

1 **INDIVIDUAL INCOME TAX - NONRESIDENT**

2 **INCOME AMENDMENTS**

3 2004 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Curtis S. Bramble**

7 **LONG TITLE**

8 **General Description:**

9 This bill amends the Individual Income Tax Act.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ provides definitions;
- 13 ▶ provides that compensation a nonresident servicemember receives for military
- 14 service is subtracted from income for purposes of calculating the nonresident
- 15 servicemember's state individual income tax;
- 16 ▶ grants rulemaking authority to the State Tax Commission; and
- 17 ▶ makes technical changes.

18 **Monies Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill has retrospective operation for taxable years beginning on or after January 1,
22 2004.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-10-116**, as last amended by Chapter 323, Laws of Utah 2001

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



28 Section 1. Section 59-10-116 is amended to read:

29 **59-10-116. Tax on nonresident individual's state taxable income -- Calculation --**
30 **Exemption.**

31 (1) For purposes of this section:

32 (a) "military service" is as defined in Pub. L. No. 108-189, Sec. 101;

33 (b) "servicemember" is as defined in Pub. L. No. 108-189, Sec. 101;

34 [~~(a)~~] (c) "state income tax percentage" means a percentage equal to a nonresident
35 individual's federal adjusted gross income for the taxable year received from Utah sources, as
36 determined under Section 59-10-117, divided by the difference between:

37 (i) the nonresident individual's total federal adjusted gross income for that taxable year;

38 and

39 (ii) if the nonresident individual described in Subsection (1)(c)(i) is a servicemember,

40 the compensation the servicemember receives for military service if the servicemember is:

41 (A) a nonresident; and

42 (B) serving in compliance with military orders; and

43 [~~(b)~~] (d) "state taxable income" means the product of the:

44 (i) difference between:

45 (A) a nonresident individual's[~~(+)~~] federal taxable income, as defined in Section
46 59-10-111, with the modifications, subtractions, and adjustments provided for in Section
47 59-10-114; and

48 (B) if the nonresident individual described in Subsection (1)(d)(i)(A) is a
49 servicemember, compensation the servicemember receives for military service if the
50 servicemember is:

51 (I) a nonresident; and

52 (II) serving in compliance with military orders; and

53 (ii) tax imposed under Section 59-10-104.

54 (2) (a) Except as provided in Subsection (3), a tax is imposed as provided in this
55 section on the state taxable income calculated under this section of a nonresident individual.

56 (b) The tax under this section shall be calculated by multiplying the nonresident
57 individual's state taxable income by the nonresident individual's state income tax percentage.

58 (3) This section does not apply to a nonresident individual exempt from taxation under

59 Section 59-10-104.1.

60 (4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for
61 purposes of Subsection (1)(d)(i)(B), the commission may by rule define what constitutes
62 compensation.

63 Section 2. **Retrospective operation.**

64 This bill has retrospective operation for taxable years beginning on or after January 1,
65 2004.

Legislative Review Note
as of 1-23-04 3:41 PM

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

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0139

Individual Income Tax-Nonresident Income Amendments

02-Feb-04

4:41 PM

State Impact

Passage of this bill would codify a federal tax advisory notice.

Individual and Business Impact

No significant fiscal impact.

Office of the Legislative Fiscal Analyst