

# SB0060S01 compared with SB0060

~~{Omitted text}~~ shows text that was in SB0060 but was omitted in SB0060S01

inserted text shows text that was not in SB0060 but was inserted into SB0060S01

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**Income Tax Rate Amendments**  
2026 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Daniel McCay**  
House Sponsor:



2

3 **LONG TITLE**

4 **General Description:**

5 This bill amends the income tax rate provisions.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ amends the corporate franchise and income tax rates; ~~{and}~~
- 9 ▶ imposes a separate income tax rate on individual, estate, and trust income over \$1,000,000;
- 11 ▶ adjusts the \$1,000,000 for inflation; and
- 9 ▶ amends the individual income tax rate.

13 **Money Appropriated in this Bill:**

14 None

15 **Other Special Clauses:**

16 This bill provides retrospective operation.

17 **Utah Code Sections Affected:**

18 AMENDS:

19 **59-7-104** , as last amended by Laws of Utah 2025, Chapter 407

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20 59-7-201 , as last amended by Laws of Utah 2025, Chapter 407

21 **59-10-103 , as last amended by Laws of Utah 2025, Chapter 310**

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22 59-10-104 , as last amended by Laws of Utah 2025, Chapter 407

23 **59-10-116 , as last amended by Laws of Utah 2022, Chapter 252**

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24 **59-10-201 , as last amended by Laws of Utah 2025, First Special Session, Chapter 9**

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25 **59-10-205 , as last amended by Laws of Utah 2008, Chapter 389**

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26 **59-10-1007 , as last amended by Laws of Utah 2021, Chapter 367**

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27 **59-10-1017 , as last amended by Laws of Utah 2025, First Special Session, Chapter 9**

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28 **59-10-1022 , as last amended by Laws of Utah 2021, Chapter 367**

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29 **59-10-1023 , as last amended by Laws of Utah 2021, Chapter 367**

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30 **59-10-1028 , as last amended by Laws of Utah 2021, Chapter 367**

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31 **59-10-1035 , as last amended by Laws of Utah 2021, Chapter 367**

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32 **59-10-1036 , as last amended by Laws of Utah 2021, Chapter 367**

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33 **59-10-1042 , as last amended by Laws of Utah 2025, Chapter 182**

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34 **59-10-1043 , as last amended by Laws of Utah 2022, Chapter 258**

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35 **59-10-1403.3 , as last amended by Laws of Utah 2021, Chapter 367**

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

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

39 **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 [4.5] 4.45% of a corporation's Utah taxable income.

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

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

47 **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

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

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

55 Section 3. Section 59-10-103 is amended to read:

56 **59-10-103. Definitions.**

57 (1) As used in this chapter:

58 (a)

(i) "Adjusted gross income":

59 (A) for a resident or nonresident individual, means the same as that term is defined in Section 62, Internal Revenue Code; or

61 (B) for a resident or nonresident estate or trust, is as calculated in Section 67(e), Internal Revenue Code.

63 (ii) "Adjusted gross income" does not include:

64 (A) income received from a loan forgiven in accordance with 15 U.S.C. Sec. 636(a)(36), to the extent that a deduction for the expenditures paid with the loan is disallowed, or a similar paycheck protection loan that is authorized by the federal government, provided in response to COVID-19, forgiven if the borrower meets the expenditure requirements, and exempt from federal income tax, to the extent that a deduction for the expenditures paid with the loan is disallowed; or

71 (B) an amount that an individual receives in accordance with Section 6428, Internal Revenue Code, or an amount that an individual receives that is authorized by the federal government as a tax credit for the 2020 tax year, provided in response to COVID-19, paid in advance of the filing of the individual's 2020 federal income tax return, and exempt from federal income tax.

77 (b) "Corporation" includes:

78 (i) an association;

79 (ii) a joint stock company; and

80 (iii) an insurance company.

81 (c) "COVID-19" means:

82 (i) the severe acute respiratory syndrome coronavirus 2; or

83 (ii) the disease caused by severe acute respiratory syndrome coronavirus 2.

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- (d) "Distributable net income" means the same as that term is defined in Section 643, Internal Revenue Code.
- 86 (e) "Employee" means the same as that term is defined in Section 59-10-401.
- 87 (f) "Employer" means the same as that term is defined in Section 59-10-401.
- 88 (g) "Federal taxable income":
- 89 (i) for a resident or nonresident individual, means taxable income as defined by Section 63, Internal Revenue Code; or
- 91 (ii) for a resident or nonresident estate or trust, is as calculated in Section 641(a) and (b), Internal Revenue Code.
- 93 (h) "Fiduciary" means:
- 94 (i) a guardian;
- 95 (ii) a trustee;
- 96 (iii) an executor;
- 97 (iv) an administrator;
- 98 (v) a receiver;
- 99 (vi) a conservator; or
- 100 (vii) any person acting in any fiduciary capacity for any individual.
- 101 (i) "Guaranteed annuity interest" means the same as that term is defined in 26 C.F.R. Sec. 1.170A-6(c) (2).
- 103 (j) "Homesteaded land diminished from the Uintah and Ouray Reservation" means the homesteaded land that was held to have been diminished from the Uintah and Ouray Reservation in Hagen v. Utah, 510 U.S. 399 (1994).
- 106 (k) "Income tax rate" means:
- 107 (i) 4.45% for the portion of state taxable income that is below the threshold; and
- 108 (ii) 5.15% for the portion of the state taxable income that is equal to or above the threshold.
- 110 [~~(k)~~] (l) "Individual" means a natural person and includes aliens and minors.
- 111 (m) "Inflation factor" means a percentage equal to the percentage by which the consumer price index, as calculated by Sections 1(f)(4) and 1(f)(5), Internal Revenue Code, for the preceding calendar year exceeds the consumer price index for the calendar year two years before the current calendar year.
- 115 [~~(h)~~] (n) "Irrevocable trust" means a trust in which the settlor may not revoke or terminate all or part of the trust without the consent of a person who has a substantial beneficial interest in the trust and the

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interest would be adversely affected by the exercise of the settlor's power to revoke or terminate all or part of the trust.

