

HB0106S04 compared with HB0106

{Omitted text} shows text that was in HB0106 but was omitted in HB0106S04

inserted text shows text that was not in HB0106 but was inserted into HB0106S04

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

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Income Tax Revisions
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Kay J. Christofferson
Senate Sponsor: Daniel McCay



2

3 **LONG TITLE**

4 **General Description:**

5 This bill amends income tax provisions.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ amends the corporate franchise and income tax rates; {and}
- 9 ▶ amends the individual income tax rate{-} ;
- 10 ▶ enacts nonrefundable corporate and individual income tax credits for employer-provided
11 child care;
- 12 ▶ allows a taxpayer to claim the nonrefundable child tax credit for child dependents under
13 one year old and up to five years old; and
- 14 ▶ makes conforming changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill provides retrospective operation.

HB0106 compared with HB0106S04

20 AMENDS:

21 **59-7-104** , as last amended by Laws of Utah 2024, Chapter 255 , as last amended by Laws of Utah
2024, Chapter 255

22 **59-7-201** , as last amended by Laws of Utah 2024, Chapter 255 , as last amended by Laws of Utah
2024, Chapter 255

23 **59-10-104** , as last amended by Laws of Utah 2024, Chapter 255 , as last amended by Laws of Utah
2024, Chapter 255

24 **59-10-1002.2** , as last amended by Laws of Utah 2023, Chapters 460, 462 , as last amended by
Laws of Utah 2023, Chapters 460, 462

25 **59-10-1047** , as last amended by Laws of Utah 2024, Chapter 235 , as last amended by Laws
of Utah 2024, Chapter 235

26 ENACTS:

27 **59-7-627** , Utah Code Annotated 1953 , Utah Code Annotated 1953

28 **59-10-1048** , Utah Code Annotated 1953 , Utah Code Annotated 1953

29

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

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

32 **59-7-104. Tax -- Minimum tax.**

23 (1) Each domestic and foreign corporation, except a corporation that is exempt under Section 59-7-102,
shall pay an annual tax to the state based on the corporation's Utah taxable income for the taxable
year for the privilege of exercising the corporation's corporate franchise or for the privilege of doing
business in the state.

27 (2) The tax shall be [4.55] {4.45} 4.5% of a corporation's Utah taxable income.

28 (3) The minimum tax a corporation shall pay under this chapter is \$100.

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

40 **59-7-201. Tax -- Minimum tax.**

31 (1) There is imposed upon each corporation, except a corporation that is exempt under Section
59-7-102, a tax upon the corporation's Utah taxable income for the taxable year that is derived from
sources within this state other than income for any period that the corporation is required to include
in the corporation's tax base under Section 59-7-104.

35

HB0106 compared with HB0106S04

(2) The tax imposed by Subsection (1) shall be [~~4.55~~] ~~{4.45}~~ 4.5% of a corporation's Utah taxable income.

37 (3) In no case shall the tax be less than \$100.

48 Section 3. Section 3 is enacted to read:

49 **59-7-627. Nonrefundable tax credits for employer-provided child care.**

50 (1) As used in this section:

51 (a)

(i) "Qualified child care expenditure" means an amount paid or incurred for the operating costs of a qualified child care facility of the employer, whether the employer operates the qualified child care facility or contracts with a third party provider to provide child care services at the qualified child care facility.

55 (ii) "Qualified child care expenditure" includes costs related to training employees and providing increased compensation to employees with higher levels of child care training.

58 (b) "Qualified child care facility" means center based child care as that term is defined in Section 26B-2-401 that is located in the state.

60 (c) "Qualified construction expenditure" means an amount paid or incurred to acquire, construct, rehabilitate, or expand property:

62 (i) for a qualified child care facility of the employer; and

63 (ii) with respect to which the employer is allowed a deduction for depreciation, or amortization in lieu of depreciation.

65 (d) "Qualifying taxpayer" means a taxpayer that:

66 (i) is an employer; and

67 (ii) qualifies for and claims the federal employer-provided child care tax credit described in Section 45F, Internal Revenue Code, for the current taxable year.

69 (e) "Recapture event" means an employer fails to operate a qualified child care facility for which the employer claims a tax credit under this section as a child care facility for at least five consecutive taxable years after the taxable year on which the employer first claims a tax credit under this section.

73 (f) "Third party provider" means:

74 (i) a new child care provider; or

75 (ii) an existing child care provider that can perform the contract without reducing the provider's existing child care services.

