

INCOME TAX REVENUE AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

LONG TITLE

General Description:

This bill modifies provisions relating to income tax revenue.

Highlighted Provisions:

This bill:

- ▶ requires the State Tax Commission to report to the Revenue and Taxation Interim Committee and the Division of Finance if a federal tax law change is enacted that will likely cause an increase in state income tax revenue;
- ▶ requires the Revenue and Taxation Interim Committee to review the State Tax Commission's report and make recommendations to the Legislative Management Committee;
- ▶ creates the Income Tax Surplus Restricted Account;
- ▶ specifies purposes for which revenue deposited into the Income Tax Surplus Restricted Account may be used; and
- ▶ requires the Division of Finance to deposit a certain amount of income tax revenue into the Income Tax Surplus Restricted Account.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

59-1-103, Utah Code Annotated 1953

59-1-104, Utah Code Annotated 1953

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

Section 1. Section **59-1-103** is enacted to read:

59-1-103. Federal tax law changes that impact state income tax revenues --

33 **Report.**

34 (1) Following enactment of a change to federal tax law that the Legislative Fiscal
35 Analyst estimates will increase the revenues that the state will receive from an income tax
36 imposed under this title, the commission shall submit a report by electronic means to the
37 Revenue and Taxation Interim Committee and the Division of Finance that:

38 (a) describes the change to federal tax law; and

39 (b) estimates the amount of the increase in state income tax revenues that will result
40 from the change to federal tax law.

41 (2) After the Revenue and Taxation Interim Committee receives a report described in
42 Subsection (1), the Revenue and Taxation Interim Committee shall:

43 (a) review the change to federal tax law; and

44 (b) no later than one year after the day on which the commission submits the report,
45 recommend to the Legislative Management Committee any legislative action.

46 (3) The Division of Finance shall deposit a portion of the income tax revenue collected
47 under this title into the Income Tax Surplus Restricted Account as required by Section
48 59-1-104.

49 Section 2. Section **59-1-104** is enacted to read:

50 **59-1-104. Income Tax Surplus Restricted Account.**

51 (1) There is created within the Education Fund a restricted account known as the
52 "Income Tax Surplus Restricted Account."

53 (2) The account shall be funded by the revenue deposited into the fund under
54 Subsection (4).

55 (3) (a) The account shall earn interest.

56 (b) The interest described in Subsection (3)(a) shall be deposited into the account.

57 (4) The Division of Finance shall deposit an amount of income tax revenue equal to the
58 increase in the amount of state income tax revenue estimated by the commission to be collected
59 based on the federal tax law change reported to the Division of Finance in accordance with
60 Section 59-1-103 into the account.

61 (5) The revenue and interest described in this section may be used to:

62 (a) lower income tax rates as the Legislature may provide by statute; or

63 (b) fund income tax credits or make other income tax changes as the Legislature may

64 provide by statute.