119 ~~[(m)]~~ (o) "Military service" means the same as that term is defined in Pub. L. No. 108-189, Sec. 101.

121 ~~[(n)]~~ (p) "Nonresident individual" means an individual who is not a resident of this state.

122 ~~[(o)]~~ (q) "Nonresident trust" or "nonresident estate" means a trust or estate which is not a resident estate or trust.

124 ~~[(p)]~~ (r)

(i) "Partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization:

126 (A) through or by means of which any business, financial operation, or venture is carried on; and

128 (B) that is not, within the meaning of this chapter, a trust, an estate, or a corporation.

130 (ii) "Partnership" does not include any organization not included under the definition of "partnership" in Section 761, Internal Revenue Code.

132 (iii) "Partner" includes a member in a syndicate, group, pool, joint venture, or organization described in Subsection ~~[(1)(p)(i)]~~ (1)(r)(i).

134 ~~[(q)]~~ (s) "Pass-through entity" means the same as that term is defined in Section 59-10-1402.

136 ~~[(r)]~~ (t) "Pass-through entity taxpayer" means the same as that term is defined in Section 59-10-1402.

138 ~~[(s)]~~ (u) "Qualified nongrantor charitable lead trust" means a trust:

139 (i) that is irrevocable;

140 (ii) that has a trust term measured by:

141 (A) a fixed term of years; or

142 (B) the life of a person living on the day on which the trust is created;

143 (iii) under which:

144 (A) a portion of the value of the trust assets is distributed during the trust term:

145 (I) to an organization described in Section 170(c), Internal Revenue Code; and

146 (II) as a guaranteed annuity interest or a unitrust interest; and

147 (B) assets remaining in the trust at the termination of the trust term are distributed to a beneficiary:

149 (I) designated in the trust; and

150 (II) that is not an organization described in Section 170(c), Internal Revenue Code;

152 (iv) for which the trust is allowed a deduction under Section 642(c), Internal Revenue Code; and

154 (v) under which the grantor of the trust is not treated as the owner of any portion of the trust for federal income tax purposes.

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- 156 [~~(t)~~] (v) "Resident individual" means an individual who is domiciled in this state for any period of  
time during the taxable year, but only for the duration of the period during which the individual is  
domiciled in this state.
- 159 [~~(u)~~] (w) "Resident estate" or "resident trust" means the same as that term is defined in Section  
75B-2-103.
- 161 [~~(v)~~] (x) "Service member" means the same as that term is defined in Pub. L. No. 108-189, Sec. 101.
- 163 [~~(w)~~] (y) "State income tax percentage for a nonresident estate or trust" means a percentage equal to a  
nonresident estate's or trust's state taxable income for the taxable year divided by the nonresident  
estate's or trust's total adjusted gross income for that taxable year after making the adjustments  
required by:
- 167 (i) Section 59-10-202;
- 168 (ii) Section 59-10-207;
- 169 (iii) Section 59-10-209.1; or
- 170 (iv) Section 59-10-210.
- 171 [~~(x)~~] (z) "State income tax percentage for a nonresident individual" means a percentage equal to a  
nonresident individual's state taxable income for the taxable year divided by the difference between:
- 174 (i) subject to Section 59-10-1405, the nonresident individual's total adjusted gross income for that  
taxable year, after making the:
- 176 (A) additions and subtractions required by Section 59-10-114; and
- 177 (B) adjustments required by Section 59-10-115; and
- 178 (ii) if the nonresident individual described in Subsection [~~(1)~~]~~(x)~~~~(i)~~ (1)(z)(i) is a service member, the  
compensation the service member receives for military service if the service member is serving in  
compliance with military orders.
- 181 [~~(y)~~] (aa) "State income tax percentage for a part-year resident individual" means, for a taxable year, a  
fraction:
- 183 (i) the numerator of which is the sum of:
- 184 (A) subject to Section 59-10-1404.5, for the time period during the taxable year that the part-year  
resident individual is a resident, the part-year resident individual's total adjusted gross income for  
that time period, after making the:
- 187 (I) additions and subtractions required by Section 59-10-114; and
- 188 (II) adjustments required by Section 59-10-115; and

