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? 12-29-00 8:32 AM ?

**INDIVIDUAL INCOME TAX - BRACKET****ADJUSTMENTS**

2001 GENERAL SESSION

STATE OF UTAH

**Sponsor: John L. Valentine**

Lyle W. Hillyard

Millie M. Peterson

Howard A. Stephenson

**This act modifies the Individual Income Tax Act by repealing obsolete language, requiring the State Tax Commission to make certain adjustments to the individual income tax brackets and amounts of tax, and making technical changes. This act has retrospective operation for taxable years beginning on or after January 1, 2001.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**59-10-104**, as last amended by Chapter 333, Laws of Utah 1996

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

Section 1. Section **59-10-104** is amended to read:

**59-10-104. Tax basis -- Rates.**

~~[(1) For taxable years beginning on or after January 1, 1996, but beginning before January 1, 1997, a tax is imposed on the state taxable income, as defined in Section 59-10-112, of every resident individual as follows:]~~

~~[(a) For an individual, other than a husband and wife or head of household required to use the tax table under Subsection (1)(b), the tax under this section is imposed in accordance with the following table:]~~

~~[If the state taxable income is:]~~

~~[The tax is:]~~

~~[Less than or equal to \$750]~~

~~[2.55% of the state taxable income]~~

~~[Greater than \$750 but less than or equal~~

~~[\$19, plus 3.5% of state taxable income]~~

~~[to \$1,500]~~

~~[greater than \$750]~~

~~[Greater than \$1,500 but less than or equal]~~

~~[\$45, plus 4.4% of state taxable income]~~

\*S B0036\*

28	<del>[to \$2,250]</del>	<del>[greater than \$1,500]</del>
29	<del>[Greater than \$2,250 but less than or equal</del>	<del>[\$78, plus 5.35% of state taxable income]</del>
30	<del>[to \$3,000]</del>	<del>[greater than \$2,250]</del>
31	<del>[Greater than \$3,000 but less than or equal]</del>	<del>[\$119, plus 6% of state taxable income]</del>
32	<del>[to \$3,750]</del>	<del>[greater than \$3,000]</del>
33	<del>[Greater than \$3,750]</del>	<del>[\$164, plus 7% of state taxable income]</del>
34		<del>[greater than \$3,750]</del>

35 ~~[(b) For a husband and wife filing a single return jointly, or a head of household as defined~~  
 36 ~~in Section 2(b), Internal Revenue Code, filing a single return, the tax under this section is imposed~~  
 37 ~~in accordance with the following table:]~~

38	<del>[If the state taxable income is:]</del>	<del>[The tax is:]</del>
39	<del>[Less than or equal to \$1,500]</del>	<del>[2.55% of the state taxable income]</del>
40	<del>[Greater than \$1,500 but less than or equal]</del>	<del>[\$38, plus 3.5% of state taxable income]</del>
41	<del>[to \$3,000]</del>	<del>[greater than \$1,500]</del>
42	<del>[Greater than \$3,000 but less than or equal]</del>	<del>[\$91, plus 4.4% of state taxable income]</del>
43	<del>[to \$4,500]</del>	<del>[greater than \$3,000]</del>
44	<del>[Greater than \$4,500 but less than or equal]</del>	<del>[\$157, plus 5.35% of state taxable income]</del>
45	<del>[to \$6,000]</del>	<del>[greater than \$4,500]</del>
46	<del>[Greater than \$6,000 but less than or equal]</del>	<del>[\$237, plus 6% of state taxable income]</del>
47	<del>[to \$7,500]</del>	<del>[greater than \$6,000]</del>
48	<del>[Greater than \$7,500]</del>	<del>[\$327, plus 7% of state taxable income]</del>
49		<del>[greater than \$7,500]</del>

50 ~~[(2)]~~ (1) For taxable years beginning on or after January 1, 1997, a tax is imposed on the  
 51 state taxable income, as defined in Section 59-10-112, of every resident individual as follows:

52 (a) For an individual, other than a husband and wife or head of household required to use  
 53 the tax table under Subsection ~~[(2)]~~ (1)(b), the tax under this section is imposed in accordance with  
 54 the following table:

55	If the state taxable income is:	The tax is:
56	Less than or equal to \$750	2.3% of the state taxable income
57	Greater than \$750 but less than or equal	\$17, plus 3.3% of state taxable income
58	to \$1,500	greater than \$750

59	Greater than \$1,500 but less than or equal	\$42, plus 4.2% of state taxable income
60	to \$2,250	greater than \$1,500
61	Greater than \$2,250 but less than or equal	\$74, plus 5.2% of state taxable income
62	to \$3,000	greater than \$2,250
63	Greater than \$3,000 but less than or equal	\$113, plus 6% of state taxable income
64	to \$3,750	greater than \$3,000
65	Greater than \$3,750	\$158, plus 7% of state taxable income
66		greater than \$3,750

67 (b) For a husband and wife filing a single return jointly, or a head of household as defined  
 68 in Section 2(b), Internal Revenue Code, filing a single return, the tax under this section is imposed  
 69 in accordance with the following table:

70	If the state taxable income is:	The tax is:
71	Less than or equal to \$1,500	2.3% of the state taxable income
72	Greater than \$1,500 but less than or equal	\$35, plus 3.3% of state taxable income
73	to \$3,000	greater than \$1,500
74	Greater than \$3,000 but less than or equal	\$84, plus 4.2% of state taxable income
75	to \$4,500	greater than \$3,000
76	Greater than \$4,500 but less than or equal	\$147, plus 5.2% of state taxable income
77	to \$6,000	greater than \$4,500
78	Greater than \$6,000 but less than or equal	\$225, plus 6% of state taxable income
79	to \$7,500	greater than \$6,000
80	Greater than \$7,500	\$315, plus 7% of state taxable income
81		greater than \$7,500

82 (2) (a) For taxable years beginning on or after January 1, 2001, the commission shall:

83 (i) make the following adjustments to the individual income tax brackets under Subsection  
 84 (1)(b):

85 (A) increase or decrease the individual income tax brackets under Subsection (1)(b) in a  
 86 percentage equal to the percentage difference between the consumer price index for the preceding  
 87 calendar year and the consumer price index for calendar year 1999; and

88 (B) after making an increase or decrease under Subsection (2)(a)(i)(A), round the  
 89 individual income tax brackets under Subsection (1)(b) to the nearest \$100;

90 (ii) after making the adjustments described in Subsection (2)(a)(i) to the individual income  
 91 tax brackets under Subsection (1)(b), adjust the individual income tax brackets under Subsection  
 92 (1)(a) such that for each individual income tax bracket under Subsection (1)(b), there is a  
 93 corresponding individual income tax bracket under Subsection (1)(a) that is equal to 50% of each  
 94 individual income tax bracket under Subsection (1)(b); and

95 (iii) to the extent necessary to reflect an adjustment under Subsection (2)(a)(i) or (ii),  
 96 increase or decrease the amount of tax under Subsections (1)(a) and (b) prior to adding in the  
 97 portion of the tax calculated as a percentage of state taxable income.

98 (b) The commission may not increase or decrease the rate percentages provided in  
 99 Subsection (1)(a) or (b).

100 (c) For purposes of Subsection (2)(a)(i), the commission shall calculate the consumer price  
 101 index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

102 **Section 2. Retrospective operation.**

103 This act has retrospective operation for taxable years beginning on or after January 1, 2001.

**Legislative Review Note**  
**as of 11-14-00 10:01 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**Committee Note**

The Revenue and Taxation Interim Committee recommended this bill.