

**Melissa G. Ballard** proposes the following substitute bill:

**Tax Penalties Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Melissa G. Ballard**

Senate Sponsor: Heidi Balderree

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**LONG TITLE**

**General Description:**

This bill addresses tax penalties within the Individual Income Tax Act.

**Highlighted Provisions:**

This bill:

- removes marriage penalties from certain individual income tax credits over a five-year period, resulting in the income phaseout amounts for filers who have single, head of household, or married filing separately status, beginning in 2030, to be half of the amount for filers who have joint filing status; and
- makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:

**59-10-1018**, as last amended by Laws of Utah 2023, Chapter 459

**59-10-1019**, as last amended by Laws of Utah 2022, Chapter 258

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

**59-10-1047**, as last amended by Laws of Utah 2025, Chapter 407

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

Section 1. Section **59-10-1018** is amended to read:

**59-10-1018 . Definitions -- Nonrefundable taxpayer tax credits.**

(1) As used in this section:

- (a) "Head of household filing status" means a head of household, as defined in Section 2(b), Internal Revenue Code, who files a single federal individual income tax return

30 for the taxable year.

31 (b) "Joint filing status" means:

32 (i) spouses who file a single return jointly under this chapter for a taxable year; or

33 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a  
34 single federal individual income tax return for the taxable year.

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

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

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

39 [(e)] (d) "Qualifying dependent" means an individual with respect to whom the claimant  
40 is allowed to claim a tax credit under Section 24, Internal Revenue Code, on the  
41 claimant's federal individual income tax return for the taxable year.

42 [(d)] (e) "Single filing status" means[;] a single individual who files a single federal  
43 individual income tax return for the taxable year.

44 [(i) a single individual who files a single federal individual income tax return for the  
45 taxable year; or]

46 [(ii) a married individual who:]

47 [(A) does not file a single federal individual income tax return jointly with that  
48 married individual's spouse for the taxable year; and]

49 [(B) files a single federal individual income tax return for the taxable year.]

50 [(e)] (f) "State or local income tax" means the lesser of:

51 (i) the amount of state or local income tax that the claimant:

52 (A) pays for the taxable year; and

53 (B) reports on the claimant's federal individual income tax return for the taxable  
54 year, regardless of whether the claimant is allowed an itemized deduction on  
55 the claimant's federal individual income tax return for the taxable year for the  
56 full amount of state or local income tax paid; and

57 (ii) \$10,000.

58 [(f)] (g)(i) "Utah itemized deduction" means the amount the claimant deducts as  
59 allowed as an itemized deduction on the claimant's federal individual income tax  
60 return for that taxable year minus any amount of state or local income tax for the  
61 taxable year.

62 (ii) "Utah itemized deduction" does not include any amount of qualified business  
63 income that the claimant subtracts as allowed by Section 199A, Internal Revenue

- 64 Code, on the claimant's federal income tax return for that taxable year.
- 65 ~~[(g)]~~ (h) "Utah personal exemption" means, subject to Subsection (6), \$1,750 multiplied
- 66 by the number of the claimant's qualifying dependents plus an additional qualifying
- 67 dependent in the year of a qualifying dependent's birth.
- 68 (2) Except as provided in Section 59-10-1002.2, and subject to Subsections (3) through (5),
- 69 a claimant may claim a nonrefundable tax credit against taxes otherwise due under this [
- 70 ~~part]~~ chapter equal to the sum of:
- 71 (a)(i) for a claimant that deducts the standard deduction on the claimant's federal
- 72 individual income tax return for the taxable year, 6% of the amount the claimant
- 73 deducts as allowed as the standard deduction on the claimant's federal individual
- 74 income tax return for that taxable year; or
- 75 (ii) for a claimant that itemizes deductions on the claimant's federal individual
- 76 income tax return for the taxable year, 6% of the amount of the claimant's Utah
- 77 itemized deduction; and
- 78 (b) 6% of the claimant's Utah personal exemption.
- 79 (3) A claimant may not carry forward or carry back a tax credit under this section.
- 80 (4) The tax credit allowed by Subsection (2) shall be reduced by \$.013 for each dollar by
- 81 which a claimant's state taxable income exceeds:
- 82 (a) for a claimant who has a single filing status or a married filing separately status, [
- 83 ~~\$15,095]~~ \$18,696;
- 84 (b) for a claimant who has a head of household filing status [~~-, \$22,643]~~ :
- 85 (i) for the taxable year beginning on January 1, 2026, \$28,045;
- 86 (ii) for the taxable year beginning on January 1, 2027, 72% of the amount calculated
- 87 in accordance with Subsection (5)(c) for a claimant who has a joint filing status,
- 88 rounded to the nearest whole dollar;
- 89 (iii) for the taxable year beginning on January 1, 2028, 67% of the amount calculated
- 90 in accordance with Subsection (5)(c) for a claimant who has a joint filing status,
- 91 rounded to the nearest whole dollar;
- 92 (iv) for the taxable year beginning on January 1, 2029, 60% of the amount calculated
- 93 in accordance with Subsection (5)(c) for a claimant who has a joint filing status,
- 94 rounded to the nearest whole dollar; or
- 95 (v) for a taxable year beginning on or after January 1, 2030, 50% of the amount
- 96 calculated in accordance with Subsection (5)(c) for a claimant who has a joint
- 97 filing status, rounded to the nearest whole dollar; or

