

**INCOME TAX CREDIT - CONTRIBUTIONS
FOR WHICH FEDERAL MATCHING MONIES
ARE OFFERED**

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Scott D. McCoy

House Sponsor: _____

LONG TITLE

General Description:

This bill amends the Nonrefundable Tax Credit Act to enact a tax credit.

Highlighted Provisions:

This bill:

- ▶ provides a nonrefundable tax credit for certain contributions for which federal matching monies are offered;
- ▶ requires the State Tax Commission to provide a form for reporting certain information relating to the tax credit;
- ▶ provides that the tax credit is subject to apportionment for a nonresident or part-year resident individual or a nonresident estate or trust; and
- ▶ makes technical changes.

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:

AMENDS:



59-10-1002.2, as renumbered and amended by Laws of Utah 2008, Chapter 389
ENACTS:

59-10-1025, Utah Code Annotated 1953

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

Section 1. Section **59-10-1002.2** is amended to read:

59-10-1002.2. Apportionment of tax credits.

(1) A nonresident individual or a part-year resident individual that claims a tax credit in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1021, 59-10-1022, 59-10-1023, ~~[or] 59-10-1024~~, or 59-10-1025 may only claim an apportioned amount of the tax credit equal to:

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

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

(ii) the amount of the tax credit that the nonresident individual would have been allowed to claim but for the apportionment requirements of this section; or

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

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

(ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim but for the apportionment requirements of this section.

(2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-1017, 59-10-1020, 59-10-1022, ~~[or] 59-10-1024~~, or 59-10-1025 may only claim an apportioned amount of the tax credit equal to the product of:

(a) the state income tax percentage for the nonresident estate or trust; and

(b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.

Section 2. Section **59-10-1025** is enacted to read:

59-10-1025. Nonrefundable tax credit for contribution for which United States government offers federal matching monies.

(1) As used in this section:

(a) "Contribution" means one or more of the following that a claimant, estate, or trust contributes to an eligible entity for a taxable year:

- 59 (i) money; or
60 (ii) the fair market value of:
61 (A) property; or
62 (B) a service.
63 (b) "Eligible contribution" means the portion of a contribution that a claimant, estate,
64 or trust contributes to an eligible entity for a taxable year:
65 (i) (A) for a claimant, that the claimant does not exclude from the claimant's adjusted
66 gross income for the taxable year; or
67 (B) for an estate or trust, that the estate or trust does not exclude from the estate's or
68 trust's unadjusted income for the taxable year;
69 (ii) with respect to which a claimant, estate, or trust does not claim a tax credit:
70 (A) under this chapter; or
71 (B) (I) for a claimant, on the claimant's federal individual income tax return; or
72 (II) for an estate or trust, on the estate's or trust's federal income tax return for estates
73 and trusts; or
74 (iii) with respect to which a claimant, estate, or trust does not make a deduction:
75 (A) under this chapter; or
76 (B) (I) for a claimant, on the claimant's federal individual income tax return; or
77 (II) for an estate or trust, on the estate's or trust's federal income tax return for estates
78 and trusts.
79 (c) "Eligible entity" means an entity:
80 (i) that receives a contribution for a taxable year from a claimant, estate, or trust;
81 (ii) that, at the time of receipt of the contribution, intends to use the contribution:
82 (A) primarily for purposes of seeking federal matching monies; and
83 (B) for a purpose within this state; and
84 (iii) to which the United States government offers federal matching monies, regardless
85 of whether the United States government actually provides the federal matching monies to the
86 entity.
87 (d) "Federal matching monies" means financial assistance:
88 (i) that the United States government offers to an eligible entity;
89 (ii) of an amount or proportion specified by the United States government; and

90 (iii) for which an eligible entity is required to provide a specified amount or proportion
91 as a condition for receiving the financial assistance from the United States government.

92 (2) Except as provided in Section 59-10-1002.2 and subject to Subsections (3) and (4),
93 a claimant, estate, or trust may claim a nonrefundable tax credit equal to the product of:

94 (a) the eligible contribution the claimant, estate, or trust makes to an eligible entity for
95 a taxable year; and

96 (b) 25%.

97 (3) The maximum amount of a tax credit allowed on a return under this chapter for a
98 taxable year is \$50,000.

99 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under
100 this section.

101 (5) (a) The commission shall prepare a form that an eligible entity shall provide to a
102 claimant, estate, or trust that makes a contribution to the eligible entity.

103 (b) The form described in Subsection (5)(a) shall provide for the reporting of:

104 (i) the name of the claimant, estate, or trust that makes a contribution to an eligible
105 entity;

106 (ii) the name of the eligible entity that receives the contribution;

107 (iii) the date of the contribution;

108 (iv) the amount of the contribution; and

109 (v) a statement that, at the time of receipt of the contribution, the eligible entity intends
110 to use the contribution;

111 (A) primarily for purposes of seeking federal matching monies; and

112 (B) for a purpose within this state.

113 **Section 3. Retrospective operation.**

114 This bill has retrospective operation for a taxable year beginning on or after January 1,
115 2009.

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

Office of Legislative Research and General Counsel

Fiscal Note

S.B. 130 - Income Tax Credit - Contributions for Which Federal Matching Monies Are Offered

2009 General Session

State of Utah

State Impact

Enactment of this bill could decrease revenue to the Education Fund by \$500,000 annually.

	<u>2009 Approp.</u>	<u>2010 Approp.</u>	<u>2011 Approp.</u>	<u>2009 Revenue</u>	<u>2010 Revenue</u>	<u>2011 Revenue</u>
Education Fund	\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)
Total	\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)

Individual, Business and/or Local Impact

Individuals and businesses that make contributions for which federal matching monies are offered will benefit through a nonrefundable tax credit. Local governments are likely unaffected.