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- 189 (B) for the time period during the taxable year that the part-year resident individual is a nonresident, an  
amount calculated by:
- 191 (I) determining the part-year resident individual's adjusted gross income for that time period, after  
making the:
- 193 (Aa) additions and subtractions required by Section 59-10-114; and
- 194 (Bb) adjustments required by Section 59-10-115; and
- 195 (II) calculating the portion of the amount determined under Subsection ~~[(1)(y)(i)(B)(I)]~~ (1)(aa)(i)(B)(I)  
that is derived from Utah sources in accordance with Section 59-10-117; and
- 198 (ii) the denominator of which is the difference between:
- 199 (A) the part-year resident individual's total adjusted gross income for that taxable year, after making  
the:
- 201 (I) additions and subtractions required by Section 59-10-114; and
- 202 (II) adjustments required by Section 59-10-115; and
- 203 (B) if the part-year resident individual is a service member, any compensation the service member  
receives for military service during the portion of the taxable year that the service member is a  
nonresident if the service member is serving in compliance with military orders.
- 207 ~~[(z)]~~ (bb) "Taxable income" or "state taxable income":
- 208 (i) subject to Section 59-10-1404.5, for a resident individual, means the resident individual's adjusted  
gross income after making the:
- 210 (A) additions and subtractions required by Section 59-10-114; and
- 211 (B) adjustments required by Section 59-10-115;
- 212 (ii) for a nonresident individual, is an amount calculated by:
- 213 (A) determining the nonresident individual's adjusted gross income for the taxable year, after making  
the:
- 215 (I) additions and subtractions required by Section 59-10-114; and
- 216 (II) adjustments required by Section 59-10-115; and
- 217 (B) calculating the portion of the amount determined under Subsection ~~[(1)(z)(ii)(A)]~~ (1)(bb)(ii)(A) that  
is derived from Utah sources in accordance with Section 59-10-117;
- 220 (iii) for a resident estate or trust, is as calculated under Section 59-10-201.1; and
- 221 (iv) for a nonresident estate or trust, is as calculated under Section 59-10-204.
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[(aa)] (cc) "Taxpayer" means any of the following that has income subject in whole or part to the tax imposed by this chapter:

- 224 (i) an individual;
- 225 (ii) an estate, a trust, or a beneficiary of an estate or a trust that is not a pass-through entity or a pass-through entity taxpayer;
- 227 (iii) a pass-through entity; or
- 228 (iv) a pass-through entity taxpayer.
- 229 (dd) "Threshold" means:
- 230 (i) for the taxable year beginning on or after January 1, 2026, and beginning before January 1, 2027,  
\$1,000,000; or
- 232 (ii) for each taxable year beginning on or after January 1, 2027, the amount calculated by increasing or decreasing the previous taxable year's threshold by the inflation factor and rounding to the nearest whole dollar.

235 [~~(bb)~~] (ee) "Trust term" means a time period:

- 236 (i) beginning on the day on which a qualified nongrantor charitable lead trust is created; and
- 238 (ii) ending on the day on which the qualified nongrantor charitable lead trust described in Subsection [~~(1)(bb)(i)~~] (1)(ee)(i) terminates.

240 [~~(ee)~~] (ff) "Uintah and Ouray Reservation" means the lands recognized as being included within the Uintah and Ouray Reservation in:

- 242 (i) Hagen v. Utah, 510 U.S. 399 (1994); and
- 243 (ii) Ute Indian Tribe v. Utah, 114 F.3d 1513 (10th Cir. 1997).

244 [~~(dd)~~] (gg) "Unadjusted income" means an amount equal to the difference between:

- 245 (i) the total income required to be reported by a resident or nonresident estate or trust on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year; and
- 248 (ii) the sum of the following:
- 249 (A) fees paid or incurred to the fiduciary of a resident or nonresident estate or trust:
- 250 (I) for administering the resident or nonresident estate or trust; and
- 251 (II) that the resident or nonresident estate or trust deducts as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year;

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- (B) the income distribution deduction that a resident or nonresident estate or trust deducts under Section 651 or 661, Internal Revenue Code, as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year;
- 258 (C) the amount that a resident or nonresident estate or trust deducts as a deduction for estate tax or generation skipping transfer tax under Section 691(c), Internal Revenue Code, as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year; and
- 262 (D) the amount that a resident or nonresident estate or trust deducts as a personal exemption under Section 642(b), Internal Revenue Code, as allowed on the resident or nonresident estate's or trust's federal income tax return for estates and trusts for the taxable year.
- 266 [~~(ee)~~] (hh) "Unitrust interest" means the same as that term is defined in 26 C.F.R. Sec. 1.170A-6(c)(2).
- 268 [~~(ff)~~] (ii) "Ute tribal member" means an individual who is enrolled as a member of the Ute Indian Tribe of the Uintah and Ouray Reservation.
- 270 [~~(gg)~~] (jj) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray Reservation.
- 271 [~~(hh)~~] (kk) "Wages" means the same as that term is defined in Section 59-10-401.
- 272 (2)
- (a) Any term used in this chapter has the same meaning as when used in comparable context in the laws of the United States relating to federal income taxes unless a different meaning is clearly required.
- 275 (b) Any reference to the Internal Revenue Code or to the laws of the United States shall mean the Internal Revenue Code or other provisions of the laws of the United States relating to federal income taxes that are in effect for the taxable year.
- 278 (c) Any reference to a specific section of the Internal Revenue Code or other provision of the laws of the United States relating to federal income taxes shall include any corresponding or comparable provisions of the Internal Revenue Code as amended, redesignated, or reenacted.
- 282 Section 4. Section **59-10-104** is amended to read:
- 283 **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) {4.45%.}}~~
- 289 (b) the income tax rate.

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46 [(b) 4.5%.]

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

293 Section 5. Section 59-10-116 is amended to read:

294 **59-10-116. Tax on nonresident individual -- Calculation -- Exemption.**

295 (1) Except as provided in Subsection (2), a tax is imposed on a nonresident individual in an amount  
equal to the product of [the]:

297 (a) the nonresident individual's state taxable income; and

298 (b) the income tax rate.

299 [(b) percentage listed in Subsection 59-10-104(2).]

