

1 **TAX CREDIT FOR WORKING INDIVIDUALS AND**
2 **FAMILIES**

3 2014 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Eric K. Hutchings**

6 Senate Sponsor: John L. Valentine

8 **LONG TITLE**

9 **General Description:**

10 This bill enacts a tax credit and provides for transfers from the General Fund into the
11 Education Fund in the amount of tax credit claimed.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ enacts a state earned income tax credit;
- 15 ▶ provides for apportionment of the tax credit;
- 16 ▶ addresses the time period for which the tax credit may be claimed;
- 17 ▶ requires transfers from the General Fund into the Education Fund in the amount of
- 18 tax credit claimed;
- 19 ▶ grants rulemaking authority to the State Tax Commission; and
- 20 ▶ makes technical and conforming changes.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 ENACTS:

27 **59-10-1102.1**, Utah Code Annotated 1953



28 [59-10-1110](#), Utah Code Annotated 1953

29

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

31 Section 1. Section [59-10-1102.1](#) is enacted to read:

32 **[59-10-1102.1. Apportionment of tax credit.](#)**

33 A nonresident individual or a part-year resident individual who claims a tax credit in
 34 accordance with Section [59-10-1110](#) may only claim an apportioned amount of the tax credit
 35 equal to the product of:

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

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

41 Section 2. Section [59-10-1110](#) is enacted to read:

42 **[59-10-1110. State earned income tax credit.](#)**

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

46 (2) Except as provided in Section [59-10-1102.1](#) and subject to Subsections (3) and (4),
 47 a claimant may claim a refundable earned income tax credit equal to 5% of the federal earned
 48 income tax credit.

49 (3) ~~Ĥ→ [(a)]←Ĥ~~ A claimant may not carry forward or carry back a tax credit
 49a provided for under this
 50 section.

50a ~~Ĥ→ [(b) A claimant may not claim a tax credit under this section for more than four~~
 50b ~~taxable years.]←Ĥ~~

51 (4) A claimant may claim a tax credit under this section for a taxable year beginning on
 52 or after the first day of the claimant's taxable year that begins on or after the January 1
 53 immediately following the earlier of:

54 (a) the date a decision described in Subsection [59-12-103.1\(1\)\(a\)](#) becomes a final,
 55 unappealable decision; or

56 (b) the effective date of the action by Congress described in Subsection
 57 [59-12-103.1\(1\)\(b\)](#).

58 (5) In accordance with any rules prescribed by the commission under Subsection

59 (6)(b), the commission shall transfer at least annually from the General Fund into the Education
60 Fund an amount equal to the amount of tax credit claimed under this section.

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

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

65 (b) making a transfer from the General Fund into the Education Fund as required by
66 Subsection (5).

Legislative Review Note
as of 1-30-14 10:33 AM

Office of Legislative Research and General Counsel