



House of Representatives *State of Utah*

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February 20, 2004

Mr. Speaker:

The Revenue and Taxation Committee reports a favorable recommendation on **H.B. 345**, EARNED INCOME TAX CREDIT, by Representative J. Biskupski, with the following amendments:

1. *Page 2, Line 28:*

28 **59-10-136. Definitions --** State earned income tax credit.

2. *Page 2, Lines 29 through 34:*

29 (1) As used in this section:

30 (a) "federal adjusted gross income" is as defined in Section 62, Internal Revenue Code;

31 ~~[[— and]]~~

32 (b) "federal earned income tax credit" means the amount of the federal earned income

33 tax credit an individual is allowed for the taxable year in accordance with Section 32, Internal

34 Revenue Code ~~[[—]]~~ **; and**

(c) notwithstanding Section 59-10-103, "nonresident individual" means an individual who:

(i) is not a resident of this state; and

(ii) has federal adjusted gross income derived from Utah sources as calculated under Section 59-10-117.

3. *Page 2, Lines 35 through 37:*

35 (2) ~~[[—For—]]~~ **Subject to Subsection (4), for** taxable years beginning on or after January 1, 2005, a resident or nonresident

36 individual may claim as provided in this section a refundable earned income tax credit as

37 follows:

4. *Page 3, Lines 69 through 80:*

69 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

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= (4) The tax credit for a nonresident individual is limited to an amount equal to the product of:

(a) the tax credit calculated under Subsection (2); and

(b) a percentage calculated by dividing the nonresident individual's federal adjusted gross income derived from Utah sources for the taxable year, as calculated under Section 59-10-117, by the nonresident individual's total federal adjusted gross income for that same taxable year.

70 ~~[(4)]~~ (5) A resident or nonresident individual may not claim a tax credit
under this section if

71 the resident or nonresident individual's federal adjusted gross income is greater than the
72 greatest amount of federal adjusted gross income for which a tax credit is allowed under
73 Subsection (2)(c).

74 ~~[(5)]~~ (6) A resident or nonresident individual may not carry forward or
carry back the tax
75 credit provided for under this section.

76 ~~[(6)]~~ (7) In accordance with Title 63, Chapter 46a, Utah Administrative
Rulemaking Act, the
77 commission may make rules providing procedures for issuing a refund to a resident or
78 nonresident individual for the tax credit provided for under this section if the tax credit
exceeds

79 the resident or nonresident individual's tax liability under this chapter for the taxable year
for

80 which the resident or nonresident individual claims the tax credit.

Respectfully,

Wayne A. Harper
Committee Chair

Voting: 12-0-2

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