Senator Thomas V. Hatch proposes the following substitute bill:

	INDIVIDUAL INCOME TAX RATE
	REDUCTION
	2006 GENERAL SESSION
	STATE OF UTAH
	Chief Sponsor: James A. Ferrin
	Senate Sponsor: Thomas V. Hatch
LONG T	TITLE
General	Description:
7	This bill modifies tax rates under the Individual Income Tax Act.
Highligh	hted Provisions:
7	Γhis bill:
•	modifies tax rates under the Individual Income Tax Act; and
•	makes technical changes.
Monies	Appropriated in this Bill:
1	None
Other S	pecial Clauses:
7	This bill takes effect for taxable years beginning on or after January 1, 2007.
Utah Co	ode Sections Affected:
AMENI	DS:
5	59-10-104 , as last amended by Chapters 323 and 324, Laws of Utah 2001
Be it end	acted by the Legislature of the state of Utah:
S	Section 1. Section 59-10-104 is amended to read:
5	59-10-104. Tax basis Rates Exemption.



26	(1) Except as provided in Subsection (4), for taxable years beginning on or after					
27	January 1, [2001] 2007, a tax is imposed on the state taxable income, as defined in Section					
28	59-10-112, of every resident individual as provided in this section.					
29	(2) For an individual, other than a husband and wife or head of household required to					
30	use the tax table under Subsection (3), the tax under this section is imposed in accordance with					
31	the following table:					
32	If the state taxable income is:	The tax is:				
33	Less than or equal to \$863	[2.3%] 2.21% of the state taxable income				
34	Greater than \$863 but less than or equal	[\$20] $$19$, plus $[3.3%]$ $3.17%$ of state				
35	to \$1,726	taxable income greater than \$863				
36	Greater than \$1,726 but less than or equal	$[\$48] \ \46 , plus $[4.2\%] \ 4.03\%$ of state				
37	to \$2,588	taxable income greater than \$1,726				
38	Greater than \$2,588 but less than or equal	[\$85] $$81$, plus $[5.2%]$ $4.99%$ of state				
39	to \$3,450	taxable income greater than \$2,588				
40	Greater than \$3,450 but less than or equal	[\$129] $$124$, plus $[6%]$ $5.76%$ of state				
41	to \$4,313	taxable income greater than \$3,450				
42	Greater than \$4,313	$[\$181] \ \174 , plus $[7\%] \ \underline{6.72\%}$ of state				
43		taxable income greater than \$4,313				
44	(3) For a husband and wife filing a single	return jointly, or a head of household as				
45	defined in Section 2(b), Internal Revenue Code, filing a single return, the tax under this section					
46	is imposed in accordance with the following table	:				
47	If the state taxable income is:	The tax is:				
48	Less than or equal to \$1,726	$[\frac{2.3\%}{2.21\%}]$ of the state taxable income				
49	Greater than \$1,726 but less than or equal	$[\$40]$ \\$38, plus $[3.3\%]$ \\\3.17\% of state				
50	to \$3,450	taxable income greater than \$1,726				
51	Greater than \$3,450 but less than or equal	[\$97] \$93, plus $[4.2%] 4.03%$ of state				
52	to \$5,176	taxable income greater than \$3,450				
53	Greater than \$5,176 but less than or equal	[\$169] $$162$, plus $[5.2%]$ $4.99%$ of state				
54	to \$6,900	taxable income greater than \$5,176				
55	Greater than \$6,900 but less than or equal	[\$259] $$248$, plus $[6%]$ $5.76%$ of state				
56	to \$8,626	taxable income greater than \$6,900				

02-17-06 3:17 PM

2nd Sub. (Gray) H.B. 323

57	Greater than \$8,626	[\$362] $$348$, plus $[7%]$ $6.72%$ of state
58		taxable income greater than \$8,626
59	(4) This section does not apply	y to a resident individual exempt from taxation under
60	Section 59-10-104.1.	
51	Section 2. Effective date.	
52	This bill takes effect for taxable	e years beginning on or after January 1, 2007.

Fiscal No	te
Bill Number	HB0323S02

Individual Income Tax Rate Reduction

20-Feb-06 10:58 AM

State Impact

Passage of this bill could reduce the Uniform School Fund by \$27,000,000 in FY 2007 and by \$100,000,000 in FY 2008.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	FY 2007 Revenue	FY 2008 Revenue
Uniform School Fund	\$0	\$0	(\$27,000,000)	(\$100,000,000)
TOTAL	\$0	\$0	(\$27,000,000)	(\$100,000,000)

Individual and Business Impact

Individuals would see a decrease in tax liability.

Office of the Legislative Fiscal Analyst