

INCOME TAX AMENDMENTS

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brian S. King

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Individual Income Tax Act.

Highlighted Provisions:

This bill:

- ▶ creates income tax brackets;
- ▶ increases individual income tax rates on taxpayers with state taxable income above certain levels; and
- ▶ makes technical and conforming changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect for a taxable year beginning on or after January 1, 2011.

Utah Code Sections Affected:

AMENDS:

59-10-104, as last amended by Laws of Utah 2008, Chapter 389

59-10-116, as last amended by Laws of Utah 2008, Chapters 382 and 389

59-10-201, as last amended by Laws of Utah 2008, Chapter 389

59-10-205, as last amended by Laws of Utah 2008, Chapter 389

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



28 Section 1. Section **59-10-104** is amended to read:

29 **59-10-104. Tax base -- Tax rates -- Exemption.**

30 (1) For a taxable [years beginning on or after January 1, 2008] year, a tax is imposed
31 on the state taxable income of a resident individual as provided in this section.

32 (2) For purposes of Subsection (1), for a taxable year, ~~[the tax is an amount equal to the~~
33 ~~product of: (a)]~~ if the resident individual's state taxable income for that taxable year~~;~~ ~~and (b)~~
34 ~~5%.]~~ is:

35 (a) less than or equal to \$250,000, the tax is 5% of state taxable income;

36 (b) greater than \$250,000 but less than or equal to \$750,000, the tax is \$12,500 plus
37 6% of state taxable income greater than \$250,000; or

38 (c) greater than \$750,000, the tax is \$42,500 plus 7% of state taxable income greater
39 than \$750,000.

40 (3) This section does not apply to a resident individual exempt from taxation under
41 Section 59-10-104.1.

42 Section 2. Section **59-10-116** is amended to read:

43 **59-10-116. Tax on nonresident individual -- Calculation -- Exemption.**

44 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
45 income of a nonresident individual [in an amount equal to the product of the:] as provided in
46 this section.

47 ~~[(a)]~~ (b) For purposes of Subsection (1)(a), for a taxable year, if the nonresident
48 individual's state taxable income~~;~~ ~~and]~~ for that taxable year is:

49 ~~[(b) percentage listed in Subsection 59-10-104(2).]~~

50 (i) less than or equal to \$250,000, the tax is 5% of state taxable income;

51 (ii) greater than \$250,000 but less than or equal to \$750,000, the tax is \$12,500 plus
52 6% of state taxable income greater than \$250,000; or

53 (iii) greater than \$750,000, the tax is \$42,500 plus 7% of state taxable income greater
54 than \$750,000.

55 (2) This section does not apply to a nonresident individual exempt from taxation under
56 Section 59-10-104.1.

57 Section 3. Section **59-10-201** is amended to read:

58 **59-10-201. Taxation of resident estate or trust.**

59 (1) (a) Except as provided in Subsection (2), a tax [~~determined in accordance with the~~
60 ~~rate prescribed by Subsection 59-10-104(2)(b)] is imposed [for each taxable year] on the state
61 taxable income of [~~each~~] a resident estate or trust as provided in this section.~~

62 (b) For purposes of Subsection (1)(a), for a taxable year, if the state taxable income of
63 the resident estate or trust for that taxable year is:

64 (i) less than or equal to \$250,000, the tax is 5% of state taxable income;

65 (ii) greater than \$250,000 but less than or equal to \$750,000, the tax is \$12,500 plus
66 6% of state taxable income greater than \$250,000; or

67 (iii) greater than \$750,000, the tax is \$42,500 plus 7% of state taxable income greater
68 than \$750,000.

69 (2) The following are not subject to a tax imposed by this part:

70 (a) a resident estate or trust that is not required to file a federal income tax return for
71 estates and trusts for the taxable year; or

72 (b) a resident trust taxed as a corporation.

73 (3) A resident estate or trust shall be allowed the credit provided in Section
74 59-10-1003, relating to an income tax imposed by another state, except that the limitation shall
75 be computed by reference to the taxable income of the estate or trust.

76 (4) The property of the Utah Educational Savings Plan trust established in Title 53B,
77 Chapter 8a, Higher Education Savings Incentive Program, and its income from operations and
78 investments are exempt from all taxation by the state under this chapter.

79 Section 4. Section **59-10-205** is amended to read:

80 **59-10-205. Tax on nonresident estate or trust.**

81 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
82 income of a nonresident estate or trust [in an amount equal to the product of:] as provided in
83 this section.

84 [~~(a) the nonresident estate's or trust's state taxable income as determined under Section~~
85 ~~59-10-204, and]~~

86 [~~(b) the percentage listed in Subsection 59-10-104(2).]~~

87 (b) For purposes of Subsection (1)(a), for a taxable year, if the state taxable income of
88 the nonresident estate or trust for that taxable year is:

89 (i) less than or equal to \$250,000, the tax is 5% of state taxable income;

- 90 (ii) greater than \$250,000 but less than or equal to \$750,000, the tax is \$12,500 plus
91 6% of state taxable income greater than \$250,000; or
92 (iii) greater than \$750,000, the tax is \$42,500 plus 7% of state taxable income greater
93 than \$750,000.
- 94 (2) The following are not subject to a tax imposed by this part:
- 95 (a) a nonresident estate or trust that is not required to file a federal income tax return
96 for estates and trusts for the taxable year; or
- 97 (b) a nonresident trust taxed as a corporation.
- 98 Section 5. **Effective date.**
- 99 This bill takes effect for a taxable year beginning on or after January 1, 2011.

Legislative Review Note
as of 12-4-09 12:39 PM

Office of Legislative Research and General Counsel

H.B. 90 - Income Tax Amendments

Fiscal Note

2010 General Session
State of Utah

State Impact

Enactment of this bill could increase the Education Fund by \$100,675,000 in FY 2011 and by \$109,928,000 in FY 2012.

	<u>FY 2010 Approp.</u>	<u>FY 2011 Approp.</u>	<u>FY 2012 Approp.</u>	<u>FY 2010 Revenue</u>	<u>FY 2011 Revenue</u>	<u>FY 2012 Revenue</u>
Education Fund	\$0	\$0	\$0	\$0	\$100,675,000	\$109,928,000
Total	\$0	\$0	\$0	\$0	\$100,675,000	\$109,928,000

Individual, Business and/or Local Impact

Enactment of this bill would have no local or business impact. Individuals in certain income thresholds would see an increase of up to 2 percent in their tax liability.