



House of Representatives *State of Utah*

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January 24, 2006

Mr. Speaker:

The Revenue and Taxation Committee reports a favorable recommendation on **H.B. 53**, APPORTIONMENT OF BUSINESS INCOME TO UTAH, by Representative W. Harper, with the following amendments:

1. *Page 1, Lines 19 through 22:*

- 19 ▶ addresses a taxpayer's ability to make or revoke an election to use a
particular method for
20 apportioning business income to the state;
21 ▶ addresses {~~the apportionment of business income if an amount is carried
forward or~~
22 ~~carried back~~} a taxpayer's ability to carry forward or carry back an amount
under the Corporate Franchise and Income Taxes chapter ;

2. *Page 3, Lines 62 through 85:*

- 62 (b) (i) If a taxpayer makes the election described in Subsection (3)(a), the :
(A) election shall be made on or before the due date for filing the return for the
taxable year, including extensions; and
(B) taxpayer may
63 not revoke the election for [~~a period of five taxable years~~] that taxable year.
64 (ii) {~~Subject to Subsection (3)(b)(i), if for a taxable year a taxpayer carries
forward or~~
65 ~~carries back any amount under this chapter, the taxpayer shall calculate the fraction
for~~
66 ~~apportioning business income under this section using the same method described in~~
67 ~~Subsection (2) that the taxpayer used for the taxable year that the taxpayer earned or~~
~~incurred~~
68 ~~the amount that is carried forward or carried back.~~} If a taxpayer is allowed to
carry forward or carry back an amount under any other provision of this chapter,

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the taxpayer may carry forward or carry back that amount only if the taxpayer's business income for the taxable year to which the amount is carried forward or carried back is calculated using the same method described in Subsection (2) that the taxpayer uses to calculate the amount that the taxpayer seeks to carry forward or carry back.

69 {~~(c) In accordance with Title 63, Chapter 46a, Utah Administrative~~
70 ~~Rulemaking Act, the~~
71 ~~commission may make rules providing procedures for a taxpayer to make the election~~
72 ~~described in Subsection (3)(a). }~~

73 (4) (a) For purposes of Subsection (2) and subject to Subsection (4)(b), for taxable
74 years beginning on or after January 1, 2007, a taxpayer may elect to calculate the fraction
75 for
76 apportioning business income under this section in accordance with the method described
77 in
78 Subsection (2)(c).

79 (b) (i) If a taxpayer makes the election described in Subsection (4)(a), the :
80 (A) election shall be made on or before the due date for filing the return for the
81 taxable year, including extensions; and

82 (B) taxpayer may
83 not revoke the election for a period of five taxable years.

84 (ii) ~~{ Subject to Subsection (4)(b)(i), if for a taxable year a taxpayer carries~~
85 ~~forward or~~
86 ~~carries back any amount under this chapter, the taxpayer shall calculate the fraction~~
87 ~~for~~
88 ~~apportioning business income under this section using the same method described in~~
89 ~~Subsection (2) that the taxpayer used for the taxable year that the taxpayer earned or~~
90 ~~incurred~~

91 ~~the amount that is carried forward or carried back. }~~ If a taxpayer is allowed to
92 carry forward or carry back an amount under any other provision of this chapter,
93 the taxpayer may carry forward or carry back that amount only if the taxpayer's
94 business income for the taxable year to which the amount is carried forward or
95 carried back is calculated using the same method described in Subsection (2) that the
96 taxpayer uses to calculate the amount that the taxpayer seeks to carry forward or
97 carry back.



83 ~~{(c)}~~ (5) In accordance with Title 63, Chapter 46a, Utah Administrative
 Rulemaking Act, the
84 commission may make rules :
 (a) providing procedures for a taxpayer to make the election
85 described in :
 (i) Subsection (3)(a); or
 (ii) Subsection (4)(a) ~~{(c)}~~ ; or
 (b) to administer this section.

Respectfully,

Wayne A. Harper
Committee Chair

Voting: 11-2-2

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