98 (c) for a claimant who has a joint filing status, [~~\$30,190~~] \$37,392.

99 (5)(a) For a taxable year beginning on or after January 1, [~~2022~~] 2027, the commission  
100 shall increase or decrease annually the [~~following dollar amounts~~] dollar amount  
101 listed in Subsection (4)(a) by a percentage equal to the percentage difference between  
102 the consumer price index for the preceding calendar year and the consumer price  
103 index for calendar year [~~2020;~~] 2025.

104 [(i) the dollar amount listed in Subsection (4)(a); and]

105 [(ii) the dollar amount listed in Subsection (4)(b).]

106 (b) After the commission increases or decreases the dollar [~~amounts~~] amount listed in  
107 Subsection (4)(a) as required by Subsection (5)(a), the commission shall round [~~those~~]  
108 that dollar [amounts listed in Subsection (5)(a)] amount to the nearest whole dollar.

109 (c) After the commission rounds the dollar [~~amounts~~] amount as required by Subsection  
110 (5)(b), the commission shall increase or decrease the dollar amount listed in  
111 Subsection (4)(c) so that the dollar amount listed in Subsection (4)(c) is equal to the  
112 product of:

113 (i) the dollar amount listed in Subsection (4)(a); and

114 (ii) two.

115 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer price  
116 index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

117 (6)(a) For a taxable year beginning on or after January 1, 2022, the commission shall  
118 increase annually the Utah personal exemption amount listed in Subsection [~~(1)(g)~~]  
119 (1)(h) by a percentage equal to the percentage by which the consumer price index for  
120 the preceding calendar year exceeds the consumer price index for calendar year 2020.

121 (b) After the commission increases the Utah personal exemption amount as described in  
122 Subsection (6)(a), the commission shall round the Utah personal exemption amount  
123 to the nearest whole dollar.

124 (c) For purposes of Subsection (6)(a), the commission shall calculate the consumer price  
125 index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

126 Section 2. Section **59-10-1019** is amended to read:

127 **59-10-1019 . Definitions -- Nonrefundable retirement tax credit.**

128 (1) As used in this section:

129 (a) "Eligible claimant" means a claimant, regardless of whether that claimant is retired,  
130 who was born on or before December 31, 1952.

131 (b) "Head of household filing status" means the same as that term is defined in Section

- 132 59-10-1018.
- 133 (c) "Joint filing status" means the same as that term is defined in Section 59-10-1018.
- 134 (d) "Married filing separately status" means a married individual who:
- 135 (i) does not file a single federal individual income tax return jointly with that married
- 136 individual's spouse for the taxable year; and
- 137 (ii) files a single federal individual income tax return for the taxable year.
- 138 (e) "Modified adjusted gross income" means the sum of the following for an eligible
- 139 claimant or, if the eligible claimant's return under this chapter is allowed a joint filing
- 140 status, the eligible claimant and the eligible claimant's spouse:
- 141 (i) adjusted gross income for the taxable year for which a tax credit is claimed under
- 142 this section;
- 143 (ii) any interest income that is not included in adjusted gross income for the taxable
- 144 year described in Subsection (1)(e)(i); and
- 145 (iii) any addition to adjusted gross income required by Section 59-10-114 for the
- 146 taxable year described in Subsection (1)(e)(i).
- 147 (f) "Single filing status" means a single individual who files a single federal individual
- 148 income tax return for the taxable year.
- 149 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each eligible
- 150 claimant may claim a nonrefundable tax credit of \$450 against taxes otherwise due
- 151 under this ~~[part]~~ chapter.
- 152 (3) An eligible claimant may not:
- 153 (a) carry forward or carry back the amount of a tax credit under this section that exceeds
- 154 the eligible claimant's tax liability for the taxable year; or
- 155 (b) claim a tax credit under this section for a taxable year if a tax credit under Section
- 156 59-10-1042 or 59-10-1043 is claimed on the claimant's return for the same taxable
- 157 year.
- 158 (4)(a) ~~[The]~~ For the taxable year beginning on January 1, 2026, the tax credit allowed by
- 159 Subsection (2) claimed on a return filed under this ~~[part]~~ chapter shall be reduced by
- 160 \$.025 for each dollar by which modified adjusted gross income for purposes of the
- 161 return exceeds:
- 162 ~~[(a)]~~ (i) for a federal individual income tax return that is allowed a married filing
- 163 separately status, \$16,000;
- 164 ~~[(b)]~~ (ii) for a federal individual income tax return that is allowed a single filing
- 165 status, ~~[\$25,000]~~ \$24,400;

