

PAID FAMILY AND MEDICAL LEAVE TAX CREDIT

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rebecca P. Edwards

Senate Sponsor: Lincoln Fillmore

LONG TITLE

General Description:

This bill creates a tax credit for employers offering paid family and medical leave.

Highlighted Provisions:

This bill:

- ▶ permits a taxpayer for a taxable year to claim a nonrefundable tax credit equal to 25% of the amount claimed under the federal employer tax credit for paid family and medical leave;
- ▶ permits a taxpayer to carry forward a paid family and medical leave tax credit for five years;
- ▶ requires the Revenue and Taxation Interim Committee to conduct a review of the paid family and medical leave tax credit in 2020; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-7-159, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1

59-10-137, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1



28 ENACTS:

29 **59-7-623**, Utah Code Annotated 1953

30 **59-10-1041**, Utah Code Annotated 1953

31

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

33 Section 1. Section **59-7-159** is amended to read:

34 **59-7-159. Review of credits allowed under this chapter.**

35 (1) As used in this section, "committee" means the Revenue and Taxation Interim
36 Committee.

37 (2) (a) The committee shall review the tax credits described in this chapter as provided
38 in Subsection (3) and make recommendations concerning whether the tax credits should be
39 continued, modified, or repealed.

40 (b) In conducting the review required under Subsection (2)(a), the committee shall:

41 (i) schedule time on at least one committee agenda to conduct the review;

42 (ii) invite state agencies, individuals, and organizations concerned with the tax credit
43 under review to provide testimony;

44 (iii) (A) invite the Governor's Office of Economic Development to present a summary
45 and analysis of the information for each tax credit regarding which the Governor's Office of
46 Economic Development is required to make a report under this chapter; and

47 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and
48 analysis of the information for each tax credit regarding which the Office of the Legislative
49 Fiscal Analyst is required to make a report under this chapter;

50 (iv) ensure that the committee's recommendations described in this section include an
51 evaluation of:

52 (A) the cost of the tax credit to the state;

53 (B) the purpose and effectiveness of the tax credit; and

54 (C) the extent to which the state benefits from the tax credit; and

55 (v) undertake other review efforts as determined by the committee chairs or as
56 otherwise required by law.

57 (3) (a) On or before November 30, 2017, and every three years after 2017, the
58 committee shall conduct the review required under Subsection (2) of the tax credits allowed

59 under the following sections:

- 60 (i) Section 59-7-601;
- 61 (ii) Section 59-7-607;
- 62 (iii) Section 59-7-612;
- 63 (iv) Section 59-7-614.1; and
- 64 (v) Section 59-7-614.5.

65 (b) On or before November 30, 2018, and every three years after 2018, the committee
66 shall conduct the review required under Subsection (2) of the tax credits allowed under the
67 following sections:

- 68 (i) Section 59-7-609;
- 69 (ii) Section 59-7-614.2;
- 70 (iii) Section 59-7-614.10;
- 71 (iv) Section 59-7-617;
- 72 (v) Section 59-7-619; and
- 73 (vi) Section 59-7-620.

74 (c) On or before November 30, 2019, and every three years after 2019, the committee
75 shall conduct the review required under Subsection (2) of the tax credits allowed under the
76 following sections:

- 77 (i) Section 59-7-605;
- 78 (ii) Section 59-7-610;
- 79 (iii) Section 59-7-614;
- 80 (iv) Section 59-7-614.7;
- 81 (v) Section 59-7-614.8; and
- 82 (vi) Section 59-7-618.

83 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
84 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
85 2017.

86 (ii) ~~The~~ Except as provided in Subsection (3)(d)(iii), the committee shall complete a
87 review described in ~~this~~ Subsection (3)(d)(i) three years after the effective date of the tax
88 credit and every three years after the initial review date.

89 (iii) The committee shall complete a review described in Subsection (3)(d)(i) for the

90 tax credit described in Section 59-7-623:

91 (A) two years after the effective date of the tax credit; and

92 (B) if the tax credit remains in effect, every three years after the date described in

93 Subsection (3)(d)(iii)(A).

94 Section 2. Section **59-7-623** is enacted to read:

95 **59-7-623. Nonrefundable tax credit for paid family and medical leave.**

96 (1) As used in this section:

97 (a) "Federal employer tax credit for paid family and medical leave" means the amount
 98 of the general business credit a taxpayer ~~is~~ allowed to claim for a taxable
 98a year under Section 45S, Internal

99 Revenue Code.

100 (b) "General business credit" means the business credit described in Section 38,
 101 Internal Revenue Code.

102 (2) For a taxable year beginning on or after January 1, 2018, but beginning on or before
 103 December 31, 2019, a taxpayer may claim a nonrefundable tax credit equal to 25% of the
 104 federal employer tax credit for paid family and medical leave.

105 (3) A taxpayer may carry forward for five years the amount of the tax credit described
 106 in this section that exceeds the taxpayer's liability.