HB0106 compared with HB0106S04

- 77 (2)
- (a) A qualifying taxpayer may claim a nonrefundable tax credit equal to 20% of the qualified construction expenditures the qualifying taxpayer incurred during the taxable year.
- 80 (b) A qualifying taxpayer may carry forward, to the next five taxable years, the amount of the qualifying taxpayer's tax credit described in this Subsection (2) that exceeds the qualifying taxpayer's income tax liability for the taxable year.
- 83 (3)
- (a)
- (i) Subject to Subsection (3)(a)(ii), a qualifying taxpayer may claim a nonrefundable tax credit equal to 10% of the qualified child care expenditures the qualifying taxpayer incurred during the taxable year.
- 86 (ii) A qualifying taxpayer may claim a tax credit under this Subsection (3) for qualified child care expenditures only if the qualifying taxpayer claims a tax credit under Subsection (2) for the current taxable year or a previous taxable year.
- 89 (b) A qualifying taxpayer may not carry forward or carry back the tax credit described in this Subsection (3) that exceeds the qualifying taxpayer's income tax liability for the taxable year.
- 92 (4)
- (a)
- (i) If a recapture event happens within two taxable years after the first taxable year in which the qualifying taxpayer claims a tax credit under this section, a qualifying taxpayer shall repay 100% of the tax credit a qualifying taxpayer receives under this section for any taxable year.
- 96 (ii) If a recapture event happens more than two taxable years but fewer than three taxable years after the first taxable year in which the qualifying taxpayer claims a tax credit under this section, a qualifying taxpayer shall repay 75% of the tax credit a qualifying taxpayer receives under this section for any taxable year.
- 100 (iii) If a recapture event happens more than three taxable years but fewer than four taxable years after the first taxable year in which the qualifying taxpayer claims a tax credit under this section, a qualifying taxpayer shall repay 50% of the tax credit a qualifying taxpayer receives under this section for any taxable year.
- 104 (iv) If a recapture event happens more than four taxable years but fewer than five taxable years after the first taxable year in which the qualifying taxpayer claims a tax credit under this section, a

HB0106 compared with HB0106S04

qualifying taxpayer shall repay 25% of the tax credit a qualifying taxpayer receives under this section for any taxable year.

108 (b) A qualifying taxpayer shall make a payment for a recapture event for the taxable year in which the
109 recapture event occurs.

110 Section 4. Section **59-10-104** is amended to read:

111 **59-10-104. Tax basis -- Tax rate -- Exemption.**

40 (1) A tax is imposed on the state taxable income of a resident individual as provided in this section.

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

44 (a) the resident individual's state taxable income for that taxable year; and

45 (b) ~~[4.55]~~ ~~{4.45}~~ 4.5%.

46 (3) This section does not apply to a resident individual exempt from taxation under Section
59-10-104.1.

120 Section 5. Section **59-10-1002.2** is amended to read:

121 **59-10-1002.2. Apportionment of tax credits.**

122 (1) A nonresident individual or a part-year resident individual that claims a tax credit in accordance
with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-1024,
59-10-1028, 59-10-1042, 59-10-1043, 59-10-1044, 59-10-1046, ~~[or]59-10-1047, or 59-10-1048~~
may only claim an apportioned amount of the tax credit equal to:

127 (a) for a nonresident individual, the product of:

128 (i) the state income tax percentage for the nonresident individual; and

129 (ii) the amount of the tax credit that the nonresident individual would have been allowed to claim but
for the apportionment requirements of this section; or

131 (b) for a part-year resident individual, the product of:

132 (i) the state income tax percentage for the part-year resident individual; and

133 (ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim
but for the apportionment requirements of this section.

135 (2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-1017,
59-10-1020, 59-10-1022, 59-10-1024, ~~[or]59-10-1028, or 59-10-1048~~ may only claim an
apportioned amount of the tax credit equal to the product of:

138 (a) the state income tax percentage for the nonresident estate or trust; and

139

HB0106 compared with HB0106S04

(b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.

141 Section 6. Section 59-10-1047 is amended to read:

142 **59-10-1047. Nonrefundable child tax credit.**

143 (1) As used in this section:

144 (a) "Joint filing status" means the same as that term is defined in Section 59-10-1018.

145 (b) "Head of household filing status" means the same as that term is defined in Section 59-10-1018.

147 (c) "Married filing separately status" means a married individual who:

148 (i) does not file a single federal individual income tax return jointly with that married individual's spouse for the taxable year; and

150 (ii) files a single federal individual income tax return for the taxable year.

151 (d) "Modified adjusted gross income" means the sum of the following for a claimant or, if the claimant's federal individual income tax return is allowed a joint filing status, the claimant and the claimant's spouse:

154 (i) adjusted gross income for the taxable year for which a tax credit is claimed under this section;

156 (ii) any interest income that is not included in adjusted gross income for the taxable year described in Subsection (1)(d)(i); and

158 (iii) any addition to adjusted gross income required by Section 59-10-114 for the taxable year described in Subsection (1)(d)(i).

