

## SB0211S01 compared with SB0211

~~{deleted text}~~ shows text that was in SB0211 but was deleted in SB0211S01.

inserted text shows text that was not in SB0211 but was inserted into SB0211S01.

**DISCLAIMER:** This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will not be completely accurate. Therefore, you need to read the actual bill. This automatically generated document could experience abnormalities caused by: limitations of the compare program; bad input data; the timing of the compare; and other potential causes.

Senator Benjamin M. McAdams proposes the following substitute bill:

### EARNED INCOME TAX CREDIT AND RELATED FUNDING

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Benjamin M. McAdams**

House Sponsor: \_\_\_\_\_

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#### LONG TITLE

##### General Description:

This bill enacts a state earned income tax credit and provides ~~{funding for the tax credit by increasing the individual income tax rate}~~ for transfers from the General Fund into the Education Fund in the amount of tax credit claimed.

##### Highlighted Provisions:

This bill:

- ▶ enacts a state earned income tax credit;
- ▶ provides for apportionment of the tax credit;
- ▶ ~~{funds the tax credit by increasing the individual income tax rate}~~ requires transfers from the General Fund into Education Fund in the amount of tax credit claimed;
- ▶ grants rulemaking authority to the State Tax Commission; and
- ▶ makes technical and conforming changes.

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### 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:

~~{AMENDS:~~

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

~~{ENACTS:~~

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

~~**59-10-1110**, Utah Code Annotated 1953~~

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

Section 1. Section ~~{**59-10-104**;~~ **59-10-1102.1** is ~~{amended to read:~~

~~———— **59-10-104. Tax basis -- Tax rate -- Exemption:**~~

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

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

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

~~———— (b) [5%] 5.04%.~~

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

~~———— Section 2. Section **59-10-1102.1** is enacted to read:~~

~~{enacted to read:~~

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

~~A nonresident individual or a part-year resident individual that claims a tax credit in accordance with Section 59-10-1110 may only claim an apportioned amount of the tax credit equal to the product of:~~

~~(1) the state income tax percentage for the nonresident individual or part-year resident individual; and~~

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

Section ~~{3}~~2. Section **59-10-1110** is enacted to read:

### **59-10-1110. State earned income tax credit.**

(1) As used in this section, "federal earned income tax credit" means the amount of the federal earned income tax credit a claimant claims as allowed for a taxable year in accordance with Section 32, Internal Revenue Code, on the claimant's federal individual income tax return.

(2) Except as provided in Section 59-10-1102.1 and subject to Subsection (3), a claimant may claim a refundable earned income tax credit equal to 5% of the federal earned income tax credit.

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

(4) In accordance with ~~any rules prescribed by the commission under Subsection (5)(b), the commission shall transfer at least annually from the General Fund into the Education Fund an amount equal to the amount of tax credit claimed under this section.~~

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

(a) providing procedures for issuing refunds for a tax credit claimed under this section;  
and

(b) making a transfer from the General Fund into the Education Fund as required by Subsection (4).

Section ~~{4}~~3. **Retrospective operation.**

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

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**Legislative Review Note**

— as of ~~2-15-12 12:15 PM~~

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~~Office of Legislative Research and General Counsel~~