

HIGHER EDUCATION TAX CREDITS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Dabakis

House Sponsor: _____

LONG TITLE

General Description:

This bill enacts an individual income tax credit.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ enacts a nonrefundable tax credit for certain parents for certain higher education costs; and
- ▶ provides that the tax credit is subject to apportionment.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides for retrospective operation.

Utah Code Sections Affected:

AMENDS:

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

ENACTS:

59-10-1033, Utah Code Annotated 1953

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

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



28 **59-10-1002.2. Apportionment of tax credits.**

29 (1) A nonresident individual or a part-year resident individual that claims a tax credit
30 in accordance with Section [59-10-1017](#), [59-10-1018](#), [59-10-1019](#), [59-10-1021](#), [59-10-1022](#),
31 [59-10-1023](#), [59-10-1024](#), [or] [59-10-1028](#), or [59-10-1033](#) may only claim an apportioned
32 amount of the tax credit equal to:

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

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

35 (ii) the amount of the tax credit that the nonresident individual would have been

36 allowed to claim but for the apportionment requirements of this section; or

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

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

39 (ii) the amount of the tax credit that the part-year resident individual would have been

40 allowed to claim but for the apportionment requirements of this section.

41 (2) A nonresident estate or trust that claims a tax credit in accordance with Section

42 [59-10-1017](#), [59-10-1020](#), [59-10-1022](#), [59-10-1024](#), or [59-10-1028](#) may only claim an

43 apportioned amount of the tax credit equal to the product of:

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

45 (b) the amount of the tax credit that the nonresident estate or trust would have been

46 allowed to claim but for the apportionment requirements of this section.

47 Section 2. Section **59-10-1033** is enacted to read:

48 **59-10-1033. Nonrefundable tax credit for higher education costs.**

49 (1) As used in this section:

50 (a) "Higher education costs" means the same as that term is defined in Section

51 [53B-8a-102](#).

52 (b) "Qualified individual" is an individual who lives in a household that has an

53 adjusted gross income that is less than 200% of the federal poverty guideline as published by

54 the United States Department of Health and Human Services during the taxable year.

55 (2) Except as provided in Section [59-10-1002.2](#) and subject to the other provisions of

56 this section, a claimant may claim a nonrefundable tax credit against a tax under this chapter:

57 (a) if the claimant, or another claimant who files a joint return under this chapter with

58 the claimant, is a qualified individual; and

- 59 (b) equal to the product of:
60 (i) the amount of higher education costs the qualified individual pays during the
61 taxable year; and
62 (ii) 5%.
63 (3) A tax credit under this section may not exceed the product of 5% and the maximum
64 amount of a qualified investment under Subsection 53B-8a-106(1), determined without regard
65 to whether:
66 (a) a claimant claims a tax credit under Section 59-10-1017; or
67 (b) the claimant is an account owner as defined in Section 53B-8a-102.
68 (4) A tax credit under this section may not be claimed with respect to any portion of
69 higher education costs described in Subsection (2) that a claimant deducts on a federal income
70 tax return.
71 (5) A tax credit under this section may not be carried forward or carried back.
72 Section 3. **Retrospective operation.**
73 This bill has retrospective operation for a taxable year beginning on or after January 1,
74 2015.

Legislative Review Note
as of 2-26-15 10:48 AM

Office of Legislative Research and General Counsel