300 (2) This section does not apply to a nonresident individual:

301 (a) exempt from taxation under Section 59-10-104.1; or

302 (b) whose only state source income is wages that are excluded in accordance with Section 59-10-117.5.

304 Section 6. Section 59-10-201 is amended to read:

305 **59-10-201. Taxation of resident trusts and estates.**

306 (1) Except as provided in Subsection (2), a tax [~~determined in accordance with the rate prescribed by  
Subsection 59-10-104(2)(b)~~] is imposed for each taxable year on the state taxable income of each  
resident estate or trust in the amount calculated by multiplying the resident estate's or trust's state  
taxable income by the income tax rate.

310 (2) The following are not subject to a tax imposed by this part:

311 (a) a resident estate or trust that is not required to file a federal income tax return for estates and trusts  
for the taxable year; or

313 (b) a resident trust taxed as a corporation.

314 (3) A resident estate or trust shall be allowed the credit provided in Section 59-10-1003, relating to an  
income tax imposed by another state, except that the limitation shall be computed by reference to  
the taxable income of the estate or trust.

317 (4) The property of the Utah Educational Savings Plan established in Title 53H, Chapter 10 Utah  
Education Savings, and the Utah Educational Savings Plan's income from operations and  
investments are exempt from all taxation by the state under this chapter.

320 Section 7. Section 59-10-205 is amended to read:

321 **59-10-205. Tax on nonresident estate or trust.**

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322 (1) Except as provided in Subsection (2), a tax is imposed on a nonresident estate or trust in an amount  
equal to the product of:

324 (a) the nonresident estate's or trust's state taxable income as determined under Section 59-10-204; and

326 (b) the income tax rate.

327 [~~(b) the percentage listed in Subsection 59-10-104(2).~~]

328 (2) The following are not subject to a tax imposed by this part:

329 (a) a nonresident estate or trust that is not required to file a federal income tax return for estates and  
trusts for the taxable year; or

331 (b) a nonresident trust taxed as a corporation.

332 Section 8. Section 59-10-1007 is amended to read:

333 **59-10-1007. Recycling market development zones tax credits.**

334 (1) Subject to other provisions of this section, a claimant, estate, or trust in a recycling market  
development zone as defined in Section 19-13-102 may claim the following nonrefundable tax  
credits:

337 (a) a tax credit equal to the product of [~~the percentage listed in Subsection 59-10-104(2)~~] the income tax  
rate and the purchase price paid for machinery and equipment used directly in:

340 (i) commercial composting; or

341 (ii) manufacturing facilities or plant units that:

342 (A) manufacture, process, compound, or produce recycled items of tangible personal property for sale;  
or

344 (B) reduce or reuse postconsumer waste material; and

345 (b) a tax credit equal to the lesser of:

346 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test inventory, and utilities  
made by the claimant, estate, or trust for establishing and operating recycling or composting  
technology in the state; and

349 (ii) \$2,000.

350 (2)

(a) To claim a tax credit described in Subsection (1), the claimant, estate, or trust shall receive from  
the Department of Environmental Quality a written certification, on a form approved by the  
commission, that includes:

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- (i) a statement that the claimant, estate, or trust is operating within the boundaries of a recycling market development zone;
- 355 (ii) for a claim of the tax credit described in Subsection (1)(a):
- 356 (A) the type of the machinery and equipment that the claimant, estate, or trust purchased;
- 358 (B) the date that the claimant, estate, or trust purchased the machinery and equipment;
- 360 (C) the purchase price for the machinery and equipment;
- 361 (D) the total purchase price for all machinery and equipment for which the claimant, estate, or trust is claiming a tax credit;
- 363 (E) the amount of the claimant's, estate's, or trust's tax credit; and
- 364 (F) a statement that the machinery and equipment are integral to the composting or recycling process; and
- 366 (iii) for a claim of the tax credit described in Subsection (1)(b):
- 367 (A) the type of net expenditure that the claimant, estate, or trust made to a third party;
- 369 (B) the date that the claimant, estate, or trust made the payment to a third party;
- 370 (C) the amount that the claimant, estate, or trust paid to each third party;
- 371 (D) the total amount that the claimant, estate, or trust paid to all third parties;
- 372 (E) a statement that the net expenditures support the establishment and operation of recycling or composting technology in the state; and
- 374 (F) the amount of the claimant's, estate's, or trust's tax credit.
- 375 (b)
- (i) The Department of Environmental Quality shall provide a claimant, estate, or trust seeking to claim a tax credit under Subsection (1) with a copy of the written certification.
- 378 (ii) The claimant, estate, or trust shall retain a copy of the written certification for the same period of time that a person is required to keep books and records under Section 59-1-1406.
- 381 (c) The Department of Environmental Quality shall submit to the commission an electronic list that includes:
- 383 (i) the name and identifying information of each claimant, estate, or trust to which the Department of Environmental Quality issues a written certification; and
- 385 (ii) for each claimant, estate, or trust, the amount of each tax credit listed on the written certification.
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(3) A claimant, estate, or trust may not claim a tax credit under Subsection (1)(a), Subsection (1)(b), or both that exceeds 40% of the claimant's, estate's, or trust's state income tax liability as the tax liability is calculated:

390 (a) for the taxable year in which the claimant, estate, or trust made the purchases or payments;

392 (b) before any other tax credits the claimant, estate, or trust may claim for the taxable year; and

394 (c) before the claimant, estate, or trust claims a tax credit authorized by this section.

395 (4) The commission shall make rules governing what information a claimant, estate, or trust shall file with the commission to verify the entitlement to and amount of a tax credit.

