

**Representative John R. Westwood** proposes the following substitute bill:

**UTAH INTERGENERATIONAL POVERTY WORK AND  
SELF-SUFFICIENCY TAX CREDIT**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John R. Westwood**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill enacts a state earned income tax credit.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ enacts a refundable state earned income tax credit for an individual who is experiencing intergenerational poverty or moving out of intergenerational poverty;
- ▶ requires the Department of Workforce Services to notify individuals who are eligible for the state earned income tax credit and to provide certain information about those individuals to the State Tax Commission;
- ▶ provides for apportionment of the tax credit;
- ▶ addresses the time period for the State Tax Commission to issue a refund of the state earned income tax credit; and
- ▶ requires transfers from the General Fund to reimburse the Education Fund for the amount of the tax credit claimed.

**Money Appropriated in this Bill:**

None



26 **Other Special Clauses:**

27 This bill provides a special effective date.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-10-529.1**, as enacted by Laws of Utah 2015, Chapter 369

31 ENACTS:

32 **35A-9-202**, Utah Code Annotated 1953

33 **59-10-1102.1**, Utah Code Annotated 1953

34 **59-10-1112**, Utah Code Annotated 1953



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

37 Section 1. Section **35A-9-202** is enacted to read:

38 **35A-9-202. Tax credit notification -- Intergenerational poverty report to tax**  
39 **commission.**

40 (1) As used in this section:

41 (a) "Commission" means the State Tax Commission.

42 (b) "Moving out of intergenerational poverty" means a situation where an individual  
43 was identified by the department as experiencing intergenerational poverty in the year before  
44 the previous calendar year, but the individual did not receive public assistance during the  
45 previous calendar year.

46 (2) (a) On or before January 31, the department shall notify the following individuals  
47 of the tax credit available under Section **59-10-1112**:

48 (i) an individual identified by the department as experiencing intergenerational poverty  
49 due to:

50 (A) the individual's receipt of public assistance during the previous calendar year;

51 (B) the individual's receipt of public assistance for not less than 12 months since the  
52 individual reached age 18; and

53 (C) the individual's or the individual's family's receipt of public assistance for not less  
54 than 12 months during the individual's childhood; and

55 (ii) an individual identified by the department as moving out of intergenerational  
56 poverty.

57 (b) The notice described in Subsection (2)(a) shall explain the eligibility requirements  
58 for and the method for claiming a tax credit under Section 59-10-1112.

59 (3) On or before March 1, the department shall provide the commission with an  
60 electronic report stating, for each individual to whom the department sent the notice described  
61 in Subsection (2):

62 (a) the name of the individual; and

63 (b) the social security number of the individual.

64 Section 2. Section 59-10-529.1 is amended to read:

65 **59-10-529.1. Time period for commission to issue a refund.**

66 (1) Except as provided in Subsection (2), the commission may not issue a refund  
67 before March 1.

68 (2) The commission may issue a refund before March 1 if, before March 1, the  
69 commission determines that:

70 (a) (i) an employer has filed the one or more forms in accordance with Subsection  
71 59-10-406(8) the employer is required to file with respect to an individual; and

72 (ii) for a refund of a tax credit described in Section 59-10-1112, the Department of  
73 Workforce Services has submitted the electronic report required by Section 59-10-1112; and

74 (b) the individual has filed a return in accordance with this chapter.

75 Section 3. Section 59-10-1102.1 is enacted to read:

76 **59-10-1102.1. Apportionment of tax credit.**

77 A nonresident individual or a part-year resident individual who claims the tax credit  
78 described in Section 59-10-1112 may only claim an apportioned amount of the tax credit equal  
79 to the product of:

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

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

85 Section 4. Section 59-10-1112 is enacted to read:

86 **59-10-1112. Refundable state earned income tax credit -- Definition -- Tax credit**  
87 **calculation -- Transfers from General Fund.**

88 (1) As used in this section:

89 (a) "Claimant" means a resident or nonresident individual who:

90 (i) is identified by the department as experiencing intergenerational poverty or moving  
91 out of intergenerational poverty; and

92 (ii) claimed the federal earned income tax credit for the previous taxable year.

93 (b) "Department" means the Department of Workforce Services created in Section  
94 [35A-1-103](#).

95 (c) "Federal earned income tax credit" means the federal earned income tax credit  
96 described in Section 32, Internal Revenue Code.

97 (d) "Intergenerational poverty" means the same as that term is defined in Section  
98 [35A-9-102](#).

99 (e) "Moving out of intergenerational poverty" means the same as that term is defined in  
100 Section [35A-9-202](#).

101 (2) Except as provided in Section [59-10-1102.1](#), a claimant may claim a refundable  
102 earned income tax credit equal to 10% of the amount of the federal earned income tax credit  
103 that the claimant was entitled to claim on a federal income tax return in the previous taxable  
104 year.

105 (3) (a) The Division of Finance shall transfer at least annually from the General Fund  
106 into the Education Fund an amount equal to the amount of tax credit claimed under this  
107 section.

108 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
109 commission may make rules for making the transfer described in Subsection (3)(a).

110 **Section 5. Effective date.**

111 This bill takes effect for a taxable year beginning on or after January 1, 2018.