

1 **INDIVIDUAL INCOME TAX - BRACKET**
2 **ADJUSTMENTS**

3 2002 GENERAL SESSION
4 STATE OF UTAH

5 **Sponsor: Curtis S. Bramble**

6 **This act modifies the Individual Income Tax Act by requiring the State Tax Commission to**
7 **make certain adjustments to the individual income tax brackets and amounts of tax as a**
8 **result of inflation or deflation, and making technical changes. This act has retrospective**
9 **operation for taxable years beginning on or after January 1, 2002.**

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

11 AMENDS:

12 **59-10-104**, as last amended by Chapters 323 and 324, Laws of Utah 2001

13 **59-10-201**, as last amended by Chapter 390, Laws of Utah 1997

14 **59-10-205**, as last amended by Chapter 345, Laws of Utah 1995

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

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

17 **59-10-104. Tax basis -- Rates -- Exemption.**

18 (1) Except as provided in Subsection [(4)] (5), for taxable years beginning on or after
19 January 1, 2001, a tax is imposed on the state taxable income, as defined in Section 59-10-112,
20 of every resident individual as provided in this section.

21 (2) For an individual, other than a husband and wife [or], head of household [~~required to~~
22 ~~use the tax table under~~], or surviving spouse subject to Subsection (3), the tax under this section
23 is imposed in accordance with the following [table] brackets:

24 If the state taxable income is:

The tax is:

25 Less than or equal to \$863

2.3% of the state taxable income

26 Greater than \$863 but less than or equal
27 to \$1,726

\$20, plus 3.3% of state taxable
income greater than \$863



28	Greater than \$1,726 but less than or equal	\$48, plus 4.2% of state taxable
29	to \$2,588	income greater than \$1,726
30	Greater than \$2,588 but less than or equal	\$85, plus 5.2% of state taxable
31	to \$3,450	income greater than \$2,588
32	Greater than \$3,450 but less than or equal	\$129, plus 6% of state taxable
33	to \$ \$4,313	income greater than \$3,450
34	Greater than \$4,313	\$181, plus 7% of state taxable
35		income greater than \$4,313

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

40	If the state taxable income is:	The tax is:
41	Less than or equal to \$1,726	2.3% of the state taxable income
42	Greater than \$1,726 but less than or equal	\$40, plus 3.3% of state taxable
43	to \$3,450	income greater than \$1,726
44	Greater than \$3,450 but less than or equal	\$97, plus 4.2% of state taxable
45	to \$5,176	income greater than \$3,450
46	Greater than \$5,176 but less than or equal	\$169, plus 5.2% of state taxable
47	to \$6,900	income greater than \$5,176
48	Greater than \$6,900 but less than or equal	\$259, plus 6% of state taxable
49	to \$8,626	income greater than \$6,900
50	Greater than \$8,626	\$362, plus 7% of state taxable
51		income greater than \$8,626

52 (4) (a) For taxable years beginning on or after January 1, 2002, the commission shall:

53 (i) make the following adjustments to the individual income tax brackets under Subsection

54 (3):

55 (A) increase or decrease the individual income tax brackets under Subsection (3) in a
 56 percentage equal to the percentage difference between the consumer price index for the preceding
 57 calendar year and the consumer price index for calendar year 2000; and

58 (B) after making an increase or decrease under Subsection (4)(a)(i)(A), round the

59 individual income tax brackets under Subsection (3) to the nearest \$100;

60 (ii) after making the adjustments described in Subsection (4)(a)(i) to the individual income
61 tax brackets under Subsection (3), adjust the individual income tax brackets under Subsection (2)
62 such that for each individual income tax bracket under Subsection (3) there is a corresponding
63 individual income tax bracket under Subsection (2) that is equal to 50% of each individual income
64 tax bracket under Subsection (3); and

65 (iii) to the extent necessary to reflect an adjustment under Subsection (4)(a)(i) or (ii),
66 increase or decrease the amount of tax under Subsection (2) or (3) prior to adding in the portion
67 of the tax calculated as a percentage of state taxable income.

68 (b) The commission may not increase or decrease the tax rate percentages provided in
69 Subsection (2) or (3).

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

72 ~~[(4)]~~ (5) This section does not apply to a resident individual exempt from taxation under
73 Section 59-10-104.1.

74 Section 2. Section **59-10-201** is amended to read:

75 **59-10-201. Taxation of resident trusts and estates.**

76 (1) A tax determined in accordance with the ~~[rates]~~ brackets prescribed by Section
77 59-10-104 for individuals filing separately is imposed for each taxable year on the state taxable
78 income of each resident estate or trust, except for trusts taxed as corporations.

79 (2) A resident estate or trust shall be allowed the credit provided in Section 59-10-106,
80 relating to an income tax imposed by another state, except that the limitation shall be computed
81 by reference to the taxable income of the estate or trust.

82 (3) The property of the trusts established in Title 53B, Chapter 8a, Higher Education
83 Savings Incentive Program, and Title 53B, Chapter 8b, Higher Education Supplemental Savings
84 Incentive Program, and their income from operations and investments are exempt from all taxation
85 by the state under this chapter.

86 Section 3. Section **59-10-205** is amended to read:

87 **59-10-205. Tax on income derived from Utah sources.**

88 (1) A tax is imposed on the state taxable income, as defined in Section 59-10-204, of every
89 nonresident estate or trust in accordance with the ~~[rates]~~ brackets prescribed in Section 59-10-104

90 for individuals filing separately.

91 (2) The tax shall only be applied to income derived from Utah sources as adjusted by
92 Section 59-10-207, including such items from another estate or trust of which the first estate or
93 trust is a beneficiary.

94 Section 4. **Retrospective operation.**

95 This act has retrospective operation for taxable years beginning on or after January 1, 2002.

Legislative Review Note
as of 11-21-01 9:13 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.