397 (5) Except as provided in Subsections (6) through (8), a claimant, estate, or trust may carry forward, to the next three taxable years, the amount of a tax credit described in Subsection (1)(a) that the claimant, estate, or trust does not use for the taxable year.

400 (6) A claimant, estate, or trust may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 63N-2-213.

403 (7) A claimant, estate, or trust may not claim a tax credit described in Subsection (1)(b) in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 63N-2-213.

406 Section 9. Section 59-10-1017 is amended to read:

407 **59-10-1017. Utah Educational Savings Plan tax credit.**

408 (1) As used in this section:

409 (a) "Account owner" means the same as that term is defined in Section 53H-10-101.

410 (b) "Grantor trust" means the same as that term is defined in Section 53H-10-201.

411 (c) "Higher education costs" means the same as that term is defined in Section 53H-10-201.

413 (d) "Maximum amount of a qualified investment for the taxable year" means, for a taxable year, the product of the percentage listed in Subsection 59-10-104(2) and:

415 (i) subject to Subsection (1)(d)(iii), for a claimant, estate, or trust that is an account owner, if that claimant, estate, or trust is other than husband and wife account owners who file a single return jointly, the maximum amount of a qualified investment:

419 (A) listed in Subsection 53H-10-205(1)(e)(ii); and

420 (B) increased or kept for that taxable year in accordance with Subsections 53H-10-205(1)(f) and (g);

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(ii) subject to Subsection (1)(d)(iii), for claimants who are husband and wife account owners who file a single return jointly, the maximum amount of a qualified investment:

425 (A) listed in Subsection 53H-10-205(1)(e)(iii); and

426 (B) increased or kept for that taxable year in accordance with Subsections 53H-10-205(1)(f) and (g); or

428 (iii) for a grantor trust:

429 (A) if the owner of the grantor trust has a single filing status or head of household filing status as defined in Section 59-10-1018, the amount described in Subsection (1)(d)(i); or

432 (B) if the owner of the grantor trust has a joint filing status as defined in Section 59-10-1018, the amount described in Subsection (1)(d)(ii).

434 (e) "Owner of the grantor trust" means the same as that term is defined in Section 53H-10-201.

436 (f) "Qualified investment" means the same as that term is defined in Section 53H-10-201.

437 (2) Except as provided in Section 59-10-1002.2 and subject to the other provisions of this section, a claimant, estate, or trust that is an account owner may claim a nonrefundable tax credit equal to the product of:

440 (a) the amount of a qualified investment made:

441 (i) during the taxable year; and

442 (ii) into an account owned by the claimant, estate, or trust; and

443 (b) the ~~[percentage listed in Subsection 59-10-104(2).]~~ the income tax rate.

444 (3) A claimant, estate, or trust, or a person other than the claimant, estate, or trust, may make a qualified investment described in Subsection (2).

446 (4) A claimant, estate, or trust that is an account owner may not claim a tax credit under this section with respect to any portion of a qualified investment described in Subsection (2) that a claimant, estate, trust, or person described in Subsection (3) deducts on a federal income tax return.

450 (5) A tax credit under this section may not exceed the maximum amount of a qualified investment for the taxable year.

452 (6) A claimant, estate, or trust that is an account owner may not carry forward or carry back the tax credit under this section.

454 Section 10. Section 59-10-1022 is amended to read:

455 **59-10-1022. Nonrefundable tax credit for capital gain transactions.**

456 (1) As used in this section:

457 (a)

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- 458 (i) "Capital gain transaction" means a transaction that results in a:  
459 (A) short-term capital gain; or  
460 (B) long-term capital gain.
- 461 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission  
462 may by rule define the term "transaction."
- 463 (b) "Commercial domicile" means the principal place from which the trade or business of a Utah small  
464 business corporation is directed or managed.
- 465 (c) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.
- 466 (d) "Qualifying stock" means stock that is:  
467 (i)  
468 (A) common; or  
469 (B) preferred;  
470 (ii) as defined by the commission by rule made in accordance with Title 63G, Chapter 3, Utah  
471 Administrative Rulemaking Act, originally issued to:  
472 (A) a claimant, estate, or trust; or  
473 (B) a partnership if the claimant, estate, or trust that claims a tax credit under this section:  
474 (I) was a partner on the day on which the stock was issued; and  
475 (II) remains a partner until the last day of the taxable year for which the claimant, estate, or trust claims  
476 a tax credit under this section; and  
477 (iii) issued:  
478 (A) by a Utah small business corporation;  
479 (B) on or after January 1, 2008; and  
480 (C) for:  
481 (I) money; or  
482 (II) other property, except for stock or securities.
- 483 (e) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.
- 484 (f)  
485 (i) "Utah small business corporation" means a corporation that:  
486 (A) except as provided in Subsection (1)(f)(ii), is a small business corporation as defined in Section  
1244(c)(3), Internal Revenue Code;

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(B) except as provided in Subsection (1)(f)(iii), meets the requirements of Section 1244(c)(1)(C), Internal Revenue Code; and

488 (C) has its commercial domicile in this state.

489 (ii) The dollar amount listed in Section 1244(c)(3)(A) is considered to be \$2,500,000.

490 (iii) The phrase "the date the loss on such stock was sustained" in Sections 1244(c)(1)(C) and 1244(c)(2), Internal Revenue Code, is considered to be "the last day of the taxable year for which the claimant, estate, or trust claims a tax credit under this section."

