

**EARNED INCOME TAX CREDIT**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Brian S. King**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends the Refundable Tax Credit Act to enact a refundable earned income tax credit.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ enacts a refundable earned income tax credit; and
- ▶ provides that the tax credit is subject to apportionment for a nonresident individual or part-year resident individual.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2009.

**Utah Code Sections Affected:**

ENACTS:

**59-10-1102.1**, Utah Code Annotated 1953

**59-10-1108**, Utah Code Annotated 1953

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



28 Section 1. Section **59-10-1102.1** is enacted to read:

29 **59-10-1102.1. Apportionment of tax credit.**

30 A nonresident individual or a part-year resident individual that claims a tax credit in  
31 accordance with Section 59-10-1108 may only claim an apportioned amount of the tax credit  
32 equal to:

33 (1) for a nonresident individual, the product of:

34 (a) the state income tax percentage for the nonresident individual; and

35 (b) the amount of the tax credit that the nonresident individual would have been

36 allowed to claim but for the apportionment requirements of this section; or

37 (2) for a part-year resident individual, the product of:

38 (a) the state income tax percentage for the part-year resident individual; and

39 (b) the amount of the tax credit that the part-year resident individual would have been

40 allowed to claim but for the apportionment requirements of this section.

41 Section 2. Section **59-10-1108** is enacted to read:

42 **59-10-1108. Refundable earned income tax credit.**

43 (1) As used in this section, "federal earned income tax credit" means the amount of the  
44 federal earned income tax credit a claimant ~~is~~ **[is]** claims as ~~allowed~~ **allowed**:

45 (a) in accordance with Section 32, Internal Revenue Code;

46 (b) for the taxable year; and

47 (c) on the claimant's federal individual income tax return.

48 (2) Except as provided in Section 59-10-1102.1 and subject to Subsections (3) and (4),

49 a claimant may claim a refundable tax credit equal to 10% of the federal earned income tax  
50 credit.

51 (3) For purposes of this section, if a husband and wife file a single return jointly, the  
52 husband and wife are considered to be one claimant.

53 (4) A claimant may not carry forward or carry back a tax credit provided for under this  
54 section.

55 Section 3. **Retrospective operation.**

56 This bill has retrospective operation for a taxable year beginning on or after January 1,  
57 2009.

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**Legislative Review Note**  
as of 1-27-09 12:16 PM

**Office of Legislative Research and General Counsel**

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**H.B. 133 - Earned Income Tax Credit**

**Fiscal Note**

2009 General Session  
State of Utah

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**State Impact**

Enactment of this bill could reduce the Education Fund by \$32,300,000 in FY 2010 and by \$33,600,000 in FY 2011.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
Education Fund	\$0	\$0	\$0	\$0	(\$32,300,000)	(\$33,600,000)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$32,300,000)</b>	<b>(\$33,600,000)</b>

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for businesses, or local governments. Eligible individuals could receive a refundable tax credit of 10 percent of the federal income tax credit allowed.