

Representative John Dougall proposes the following substitute bill:

TAX REVISIONS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: _____

LONG TITLE

General Description:

This bill creates a tax credit for higher education tuition and fees.

Highlighted Provisions:

This bill:

- ▶ allows a claimant to claim a nonrefundable tax credit for tuition and mandatory fees for the claimant's enrollment in an institution within the state system of higher education;

- ▶ limits the nonrefundable tax credit to 5% of the claimant's tax liability before tax credits; and

- ▶ allows the claimant to carry forward the nonrefundable tax credit if the amount of the tax credit exceeds 5% of the claimant's tax liability before tax credits.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for a taxable year beginning on or after January 1, 2012.

Utah Code Sections Affected:

ENACTS:



26 **59-10-1029**, Utah Code Annotated 1953

27

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

29 Section 1. Section **59-10-1029** is enacted to read:

30 **59-10-1029. Nonrefundable higher education tuition credit.**

31 (1) As used in this section:

32 (a) "Eligible institution" means an institution within the state system of higher
 33 education specified in Section 53B-1-102.

34 (b) "Qualified tuition expenses" mean tuition and mandatory fees, less:

35 (i) refunds; and

36 (ii) amounts received from scholarships, grants, stipends, or similar forms of financial
 37 aid that are not subject to repayment.

38 (2) (a) For taxable years beginning on or after January 1, 2012, a claimant may claim a
 39 nonrefundable tax credit equal to the amount of the qualified tuition expenses paid:

40 (i) (A) by the claimant; or

41 (B) by another person on behalf of the claimant;

42 (ii) in the taxable year; and

43 (iii) for the claimant's enrollment at an eligible institution.

44 (b) The amount of the nonrefundable tax credit claimed under Subsection (2)(a) may
 45 not exceed 5% of the claimant's tax liability before tax credits under this chapter.

46 (c) If the nonrefundable tax credit allowed under this section exceeds 5% of the
 47 claimant's tax liability before tax credits under this chapter, the claimant may carry forward the
 48 excess amount to future taxable years.

49 (d) ~~H→ [The sum of the nonrefundable tax credit claimed under Subsection (2)(a) and any~~
 50 ~~excess amount carried forward pursuant to Subsection (2)(c) may not exceed 5% of the~~
 51 ~~claimant's tax liability before tax credits under this chapter.]~~

51a (d) **Notwithstanding Subsections (2)(a) and (c), a claimant may not claim for a**
 51b **taxable year a total amount that exceeds 5% of the claimant's tax liability before credits under**
 51c **this chapter from:**

51d (i) **the amount of a nonrefundable tax credit claimed under**
 51e **Subsection (2)(a); and**

51f (ii) **an amount carried forward pursuant to Subsection (2)(c).** ←H

52 (e) A claimant who qualifies for a nonrefundable tax credit under this section shall, at
 53 the request of the commission:

54 (i) identify to the commission the eligible institution or institutions where the claimant
 55 was enrolled; and

56 (ii) provide written authorization for the eligible institution to release to the

57 commission the claimant's:

58 (A) enrollment dates;

59 (B) tuition and mandatory fees paid; and

60 (C) scholarships, grants, stipends, or similar forms of financial aid received but not

61 subject to repayment.

62 (3) Upon request of the commission, the eligible institution shall release the
63 information specified in Subsection (2)(e)(ii) to the commission for a claimant that claims a tax
64 credit under this section.

65 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
66 commission may make rules that:

67 (a) establish procedures for a claimant to claim a nonrefundable tax credit under this
68 section; and

69 (b) define "mandatory fees" and "scholarships, grants, stipends, or similar forms of
70 financial aid received but not subject to repayment" for the purposes of this section.

71 **Section 2. Retrospective operation.**

72 This bill has retrospective operation for a taxable year beginning on or after January 1,
73 2012.