494 (2) For taxable years beginning on or after January 1, 2008, a claimant, estate, or trust that meets the requirements of Subsection (3) may claim a nonrefundable tax credit equal to the product of:

497 (a) the total amount of the claimant's, estate's, or trust's short-term capital gain or long-term capital gain on a capital gain transaction that occurs on or after January 1, 2008; and

500 (b) the income tax rate.

501 [~~(b) the percentage listed in Subsection 59-10-104(2).~~]

502 (3) For purposes of Subsection (2), a claimant, estate, or trust may claim the nonrefundable tax credit allowed by Subsection (2) if:

504 (a) 70% or more of the gross proceeds of the capital gain transaction are expended:

505 (i) to purchase qualifying stock in a Utah small business corporation; and

506 (ii) within a 12-month period after the day on which the capital gain transaction occurs; and

508 (b) prior to the purchase of the qualifying stock described in Subsection (3)(a)(i), the claimant, estate, or trust did not have an ownership interest in the Utah small business corporation that issued the qualifying stock.

511 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under this section.

513 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules:

515 (a) defining the term "gross proceeds"; and

516 (b) prescribing the circumstances under which a claimant, estate, or trust has an ownership interest in a Utah small business corporation.

518 Section 11. Section 59-10-1023 is amended to read:

519 **59-10-1023. Nonrefundable tax credit for amounts paid under a health benefit plan.**

521 (1) As used in this section:

522 (a) "Claimant with dependents" means a claimant:

## SB0060 compared with SB0060S01

- 523 (i) regardless of the claimant's filing status for purposes of filing a federal individual income tax return  
for the taxable year; and
- 525 (ii) who claims one or more dependents under Section 151, Internal Revenue Code, as allowed on the  
claimant's federal individual income tax return for the taxable year.
- 528 (b) "Eligible insured individual" means:
- 529 (i) the claimant who is insured under a health benefit plan;
- 530 (ii) the spouse of the claimant described in Subsection (1)(b)(i) if:
- 531 (A) the claimant files a single return jointly under this chapter with the claimant's spouse for the taxable  
year; and
- 533 (B) the spouse is insured under the health benefit plan described in Subsection (1)(b)(i); or
- 535 (iii) a dependent of the claimant described in Subsection (1)(b)(i) if:
- 536 (A) the claimant claims the dependent under Section 151, Internal Revenue Code, as allowed on the  
claimant's federal individual income tax return for the taxable year; and
- 539 (B) the dependent is insured under the health benefit plan described in Subsection (1)(b)(i).
- 541 (c) "Excluded expenses" means an amount a claimant pays for insurance offered under a health benefit  
plan for a taxable year if:
- 543 (i) the claimant claims a tax credit for that amount under Section 35, Internal Revenue Code:
- 545 (A) on the claimant's federal individual income tax return for the taxable year; and
- 546 (B) with respect to an eligible insured individual;
- 547 (ii) the claimant deducts that amount under Section 162 or 213, Internal Revenue Code:
- 549 (A) on the claimant's federal individual income tax return for the taxable year; and
- 550 (B) with respect to an eligible insured individual; or
- 551 (iii) the claimant excludes that amount from gross income under Section 106 or 125, Internal Revenue  
Code, with respect to an eligible insured individual.
- 553 (d)
- (i) "Health benefit plan" is as defined in Section 31A-1-301.
- 554 (ii) "Health benefit plan" does not include equivalent self-insurance as defined by the Insurance  
Department by rule made in accordance with Title 63G, Chapter 3, Utah Administrative  
Rulemaking Act.
- 557 (e) "Joint claimant with no dependents" means a husband and wife who:
- 558 (i) file a single return jointly under this chapter for the taxable year; and

## SB0060 compared with SB0060S01

- 559 (ii) do not claim a dependent under Section 151, Internal Revenue Code, on the husband's and wife's  
federal individual income tax return for the taxable year.
- 561 (f) "Single claimant with no dependents" means:
- 562 (i) a single individual who:
- 563 (A) files a single federal individual income tax return for the taxable year; and
- 564 (B) does not claim a dependent under Section 151, Internal Revenue Code, on the single individual's  
federal individual income tax return for the taxable year;
- 566 (ii) a head of household:
- 567 (A) as defined in Section 2(b), Internal Revenue Code, who files a single federal individual income tax  
return for the taxable year; and
- 569 (B) who does not claim a dependent under Section 151, Internal Revenue Code, on the head of  
household's federal individual income tax return for the taxable year; or
- 572 (iii) a married individual who:
- 573 (A) does not file a single federal individual income tax return jointly with that married individual's  
spouse for the taxable year; and
- 575 (B) does not claim a dependent under Section 151, Internal Revenue Code, on that married individual's  
federal individual income tax return for the taxable year.
- 577 (2) Subject to Subsection (3), and except as provided in Subsection (4), for taxable years beginning on  
or after January 1, 2009, a claimant may claim a nonrefundable tax credit equal to the product of:
- 580 (a) the difference between:
- 581 (i) the total amount the claimant pays during the taxable year for:
- 582 (A) insurance offered under a health benefit plan; and
- 583 (B) an eligible insured individual; and
- 584 (ii) excluded expenses; and
- 585 (b) the income tax rate.
- 586 [~~(b) the percentage listed in Subsection 59-10-104(2).~~]
- 587 (3) The maximum amount of a tax credit described in Subsection (2) a claimant may claim on a return  
for a taxable year is:
- 589 (a) for a single claimant with no dependents, \$300;
- 590 (b) for a joint claimant with no dependents, \$600; or
- 591 (c) for a claimant with dependents, \$900.