- 166            ~~[(e)]~~ (iii) for a federal individual income tax return that is allowed a head of  
167            household filing status, ~~[\$32,000]~~ \$31,200; or
- 168            ~~[(d)]~~ (iv) for a ~~[return under this chapter]~~ federal individual income tax return that is  
169            allowed a joint filing status, \$32,000.
- 170            (b) For the taxable year beginning on January 1, 2027, the tax credit allowed by  
171            Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
172            for each dollar by which modified adjusted gross income for purposes of the return  
173            exceeds:
- 174            (i) for a federal individual income tax return that is allowed a married filing  
175            separately status, \$16,000;
- 176            (ii) for a federal individual income tax return that is allowed a single filing status,  
177            \$23,200;
- 178            (iii) for a federal individual income tax return that is allowed a head of household  
179            filing status, \$29,600; or
- 180            (iv) for a federal individual income tax return that is allowed a joint filing status,  
181            \$32,000.
- 182            (c) For the taxable year beginning on January 1, 2028, the tax credit allowed by  
183            Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
184            for each dollar by which modified adjusted gross income for purposes of the return  
185            exceeds:
- 186            (i) for a federal individual income tax return that is allowed a married filing  
187            separately status, \$16,000;
- 188            (ii) for a federal individual income tax return that is allowed a single filing status,  
189            \$20,800;
- 190            (iii) for a federal individual income tax return that is allowed a head of household  
191            filing status, \$26,700; or
- 192            (iv) for a federal individual income tax return that is allowed a joint filing status,  
193            \$32,000.
- 194            (d) For the taxable year beginning on January 1, 2029, the tax credit allowed by  
195            Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
196            for each dollar by which modified adjusted gross income for purposes of the return  
197            exceeds:
- 198            (i) for a federal individual income tax return that is allowed a married filing  
199            separately status, \$16,000;

- 200           (ii) for a federal individual income tax return that is allowed a single filing status,  
 201                 \$17,700;
- 202           (iii) for a federal individual income tax return that is allowed a head of household  
 203                 filing status, \$22,700; or
- 204           (iv) for a federal individual income tax return that is allowed a joint filing status,  
 205                 \$32,000.
- 206       (e) For a taxable year beginning on or after January 1, 2030, the tax credit allowed by  
 207           Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
 208           for each dollar by which modified adjusted gross income for purposes of the return  
 209           exceeds:
- 210           (i) for a federal individual income tax return that is allowed a single filing status, a  
 211                 head of household filing status, or a married filing separately status, \$16,000; or
- 212           (ii) for a federal individual income tax return that is allowed a joint filing status,  
 213                 \$32,000.

214       Section 3. Section **59-10-1042** is amended to read:

215       **59-10-1042 . Nonrefundable tax credit for social security benefits.**

- 216       (1) As used in this section:
- 217           (a) "Head of household filing status" means the same as that term is defined in Section  
 218                 59-10-1018.
- 219           (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.
- 220           (c) "Married filing separately status" means a married individual who:
- 221                 (i) does not file a single federal individual income tax return jointly with that married  
 222                     individual's spouse for the taxable year; and
- 223                 (ii) files a single federal individual income tax return for the taxable year.
- 224           (d) "Modified adjusted gross income" means the sum of the following for a claimant or,  
 225                 if the claimant's return under this chapter is allowed a joint filing status, the claimant  
 226                 and the claimant's spouse:
- 227                 (i) adjusted gross income for the taxable year for which a tax credit is claimed under  
 228                     this section;
- 229                 (ii) any interest income that is not included in adjusted gross income for the taxable  
 230                     year described in Subsection (1)(d)(i); and
- 231                 (iii) any addition to adjusted gross income required by Section 59-10-114 for the  
 232                     taxable year described in Subsection (1)(d)(i).
- 233           (e) "Single filing status" means a single individual who files a single federal individual

