10-06-23 DRAFT 2024FL-0354/003

EARNED INCOME TAX CREDIT AMENDMENTS	
	2024 GENERAL SESSION
	STATE OF UTAH
LONG	TITLE
Gener	al Description:
	This bill makes the earned income tax credit refundable.
Highli	ghted Provisions:
	This bill:
	• makes the earned income tax credit refundable.
Aoney	Appropriated in this Bill:
	None
Other	Special Clauses:
	This bill provides retrospective operation.
J tah (Code Sections Affected:
MEN	NDS:
	59-10-1002.2 , as last amended by Laws of Utah 2023, Chapters 460, 462
	59-10-1102.1 , as enacted by Laws of Utah 2023, Chapter 460
ENAC	TS:
	59-10-1115 , Utah Code Annotated 1953
REPE	ALS:
	59-10-1044 , as last amended by Laws of Utah 2023, Chapter 459
Be it ei	nacted by the Legislature of the state of Utah:
	Section 1. Section 59-10-1002.2 is amended to read:
	59-10-1002.2. Apportionment of tax credits.
	(1) A nonresident individual or a part-year resident individual that claims a tax credit
n acco	ordance 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
nay or	nly claim an apportioned amount of the tax credit equal to:
	(a) for a nonresident individual, the product of:
	(i) the state income tax percentage for the nonresident individual: and

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33	(ii) the amount of the tax credit that the nonresident individual would have been
34	allowed to claim but for the apportionment requirements of this section; or
35	(b) for a part-year resident individual, the product of:
36	(i) the state income tax percentage for the part-year resident individual; and
37	(ii) the amount of the tax credit that the part-year resident individual would have been
38	allowed to claim but for the apportionment requirements of this section.
39	(2) A nonresident estate or trust that claims a tax credit in accordance with Section
40	59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an
41	apportioned amount of the tax credit equal to the product of:
42	(a) the state income tax percentage for the nonresident estate or trust; and
43	(b) the amount of the tax credit that the nonresident estate or trust would have been
44	allowed to claim but for the apportionment requirements of this section.
45	Section 2. Section 59-10-1102.1 is amended to read:
46	59-10-1102.1. Apportionment of tax credit.
47	A nonresident individual or a part-year resident individual who claims a tax credit in
48	accordance with Section 59-10-1114 or 59-10-1115 may claim only an apportioned amount of
49	the tax credit equal to the product of:
50	(1) the state income tax percentage for the nonresident individual or the state income
51	tax percentage for the part-year resident individual; and
52	(2) the amount of the tax credit that the nonresident individual or the part-year resident
53	individual would have been allowed to claim but for the apportionment requirement of this
54	section.
55	Section 3. Section 59-10-1115 is enacted to read:
56	59-10-1115. Refundable earned income tax credit.
57	(1) As used in this section:
58	(a) "Federal earned income tax credit" means the federal earned income tax credit
59	described in Section 32, Internal Revenue Code.
60	(b) "Qualifying claimant" means a claimant who:
61	(i) qualifies for and claims the federal earned income tax credit for the current taxable
62	year; and
63	(ii) earns income in Utah that is reported on a W-2 form.

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64	(2) Subject to Section 59-10-1102.1, a qualifying claimant may claim a refundable
65	earned income tax credit equal to the lesser of:
66	(a) 20% of the amount of the federal earned income tax credit that the qualifying
67	claimant was entitled to claim on a federal income tax return for the current taxable year; and
68	(b) the total Utah wages reported on the qualifying claimant's W-2 form for the current
69	taxable year.
70	Section 4. Repealer.
71	This bill repeals:
72	Section 59-10-1044, Nonrefundable earned income tax credit.
73	Section 5. Effective date.
74	This bill takes effect on May 1, 2024.
75	Section 6. Retrospective operation.
76	This bill has retrospective operation for a taxable year beginning on or after January 1,
77	<u>2024.</u>