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592 (4) A claimant may not claim a tax credit under this section if the claimant is eligible to participate in  
insurance offered under a health benefit plan maintained and funded in whole or in part by:

595 (a) the claimant's employer; or

596 (b) another person's employer.

597 (5) A claimant may not carry forward or carry back a tax credit under this section.

598 Section 12. Section 59-10-1028 is amended to read:

599 **59-10-1028. Nonrefundable tax credit for capital gain transactions on the exchange of one  
form of legal tender for another form of legal tender.**

601 (1) As used in this section:

602 (a) "Capital gain transaction" means a transaction that results in a:

603 (i) short-term capital gain; or

604 (ii) long-term capital gain.

605 (b) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.

606 (c) "Long-term capital loss" is as defined in Section 1222, Internal Revenue Code.

607 (d) "Net capital gain" means the amount by which the sum of long-term capital gains and short-term  
capital gains on a claimant's, estate's, or trust's transactions from exchanges made for a taxable year  
of one form of legal tender for another form of legal tender exceeds the sum of long-term capital  
losses and short-term capital losses on those transactions for that taxable year.

612 (e) "Short-term capital loss" is as defined in Section 1222, Internal Revenue Code.

613 (f) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.

614 (2) Except as provided in Section 59-10-1002.2, for taxable years beginning on or after January 1, 2012,  
a claimant, estate, or trust may claim a nonrefundable tax credit equal to the product of:

617 (a) to the extent a net capital gain is included in taxable income, the amount of the claimant's, estate's,  
or trust's net capital gain on capital gain transactions from exchanges made on or after January 1,  
2012, for a taxable year, of one form of legal tender for another form of legal tender; and

621 (b) the income tax rate.

622 [~~(b) the percentage listed in Subsection 59-10-104(2).~~]

623 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under this section.

625 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission  
may make rules to implement this section.

627 Section 13. Section 59-10-1035 is amended to read:

## SB0060 compared with SB0060S01

628 **59-10-1035. Nonrefundable tax credit for contribution to state Achieving a Better Life**  
629 **Experience Program account.**

630 (1) As used in this section:

631 (a) "Account" means an account in a qualified ABLE program where the designated beneficiary of the  
632 account is a resident of this state.

633 (b) "Contributor" means a claimant, estate, or trust that:

634 (i) makes a contribution to an account; and

635 (ii) receives a statement from the qualified ABLE program itemizing the contribution.

636 (c) "Designated beneficiary" means the same as that term is defined in 26 U.S.C. Sec. 529A.

637 (d) "Qualified ABLE program" means the same as that term is defined in Section 35A-12-102.

638 (2) A contributor to an account may claim a nonrefundable tax credit as provided in this section.

639 (3) Subject to the other provisions of this section, the tax credit is equal to the product of:

640 [~~(a) the percentage listed in Subsection 59-10-104(2); and~~

641 ~~(a) the income tax rate; and~~

642 (b) the total amount of contributions:

643 (i) the contributor makes for the taxable year; and

644 (ii) for which the contributor receives a statement from the qualified ABLE program itemizing the  
645 contributions.

646 (4) A contributor may not claim a tax credit under this section:

647 (a) for an amount of excess contribution to an account that is returned to the contributor; or

648 (b) with respect to an amount the contributor deducts on a federal income tax return.

649 (5) A tax credit under this section may not be carried forward or carried back.

650 Section 14. Section 59-10-1036 is amended to read:

651 **59-10-1036. Nonrefundable tax credit for military survivor benefits.**

652 (1) As used in this section:

653 (a) "Dependent child" means the same as that term is defined in 10 U.S.C. Sec. 1447.

654 (b) "Reserve components" means the same as that term is described in 10 U.S.C. Sec. 10101.

655 (c) "Surviving spouse" means the same as that term is defined in 10 U.S.C. Sec. 1447.

656 (d) "Survivor benefits" means the amount paid by the federal government in accordance with 10 U.S.C.  
657 Secs. 1447 through 1455.

658

## SB0060 compared with SB0060S01

(2) A surviving spouse or dependent child may claim a nonrefundable tax credit for survivor benefits if the benefits are paid due to:

- 665 (a) the death of a member of the armed forces or reserve components while on active duty; or  
667 (b) the death of a member of the reserve components that results from a service-connected cause while performing inactive duty training.

669 (3) The tax credit described in Subsection (2) is equal to the product of:

670 (a) the amount of survivor benefits that the surviving spouse or dependent child received during the taxable year; and

672 (b) the income tax rate.

673 [~~(b) the percentage listed in Subsection 59-10-104(2).~~]

674 (4) The tax credit described in Subsection (2):

675 (a) may not be carried forward or carried back; and

676 (b) applies to a taxable year beginning on or after January 1, 2017.

