove
 126 the designation for the contribution from the individual income tax return and may not collect
 127 the contribution from a resident or nonresident individual beginning two taxable years after the
 128 three-year period for which the contribution generates less than \$30,000 per year.

129 (b) The following contributions apply to Subsection (1)(a):

- 130 (i) the contribution provided for in Section 59-10-1305;
- 131 (ii) the contribution provided for in Section 59-10-1306;
- 132 (iii) the sum of the contributions provided for in Subsection 59-10-1307(1);
- 133 (iv) the contribution provided for in Section 59-10-1308;
- 134 (v) the contribution provided for in Section 59-10-1310;
- 135 (vi) the contribution provided for in Section 59-10-1315;
- 136 (vii) the sum of the contributions provided for in:
 - 137 (A) Section 59-10-1316; and
 - 138 (B) Section 59-10-1317; or
 - 139 (viii) the contribution provided for in Section 59-10-1318.

140 (2) If the commission removes the designation for a contribution under Subsection (1),
 141 the commission shall report to the Revenue and Taxation Interim Committee that the

142 commission removed the designation on or before the November interim meeting of the year in
143 which the commission determines to remove the designation.

144 (3) (a) Within a 30-day period after making the report required by Subsection (2), the
145 commission shall publish a list in accordance with Subsection (3)(b) stating each contribution
146 that the commission will remove from the individual income tax return.

147 (b) The list shall:

148 (i) be published on:

149 (A) the commission's website; and

150 (B) the public legal notice website in accordance with Section [45-1-101](#);

151 (ii) include a statement that the commission:

152 (A) is required to remove the contribution from the individual income tax return; and

153 (B) may not collect the contribution;

154 (iii) state the taxable year for which the removal described in Subsection (3)(a) takes
155 effect; and

156 (iv) remain available for viewing and searching until the commission publishes a new
157 list in accordance with this Subsection (3).