

**INCOME TAX REVISIONS**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Carl Wimmer**

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

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**LONG TITLE**

**General Description:**

This bill amends the Corporate Franchise and Income Taxes chapter and the Individual Income Tax Act to reduce income tax rates.

**Highlighted Provisions:**

This bill:

- reduces tax rates under the Corporate Franchise and Income Taxes chapter and the Individual Income Tax Act from 5% to 4.75%; 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:

**59-7-104**, as repealed and reenacted by Laws of Utah 1993, Chapter 169

**59-7-201**, as last amended by Laws of Utah 1993, Chapter 169

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

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

Section 1. Section **59-7-104** is amended to read:



28           **59-7-104. Tax -- Minimum tax.**

29           (1) ~~[Each domestic and]~~ For a taxable year, a domestic corporation or a foreign  
30 corporation, except [those exempted] for a domestic corporation or foreign corporation exempt  
31 under Section 59-7-102, shall pay [an annual tax to the state based on its] a tax on the domestic  
32 corporation's or foreign corporation's Utah taxable income [for the taxable year] for the  
33 privilege of:

34           (a) exercising [its] the domestic corporation's or foreign corporation's corporate  
35 franchise; or [for the privilege of]

36           (b) doing business in the state.

37           (2) The tax ~~[shall be 5% of a]~~ is 4.75% of a domestic corporation's or foreign  
38 corporation's Utah taxable income.

39           (3) The minimum tax a domestic corporation or foreign corporation shall pay under  
40 this chapter is \$100.

41           Section 2. Section **59-7-201** is amended to read:

42           **59-7-201. Tax -- Minimum tax.**

43           (1) ~~[There]~~ For a taxable year, there is imposed upon [each] a corporation except  
44 [those] for a corporation exempt under Section 59-7-102 [for each taxable year], a tax upon  
45 [its] the corporation's Utah taxable income derived from sources within this state other than  
46 income for any period [which] that the corporation is required to include in its tax base under  
47 Section 59-7-104.

48           (2) The tax imposed by Subsection (1) ~~[shall be 5%]~~ is 4.75% of a corporation's Utah  
49 taxable income.

50           (3) ~~[In no case shall the tax]~~ A tax under this section may not be less than \$100.

51           Section 3. Section **59-10-104** is amended to read:

52           **59-10-104. Tax basis -- Tax rate -- Exemption.**

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

55           (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the  
56 product of:

57           (a) the resident individual's state taxable income for that taxable year; and

58           (b) ~~[5%]~~ 4.75%.

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

61           Section 4. **Effective date.**

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

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**Legislative Review Note**  
**as of 1-6-10 10:08 AM**

**Office of Legislative Research and General Counsel**

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**H.B. 217 - Income Tax Revisions**

**Fiscal Note**

2010 General Session

State of Utah

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**State Impact**

Enactment of this bill could reduce the Education Fund by \$32,250,000 in FY 2011 and by \$129,000,000 beginning 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	(\$32,250,000)	(\$129,000,000)
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$32,250,000)</b>	<b>(\$129,000,000)</b>

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

Enactment of this bill would decrease income tax paid by businesses and individuals by .25 percent beginning in FY 2012.