

1 **INDIVIDUAL INCOME TAX - STATE**
2 **EARNED INCOME TAX CREDIT**

3 2002 GENERAL SESSION
4 STATE OF UTAH

5 **Sponsor: Thomas V. Hatch**

6 **This act modifies the Individual Income Tax Act to allow a taxpayer having a federal**
7 **adjusted gross income of \$25,000 or less to claim for taxable years beginning on or after**
8 **January 1, 2002, a nonrefundable state earned income tax credit that is equal to a certain**
9 **percentage of the federal earned income tax credit. The act defines terms, requires the State**
10 **Tax Commission to make transfers from the General Fund to the Uniform School Fund**
11 **equal to the amount of state earned income tax credit claimed, and grants rulemaking**
12 **authority to the State Tax Commission.**

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

14 ENACTS:

15 **59-10-135**, Utah Code Annotated 1953

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

17 Section 1. Section **59-10-135** is enacted to read:

18 **59-10-135. Nonrefundable earned income tax credit -- State commission to transfer**
19 **from the General Fund into the Uniform School Fund an amount equal to the amount of**
20 **state earned income tax credit claimed -- Rulemaking authority.**

21 (1) (a) Subject to Subsection (1)(b), for taxable years beginning on or after January 1,
22 2002, a taxpayer may claim as provided in this section a nonrefundable earned income tax credit
23 equal to 5% of the amount the taxpayer is allowed as a federal earned income tax credit in
24 accordance with Section 32, Internal Revenue Code, for the taxable year.

25 (b) Notwithstanding Subsection (1)(a), a taxpayer may not claim an earned income tax
26 credit under this section if the taxpayer's adjusted gross income, as defined in Section 62, Internal
27 Revenue Code, is \$25,000 or more.



28 (2) A taxpayer may not carry forward or carry back any earned income tax credit allowed
29 under this section.

30 (3) (a) In accordance with any rules prescribed by the commission under Subsection (3)(b),
31 the commission shall transfer at least annually from the General Fund into the Uniform School
32 Fund an amount equal to the amount of earned income tax credit claimed under this section.

33 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
34 commission may make rules providing procedures for making transfers from the General Fund into
35 the Uniform School Fund as required by Subsection (3)(a).

Legislative Review Note
as of 11-30-01 7:33 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.