- 234 income tax return for the taxable year.
- 235 (f) "Social security benefit" means an amount received by a claimant as a monthly  
236 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.
- 237 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each claimant  
238 on a return that receives a social security benefit may claim a nonrefundable tax credit  
239 against taxes otherwise due under this ~~[part]~~ chapter equal to the product of:
- 240 (a) the percentage listed in Subsection 59-10-104(2); and  
241 (b) the claimant's social security benefit that is included in the claimant's state taxable  
242 income for the taxable year.
- 243 (3) A claimant may not:
- 244 (a) carry forward or carry back the amount of a tax credit under this section that exceeds  
245 the claimant's tax liability for the taxable year; or  
246 (b) claim a tax credit under this section for a taxable year if a tax credit under Section  
247 59-10-1019 is claimed on the claimant's return for the same taxable year.
- 248 (4)(a) ~~[The]~~ For the taxable year beginning on January 1, 2026, the tax credit allowed by  
249 Subsection (2) claimed on a return filed under this ~~[part]~~ chapter shall be reduced by  
250 \$.025 for each dollar by which modified adjusted gross income for purposes of the  
251 return exceeds:
- 252 ~~[(a)]~~ (i) for a return filed under this chapter that is allowed a married filing separately  
253 status, \$45,000;
- 254 ~~[(b)]~~ (ii) for a return filed under this chapter that is allowed a single filing status, [  
255 \$54,000] \$53,500;
- 256 ~~[(c)]~~ (iii) for a return filed under this chapter that is allowed a head of household filing  
257 status, [~~\$90,000~~] \$85,500; or
- 258 ~~[(d)]~~ (iv) for a return filed under this chapter that is allowed a joint filing status,  
259 \$90,000.
- 260 (b) For the taxable year beginning on January 1, 2027, the tax credit allowed by  
261 Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
262 for each dollar by which modified adjusted gross income for purposes of the return  
263 exceeds:
- 264 (i) for a return filed under this chapter that is allowed a married filing separately  
265 status, \$45,000;
- 266 (ii) for a return filed under this chapter that is allowed a single filing status, \$52,100;  
267 (iii) for a return filed under this chapter that is allowed a head of household filing

- 268 status, \$77,000; or  
269 (iv) for a return filed under this chapter that is allowed a joint filing status, \$90,000.  
270 (c) For the taxable year beginning on January 1, 2028, the tax credit allowed by  
271 Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
272 for each dollar by which modified adjusted gross income for purposes of the return  
273 exceeds:  
274 (i) for a return filed under this chapter that is allowed a married filing separately  
275 status, \$45,000;  
276 (ii) for a return filed under this chapter that is allowed a single filing status, \$49,500;  
277 (iii) for a return filed under this chapter that is allowed a head of household filing  
278 status, \$65,400; or  
279 (iv) for a return filed under this chapter that is allowed a joint filing status, \$90,000.  
280 (d) For the taxable year beginning on January 1, 2029, the tax credit allowed by  
281 Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
282 for each dollar by which modified adjusted gross income for purposes of the return  
283 exceeds:  
284 (i) for a return filed under this chapter that is allowed a married filing separately  
285 status, \$45,000;  
286 (ii) for a return filed under this chapter that is allowed a single filing status, \$45,800;  
287 (iii) for a return filed under this chapter that is allowed a head of household filing  
288 status, \$52,300; or  
289 (iv) for a return filed under this chapter that is allowed a joint filing status, \$90,000.  
290 (e) For a taxable year beginning on or after January 1, 2030, the tax credit allowed by  
291 Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.025  
292 for each dollar by which modified adjusted gross income for purposes of the return  
293 exceeds:  
294 (i) for a return filed under this chapter that is allowed a single filing status, a head of  
295 household filing status, or a married filing separately status, \$45,000; or  
296 (ii) for a return filed under this chapter that is allowed a joint filing status, \$90,000.  
297 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
298 commission may make rules governing the calculation and method for claiming the tax  
299 credit described in this section.

