

**INDIVIDUAL INCOME TAX CREDIT FOR
EMPLOYMENT-RELATED EXPENSES**

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: David Litvack

LONG TITLE

General Description:

This bill amends the Individual Income Tax Act to provide a nonrefundable tax credit for certain employment-related expenses.

Highlighted Provisions:

This bill:

- ▶ provides definitions; and
- ▶ provides a nonrefundable income tax credit for certain employment-related expenses for household and dependent care services.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect for taxable years beginning on or after January 1, 2006.

Utah Code Sections Affected:

ENACTS:

59-10-134.2, Utah Code Annotated 1953

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

Section 1. Section **59-10-134.2** is enacted to read:

59-10-134.2. Nonrefundable income tax credit for employment-related expenses relating to qualifying individuals.



(1) As used in this section:

(a) "employment-related expenses" is as defined in Section 21, Internal Revenue Code;

and

(b) "qualifying individual" is as defined in Section 21, Internal Revenue Code.

(2) For taxable years beginning on or after January 1, 2006, a taxpayer may claim as provided in this section a nonrefundable income tax credit equal to 25% of the amount the taxpayer is allowed as a federal tax credit:

(a) for employment-related expenses to allow the taxpayer to be gainfully employed for any period during the taxable year for which there are one or more qualifying individuals with respect to the taxpayer; and

(b) in accordance with Section 21, Internal Revenue Code.

(3) If the amount of a tax credit claimed by a taxpayer under this section exceeds a taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit exceeding the liability:

(a) may be carried forward for a period that does not exceed the next five taxable years;

and

(b) may not be carried back to a taxable year preceding the current taxable year.

Section 2. Effective date.

This bill takes effect for taxable years beginning on or after January 1, 2006.

Legislative Review Note
as of 1-28-05 4:22 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number HB0258**Individual Income Tax Credit for Employment-Related
Expenses***03-Feb-05
10:34 AM*

State Impact

Passage of this bill could result in a uniform school fund loss of \$3,750,000 annually beginning in FY 2007.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Uniform School Fund	\$0	\$0	\$0	(\$3,750,000)
TOTAL	\$0	\$0	\$0	(\$3,750,000)

Individual and Business Impact

Individual impact will be dependent upon eligible expenses.

Office of the Legislative Fiscal Analyst