107 Section 3. Section **59-10-137** is amended to read:

108 **59-10-137. Review of credits allowed under this chapter.**

109 (1) As used in this section, "committee" means the Revenue and Taxation Interim
 110 Committee.

111 (2) (a) The committee shall review the tax credits described in this chapter as provided
 112 in Subsection (3) and make recommendations concerning whether the tax credits should be
 113 continued, modified, or repealed.

114 (b) In conducting the review required under Subsection (2)(a), the committee shall:

115 (i) schedule time on at least one committee agenda to conduct the review;

116 (ii) invite state agencies, individuals, and organizations concerned with the tax credit
 117 under review to provide testimony;

118 (iii) (A) invite the Governor's Office of Economic Development to present a summary
 119 and analysis of the information for each tax credit regarding which the Governor's Office of
 120 Economic Development is required to make a report under this chapter; and

121 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and
122 analysis of the information for each tax credit regarding which the Office of the Legislative
123 Fiscal Analyst is required to make a report under this chapter;

124 (iv) ensure that the committee's recommendations described in this section include an
125 evaluation of:

126 (A) the cost of the tax credit to the state;

127 (B) the purpose and effectiveness of the tax credit; and

128 (C) the extent to which the state benefits from the tax credit; and

129 (v) undertake other review efforts as determined by the committee chairs or as
130 otherwise required by law.

131 (3) (a) On or before November 30, 2017, and every three years after 2017, the
132 committee shall conduct the review required under Subsection (2) of the tax credits allowed
133 under the following sections:

134 (i) Section 59-10-1004;

135 (ii) Section 59-10-1010;

136 (iii) Section 59-10-1015;

137 (iv) Section 59-10-1025;

138 (v) Section 59-10-1027;

139 (vi) Section 59-10-1031;

140 (vii) Section 59-10-1032;

141 (viii) Section 59-10-1035;

142 (ix) Section 59-10-1104;

143 (x) Section 59-10-1105; and

144 (xi) Section 59-10-1108.

145 (b) On or before November 30, 2018, and every three years after 2018, the committee
146 shall conduct the review required under Subsection (2) of the tax credits allowed under the
147 following sections:

148 (i) Section 59-10-1005;

149 (ii) Section 59-10-1006;

150 (iii) Section 59-10-1012;

151 (iv) Section 59-10-1013;

- 152 (v) Section 59-10-1022;
- 153 (vi) Section 59-10-1023;
- 154 (vii) Section 59-10-1028;
- 155 (viii) Section 59-10-1034;
- 156 (ix) Section 59-10-1037; and
- 157 (x) Section 59-10-1107.

158 (c) On or before November 30, 2019, and every three years after 2019, the committee
159 shall conduct the review required under Subsection (2) of the tax credits allowed under the
160 following sections:

- 161 (i) Section 59-10-1007;
- 162 (ii) Section 59-10-1009;
- 163 (iii) Section 59-10-1014;
- 164 (iv) Section 59-10-1017;
- 165 (v) Section 59-10-1018;
- 166 (vi) Section 59-10-1019;
- 167 (vii) Section 59-10-1024;
- 168 (viii) Section 59-10-1029;
- 169 (ix) Section 59-10-1030;
- 170 (x) Section 59-10-1033;
- 171 (xi) Section 59-10-1036;
- 172 (xii) Section 59-10-1106; and
- 173 (xiii) Section 59-10-1111.

174 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall
175 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,
176 2017.

177 (ii) ~~[The]~~ Except as provided in Subsection (3)(d)(iii), the committee shall complete a
178 review described in ~~[this]~~ Subsection (3)(d)(i) three years after the effective date of the tax
179 credit and every three years after the initial review date.

180 (iii) The committee shall complete a review described in Subsection (3)(d)(i) for the
181 tax credit described in Section 59-10-1041:

182 (A) two years after the effective date of the tax credit; and

183 (B) if the tax credit remains in effect, every three years after the date described in
184 Subsection (3)(d)(iii)(A).

185 Section 4. Section **59-10-1041** is enacted to read:

186 **59-10-1041. Nonrefundable tax credit for paid family and medical leave.**

187 (1) As used in this section:

188 (a) "Federal employer tax credit for paid family and medical leave" means the amount
189 of the general business credit a taxpayer ~~is~~ → **[claims]** **is allowed to claim** ← ~~is~~ for a taxable
189a year under Section 45S, Internal
190 Revenue Code.

191 (b) "General business credit" means the business credit described in Section 38,
192 Internal Revenue Code.

193 (2) For a taxable year beginning on or after January 1, 2018, but beginning on or before
194 December 31, 2019, a taxpayer may claim a nonrefundable tax credit equal to 25% of the
195 federal employer tax credit for paid family and medical leave.

196 (3) A taxpayer may carry forward for five years the amount of the tax credit described
197 in this section that exceeds the taxpayer's liability.

Legislative Review Note
Office of Legislative Research and General Counsel