300 Section 4. Section **59-10-1047** is amended to read:

301 **59-10-1047 . Nonrefundable child tax credit.**

- 302 (1) As used in this section:
- 303 (a) "Joint filing status" means the same as that term is defined in Section 59-10-1018.
- 304 (b) "Head of household filing status" means the same as that term is defined in Section
- 305 59-10-1018.
- 306 (c) "Married filing separately status" means a married individual who:
- 307 (i) does not file a single federal individual income tax return jointly with that married
- 308 individual's spouse for the taxable year; and
- 309 (ii) files a single federal individual income tax return for the taxable year.
- 310 (d) "Modified adjusted gross income" means the sum of the following for a claimant or,
- 311 if the claimant's federal individual income tax return is allowed a joint filing status,
- 312 the claimant and the claimant's spouse:
- 313 (i) adjusted gross income for the taxable year for which a tax credit is claimed under
- 314 this section;
- 315 (ii) any interest income that is not included in adjusted gross income for the taxable
- 316 year described in Subsection (1)(d)(i); and
- 317 (iii) any addition to adjusted gross income required by Section 59-10-114 for the
- 318 taxable year described in Subsection (1)(d)(i).
- 319 (e) "Qualifying child" means an individual:
- 320 (i) with respect to whom the claimant is allowed to claim a tax credit under Section
- 321 24, Internal Revenue Code, on the claimant's federal individual income tax return
- 322 for the taxable year; and
- 323 (ii) who is under six years old on the last day of the claimant's taxable year.
- 324 (f) "Single filing status" means a single individual who files a single federal individual
- 325 income tax return for the taxable year.
- 326 (2) Subject to Section 59-10-1002.2, a claimant may claim a nonrefundable tax credit of
- 327 \$1,000 for each qualifying child.
- 328 (3) A claimant may not carry forward or carry back the amount of the tax credit that
- 329 exceeds the claimant's tax liability.
- 330 (4)(a) For the taxable year beginning on January 1, 2026, the tax credit allowed by
- 331 Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.10
- 332 for each dollar by which modified adjusted gross income for purposes of the return
- 333 exceeds:
- 334 (i) for a federal individual income tax return that is allowed a married filing
- 335 separately status, \$27,000;

- 336            (ii) for a federal individual income tax return that is allowed a single filing status or a  
337            head of household filing status, \$41,900; or
- 338            (iii) for a federal individual income tax return that is allowed a joint filing status,  
339            \$54,000.
- 340            (b) For the taxable year beginning on January 1, 2027, the tax credit allowed by  
341            Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.10  
342            for each dollar by which modified adjusted gross income for purposes of the return  
343            exceeds:
- 344            (i) for a federal individual income tax return that is allowed a married filing  
345            separately status, \$27,000;
- 346            (ii) for a federal individual income tax return that is allowed a single filing status or a  
347            head of household filing status, \$39,800; or
- 348            (iii) for a federal individual income tax return that is allowed a joint filing status,  
349            \$54,000.
- 350            (c) For the taxable year beginning on January 1, 2028, the tax credit allowed by  
351            Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.10  
352            for each dollar by which modified adjusted gross income for purposes of the return  
353            exceeds:
- 354            (i) for a federal individual income tax return that is allowed a married filing  
355            separately status, \$27,000;
- 356            (ii) for a federal individual income tax return that is allowed a single filing status or a  
357            head of household filing status, \$35,800; or
- 358            (iii) for a federal individual income tax return that is allowed a joint filing status,  
359            \$54,000.
- 360            (d) For the taxable year beginning on January 1, 2029, the tax credit allowed by  
361            Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.10  
362            for each dollar by which modified adjusted gross income for purposes of the return  
363            exceeds:
- 364            (i) for a federal individual income tax return that is allowed a married filing  
365            separately status, \$27,000;
- 366            (ii) for a federal individual income tax return that is allowed a single filing status or a  
367            head of household filing status, \$30,500; or
- 368            (iii) for a federal individual income tax return that is allowed a joint filing status,  
369            \$54,000.

370 (e) For a taxable year beginning on or after January 1, 2030, the tax credit allowed by  
371 Subsection (2) claimed on a return filed under this chapter shall be reduced by \$.10  
372 for each dollar by which modified adjusted gross income for purposes of the return  
373 exceeds:  
374 (i) for a federal individual income tax return that is allowed a single filing status, a  
375 head of household filing status, or a married filing separately status, \$27,000; or  
376 (ii) for a federal individual income tax return that is allowed a joint filing status,  
377 \$54,000.

378 [~~(4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall~~  
379 ~~be reduced by \$.10 for each dollar by which modified adjusted gross income for~~  
380 ~~purposes of the return exceeds:]~~

381 [~~(a) for a federal individual income tax return that is allowed a married filing separately~~  
382 ~~status, \$27,000;]~~

383 [~~(b) for a federal individual income tax return that is allowed a single filing status or~~  
384 ~~head of household filing status, \$43,000; and]~~

385 [~~(c) for a federal individual income tax return that is allowed a joint filing status,~~  
386 ~~\$54,000.]~~

387 **Section 5. Effective Date.**

388 This bill takes effect on May 6, 2026.

389 **Section 6. Retrospective operation.**

390 This bill has retrospective operation for a taxable year beginning on or after January 1,  
391 2026.