

1 **INCOME TAX CREDIT FOR PURCHASE OF TRANSIT**

2 **PASS**

3 2014 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Marie H. Poulson**

6 Senate Sponsor: Brian E. Shiozawa

7
8 **LONG TITLE**

9 **General Description:**

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

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ defines terms;
- 15 ▶ provides an individual income tax credit for the purchase of certain public transit
16 passes;
- 17 ▶ addresses apportionment of the tax credit;
- 18 ▶ requires transfers from the General Fund into the Education Fund in the amount of
19 tax credit claimed;
- 20 ▶ grants rulemaking authority to the State Tax Commission; and
- 21 ▶ makes technical and conforming changes.

22 **Money Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 This bill has retrospective operation for a taxable year beginning on or after January 1,
26 2014.

27 **Utah Code Sections Affected:**



28 AMENDS:

29 **59-10-1002.2**, as last amended by Laws of Utah 2011, Chapter 302

30 ENACTS:

31 **59-10-1032**, Utah Code Annotated 1953



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

34 Section 1. Section **59-10-1002.2** is amended to read:

35 **59-10-1002.2. Apportionment of tax credits.**

36 (1) A nonresident individual or a part-year resident individual that claims a tax credit
37 in accordance with Section **59-10-1017**, **59-10-1018**, **59-10-1019**, **59-10-1021**, **59-10-1022**,
38 **59-10-1023**, **59-10-1024**, [~~or~~] **59-10-1028**, or **59-10-1032** may only claim an apportioned
39 amount of the tax credit equal to:

40 (a) for a nonresident individual, the product of:

41 (i) the state income tax percentage for the nonresident individual; and

42 (ii) the amount of the tax credit that the nonresident individual would have been
43 allowed to claim but for the apportionment requirements of this section; or

44 (b) for a part-year resident individual, the product of:

45 (i) the state income tax percentage for the part-year resident individual; and

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

48 (2) A nonresident estate or trust that claims a tax credit in accordance with Section
49 **59-10-1017**, **59-10-1020**, **59-10-1022**, **59-10-1024**, or **59-10-1028** may only claim an
50 apportioned amount of the tax credit equal to the product of:

51 (a) the state income tax percentage for the nonresident estate or trust; and

52 (b) the amount of the tax credit that the nonresident estate or trust would have been
53 allowed to claim but for the apportionment requirements of this section.

54 Section 2. Section **59-10-1032** is enacted to read:

55 **59-10-1032. Definitions -- Nonrefundable tax credit for purchase of a public**
56 **transit pass.**

57 (1) As used in this section:

58 (a) "Eligible public transit pass" means a fare for public transit that is:

- 59 (i) purchased in a single transaction;
- 60 (ii) valid for a time period of one month or more; and
- 61 (iii) purchased only for one or more of the following months:
- 62 (A) January;
- 63 (B) February; or
- 64 (C) July.

65 (b) "Eligible public transit pass holder" means the following individuals for whom an
66 eligible public transit pass is purchased:

- 67 (i) a claimant;
- 68 (ii) the claimant's spouse, if any; or
- 69 (iii) an individual who the claimant claims as a dependent under Section 151, Internal
70 Revenue Code, on the claimant's federal individual income tax return for the taxable year.

71 (c) "Public transit" means transportation:

- 72 (i) other than air transportation or water transportation;
- 73 (ii) of passengers only and their incidental baggage;
- 74 (iii) provided by a governmental entity; and
- 75 (iv) by means other than:
 - 76 (A) chartered bus;
 - 77 (B) sightseeing bus; or
 - 78 (C) taxi.

79 (2) Except as provided in Section [59-10-1002.2](#), and subject to the other provisions of
80 this section, for a taxable year beginning on or after January 1, 2014, but beginning on or
81 before December 31, 2018, a claimant may claim a nonrefundable tax credit against a tax under
82 this chapter for the purchase of one or more eligible public transit passes for use in this state by
83 an eligible public transit pass holder.

84 (3) A claimant may claim a tax credit under this section for a taxable year for the
85 purchase of one or more eligible public transit passes for use in this state by an eligible public
86 transit pass holder if the claimant:

- 87 (a) pays at least \$125 for the taxable year to purchase one or more public transit passes
88 for use by that eligible public transit pass holder;
- 89 (b) includes the amount in adjusted gross income;

90 (c) does not claim the amount as a deduction or tax credit on a state or federal
91 individual income tax return for the taxable year, other than a tax credit under this section; and

92 (d) does not receive reimbursement for the amount from any other person.

93 (4) With respect to an eligible public transit pass holder, a tax credit under this section
94 is equal to the lesser of:

95 (a) 25% of the amount a claimant pays for that taxable year for the purchase of one or
96 more public transit passes for use in this state by that eligible public transit pass holder; or

97 (b) \$50.

98 (5) (a) A claimant that claims a tax credit under this section shall retain a receipt for
99 any amount for which the claimant claims a tax credit under this section.

100 (b) At the request of the commission, a claimant shall provide a receipt described in
101 Subsection (5)(a) to the commission.

102 (6) A claimant may not carry forward or carry back a tax credit under this section.

103 (7) In accordance with any rules prescribed by the commission under Subsection (8),
104 the commission shall transfer at least annually from the General Fund into the Education Fund
105 an amount equal to the amount of tax credit claimed under this section.

106 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
107 commission may make rules for making a transfer from the General Fund into the Education
108 Fund as required by Subsection (7).

109 **Section 3. Retrospective operation.**

110 This bill has retrospective operation for a taxable year beginning on or after January 1,
111 2014.

Legislative Review Note
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Office of Legislative Research and General Counsel