

HB0216S01 compared with HB0216

{Omitted text} shows text that was in HB0216 but was omitted in HB0216S01

inserted text shows text that was not in HB0216 but was inserted into HB0216S01

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Income Tax Revenue Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor:

LONG TITLE

General Description:

This bill modifies provisions relating to state income tax revenue.

Highlighted Provisions:

This bill:

▸ defines terms;

▸ requires the State Tax Commission, the Office of the Legislative Fiscal Analyst, and the Governor's Office of Planning and Budget to annually determine by consensus whether federal tax law changes will likely result in a material increase in state income tax revenue;

▸ requires the State Tax Commission to submit a report to the Revenue and Taxation Interim Committee if a determination is made by consensus that federal tax law changes will likely result in a material increase in state income tax revenue;

▸ authorizes the Revenue and Taxation Interim Committee, upon receiving a report, to recommend legislative action for the next general session to negate the material increase in state income tax revenue;

▸

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requires the State Tax Commission to submit a report to the Division of Finance following the general session if a determination is made by consensus that a material increase in state income tax revenue is still expected;

- 22 ▶ creates the Income Tax Surplus Restricted Account (account);
- 23 ▶ specifies purposes for which revenue deposited into the account may be used; and
- 24 ▶ requires the Division of Finance, upon receiving a report, to deposit the estimated amount of the material increase in state income tax revenue into the account.

26 **Money Appropriated in this Bill:**

27 None

28 This bill provides a special effective date.

31 ENACTS:

32 **59-1-103** , Utah Code Annotated 1953 , Utah Code Annotated 1953

33 **59-1-214** , Utah Code Annotated 1953 , Utah Code Annotated 1953

34

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

36 Section 1. Section **1** is enacted to read:

37 **59-1-103. Income Tax Surplus Restricted Account.**

38 (1) As used in this section:

39 (a) "Account" means the Income Tax Surplus Restricted Account created in Subsection (2).

41 (b) "Material increase in state income tax revenue" means the same as that term is defined in Section 59-1-214.

43 (2) There is created within the Income Tax Fund a restricted account known as the "Income Tax Surplus Restricted Account."

45 (3) The account shall be funded by the revenue deposited into the account in accordance with Subsection (5).

47 (4)

 (a) The account shall earn interest.

48 (b) The interest described in Subsection (4)(a) shall be deposited into the account.

49 (5) After receiving from the commission an electronic report under Subsection 59-1-214(6)(b) indicating the likelihood of a material increase in state income tax revenue, the Division of Finance shall, at the end of the fiscal year for which the material increase in state income tax revenue is

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expected, deposit into the account an amount of income tax revenue that is equal to the estimate of the amount of the material increase in state income tax revenue specified in the report.

55 (6) Upon appropriation, the money in the account may be used for the purposes specified by the
Legislature in accordance with Utah Constitution, Article X, Section 1.

57 Section 2. Section 2 is enacted to read:

58 **59-1-214. Reporting on federal tax law changes expected to result in a material increase in**
state income tax revenue.

60 (1) As used in this section:

61 (a) "Federal tax law change" means any modification to the Internal Revenue Code approved by
Congress.

63 (b) "Material increase in state income tax revenue" means a net increase in revenue the state is expected
to receive from the income taxes imposed under this title for a fiscal year, as compared to the latest
consensus revenue estimates adopted by the Executive Appropriations Committee, that is equal to or
greater than .5% of the revenue the state received from the income taxes imposed under this title for
the preceding fiscal year.

69 (c) "Specified entities" means the commission, the Office of the Legislative Fiscal Analyst, and the
Governor's Office of Planning and Budget.

71 (2) The specified entities shall annually determine by consensus whether federal tax law changes will
likely result in a material increase in state income tax revenue for:

73 (a) the next fiscal year; and

74 (b) the first taxable year in which the federal tax law change takes effect.

75 (3) In determining whether federal tax law changes will likely result in a material increase in state
income tax revenue under Subsection (2), the specified entities may consider:

77 (a) federal tax law changes enacted in any taxable year;

78 (b) legislative action to increase or offset increases in state income tax revenue; and

79 (c) any other factors the specified entities determine to be relevant.

80 (4)

. (a) The commission shall submit to the Revenue and Taxation Interim Committee an electronic report
on or before October 1 of each year in which the specified entities predict a material increase in state
income tax revenue by consensus under Subsection (2).

84 (b) The report described in Subsection (4)(a) shall include:

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- 85 (i) a description of each federal tax law change expected to result in a material increase in state income tax revenue for the next fiscal year; and
- 87 (ii) an estimate of the amount of the material increase in state income tax revenue that the state is expected to receive for the next fiscal year as a result of the federal tax law changes described under Subsection (4)(b)(i), based on consensus between the specified entities.
- 91 (5) Upon receiving the report described in Subsection (4)(a), the Revenue and Taxation Interim Committee shall:
- 93 (a) review the information provided in the report; and
- 94 (b) if the Revenue and Taxation Interim Committee decides to recommend legislative action to the Legislature in order to negate the material increase in state income tax revenue predicted for the next fiscal year, prepare legislation for consideration in the next annual general session.
- 98 (6)
- . (a) If the commission submits a report under Subsection (4), the specified entities shall, following the Legislature's next annual general session, determine by consensus whether legislative action taken during the annual general session negates the specified entities' initial prediction of a material increase in state income tax revenue for the next fiscal year.
- 103 (b)
- . (i) If the specified entities determine by consensus under Subsection (6)(a) that legislative action taken during the annual general session does not negate the specified entities' initial prediction of a material increase in state income tax revenue for the next fiscal year, the commission shall submit to the Division of Finance an electronic report on or before the June 1 following the annual general session.
- 109 (ii) The report described in this Subsection (6)(b) shall include the information required by Subsection (4)(b)(ii).

111 Section 3. **Effective date.**

This bill takes effect on {~~May 7,~~ July 1, 2025.

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