160 (e) "Qualifying child" means an individual:

161 (i) with respect to whom the claimant is allowed to claim a tax credit under Section 24, Internal Revenue Code, on the claimant's federal individual income tax return for the taxable year; and

164 (ii) who is [~~at least one year old and younger than five~~] under six years old on the last day of the claimant's taxable year.

166 (f) "Single filing status" means a single individual who files a single federal individual income tax return for the taxable year.

168 (2) Subject to Subsection 59-10-1002.2, a claimant may claim a nonrefundable tax credit of \$1,000 for each qualifying child.

170 (3) A claimant may not carry forward or carry back the amount of the tax credit that exceeds the claimant's tax liability.

172

HB0106 compared with HB0106S04

- (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall be reduced by \$.10 for each dollar by which modified adjusted gross income for purposes of the return exceeds:
- 175 (a) for a federal individual income tax return that is allowed a married filing separately status, \$27,000;
 - 177 (b) for a federal individual income tax return that is allowed a single filing status or head of household filing status, \$43,000; and
 - 179 (c) for a federal individual income tax return that is allowed a joint filing status, \$54,000.

180 Section 7. Section 7 is enacted to read:

181 **59-10-1048. Nonrefundable tax credits for employer-provider child care.**

182 (1) As used in this section:

- 183 (a) "Qualified child care expenditure" means the same as that term is defined in Section 59-7-627.
- 185 (b) "Qualified child care facility" means the same as that term is defined in Section 59-7-627.
- 187 (c) "Qualified construction expenditure" means the same as that term is defined in Section 59-7-627.
- 189 (d) "Qualifying claimant" means a claimant, estate, or trust that:
 - 190 (i) is an employer; and
 - 191 (ii) qualifies for and claims the federal employer-provided child care tax credit described in Section 45F, Internal Revenue Code, for the current taxable year.
- 193 (e) "Recapture event" means the same as that term is defined in Section 59-7-627.
- 194 (f) "Third party provider" means the same as that term is defined in Section 59-7-627.

195 (2)

- (a) A qualifying claimant may claim a nonrefundable tax credit equal to 20% of the qualified construction expenditures the qualifying claimant incurred during the taxable year.
- 198 (b) A qualifying claimant may carry forward, to the next five taxable years, the amount of the qualifying claimant's tax credit described in this Subsection (2) that exceeds the qualifying claimant's income tax liability for the taxable year.

201 (3)

(a)

- (i) Subject to Subsection (3)(a)(ii), a qualifying claimant may claim a nonrefundable tax credit equal to 10% of the qualified child care expenditures the qualifying claimant incurred during the taxable year.

204

HB0106 compared with HB0106S04

- (ii) A qualifying claimant may claim a tax credit under this Subsection (3) for qualified child care expenditures only if the qualifying claimant claims a tax credit under Subsection (2) for the current taxable year or a previous taxable year.
- 207 (b) A qualifying claimant may not carry forward or carry back the tax credit described in this Subsection (3) that exceeds the qualifying claimant's income tax liability for the taxable year.
- 210 (4)
- (a)
- (i) If a recapture event happens within two taxable years after the first taxable year in which the qualifying claimant claims a tax credit under this section, a qualifying claimant shall repay 100% of the tax credit a qualifying claimant receives under this section for any taxable year.
- 214 (ii) If a recapture event happens more than two taxable years but fewer than three taxable years after the first taxable year in which the qualifying claimant claims a tax credit under this section, a qualifying claimant shall repay 75% of the tax credit a qualifying claimant receives under this section for any taxable year.
- 218 (iii) If a recapture event happens more than three taxable years but fewer than four taxable years after the first taxable year in which the qualifying claimant claims a tax credit under this section, a qualifying claimant shall repay 50% of the tax credit a qualifying claimant receives under this section for any taxable year.
- 222 (iv) If a recapture event happens more than four taxable years but fewer than five taxable years after the first taxable year in which the qualifying claimant claims a tax credit under this section, a qualifying claimant shall repay 25% of the tax credit a qualifying claimant receives under this section for any taxable year.
- 226 (b) A qualifying claimant shall make a payment for a recapture event for the taxable year in which the recapture event occurs.

228 **Section 8. Effective date.**

Effective {date} Date.

This bill takes effect on May 7, 2025.

230 **Section 9. Retrospective Operation.**

Retrospective operation.

This bill has retrospective operation for a taxable year beginning on or after .

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