677 Section 15. Section 59-10-1042 is amended to read:

678 **59-10-1042. Nonrefundable tax credit for social security benefits.**

679 (1) As used in this section:

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

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

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

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

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

687 (d) "Modified adjusted gross income" means the sum of the following for a claimant or, if the claimant's return under this chapter is allowed a joint filing status, the claimant and the claimant's spouse:

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

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

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

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

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- 698 (f) "Social security benefit" means an amount received by a claimant as a monthly benefit in accordance  
with the Social Security Act, 42 U.S.C. Sec. 401 et seq.
- 700 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each claimant on a return  
that receives a social security benefit may claim a nonrefundable tax credit against taxes otherwise  
due under this part equal to the product of:
- 703 [~~(a) the percentage listed in Subsection 59-10-104(2); and~~]
- 704 (a) the income tax rate; and
- 705 (b) the claimant's social security benefit that is included in the claimant's state taxable income for the  
taxable year.
- 707 (3) A claimant may not:
- 708 (a) carry forward or carry back the amount of a tax credit under this section that exceeds the claimant's  
tax liability for the taxable year; or
- 710 (b) claim a tax credit under this section for a taxable year if a tax credit under Section 59-10-1019 is  
claimed on the claimant's return for the same taxable year.
- 712 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall be reduced  
by \$.025 for each dollar by which modified adjusted gross income for purposes of the return  
exceeds:
- 715 (a) for a return filed under this chapter that is allowed a married filing separately status, \$45,000;
- 717 (b) for a return filed under this chapter that is allowed a single filing status, \$54,000;
- 718 (c) for a return filed under this chapter that is allowed a head of household filing status, \$90,000; or
- 720 (d) for a return filed under this chapter that is allowed a joint filing status, \$90,000.
- 721 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission  
may make rules governing the calculation and method for claiming the tax credit described in this  
section.

724 Section 16. Section 59-10-1043 is amended to read:

725 **59-10-1043. Nonrefundable tax credit for military retirement.**

- 726 (1) As used in this section:
- 727 (a)
- (i) "Military retirement pay" means retirement pay, including survivor benefits, that relates to service in  
the armed forces or the reserve components, as described in 10 U.S.C. Sec. 10101.
- 730 (ii) "Military retirement pay" does not include:

## SB0060 compared with SB0060S01

- 731 (A) Social Security income;  
732 (B) 401(k) or IRA distributions; or  
733 (C) income from other sources.
- 734 (b) "Survivor benefits" means the retired pay portion of the benefits described in 10 U.S.C. Secs. 1447 through 1455.
- 736 (2) Except as provided in Section 59-10-1002.2, a claimant who receives military retirement pay may claim a nonrefundable tax credit against taxes equal to the product of:
- 739 [~~(a) the percentage listed in Subsection 59-10-104(2); and~~  
740 (a) the income tax rate; and  
741 (b) the amount of military retirement pay that is included in adjusted gross income on the claimant's federal income tax return for the taxable year.
- 743 (3) A claimant may not:
- 744 (a) carry forward or carry back the amount of a tax credit that exceeds the claimant's tax liability for the taxable year; or  
746 (b) claim a tax credit under this section for a taxable year if a tax credit under Section 59-10-1019 is claimed on the claimant's return for the same taxable year.
- 748 Section 17. Section 59-10-1403.3 is amended to read:  
749 **59-10-1403.3. Refund of amounts paid or withheld for a pass-through entity.**
- 750 (1) As used in this section:
- 751 (a) "Committee" means the Revenue and Taxation Interim Committee.  
752 (b) "Qualifying excess withholding" means an amount that:  
753 (i) is paid or withheld:  
754 (A) by a pass-through entity that has a different taxable year than the pass-through entity that requests a refund under this section; and  
756 (B) on behalf of the pass-through entity that requests the refund, if the pass-through entity that requests the refund also is a pass-through entity taxpayer; and  
759 (ii) is equal to the difference between:  
760 (A) the amount paid or withheld for the taxable year on behalf of the pass-through entity that requests the refund; and  
762 (B) the product of the [~~percentage listed in Subsection 59-10-104(2)~~] income tax rate and the income, described in Subsection 59-10-1403.2(1)(a)(i), of the pass-through entity that requests the refund.

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- 765 (2) For a taxable year ending on or after July 1, 2017, a pass-through entity may claim a refund of  
qualifying excess withholding, if the amount of the qualifying excess withholding is equal to or  
greater than \$250,000.
- 768 (3) A pass-through entity that requests a refund of qualifying excess withholding under this section  
shall:
- 770 (a) apply to the commission for a refund on or, subject to Subsection (4), after the day on which the  
pass-through entity files the pass-through entity's income tax return; and
- 772 (b) provide any information that the commission may require to determine that the pass-through entity  
is eligible to receive the refund.
- 774 (4) A pass-through entity shall claim a refund of qualifying excess withholding under this section within  
30 days after the earlier of the day on which:
- 776 (a) the pass-through entity files an income tax return; or
- 777 (b) the pass-through entity's income tax return is due, including any extension of due date authorized in  
statute.
- 779 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission  
may make rules establishing the information that a pass-through entity shall provide to the  
commission to obtain a refund of qualifying excess withholding under this section.
- 783 (6)
- (a) On or before November 30, 2018, the committee shall review the \$250,000 threshold described in  
Subsection (2) for the purpose of assessing whether the threshold amount should be maintained,  
increased, or decreased.
- 786 (b) To assist the committee in conducting the review described in Subsection (6)(a), the commission  
shall provide the committee with:
- 788 (i) the total number of refund requests made under this section;
- 789 (ii) the total costs of any refunds issued under this section;
- 790 (iii) the costs of any audits conducted on refund requests made under this section; and
- 791 (iv) an estimation of:
- 792 (A) the number of refund requests the commission expects to receive if the Legislature increases the  
threshold;
- 794 (B) the number of refund requests the commission expects to receive if the Legislature decreases the  
threshold; and

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796 (C) the costs of any audits the commission would conduct if the Legislature increases or decreases the  
threshold.

798 Section 18. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

800 Section 19. **Retrospective Operation.**

Retrospective operation.

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

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