

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: Evan J. Vickers

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 certain individuals who are experiencing intergenerational poverty;
- ▶ requires the Department of Workforce Services to notify individuals who are experiencing intergenerational poverty of 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, "commission" means the State Tax Commission.

41 (2) (a) On or before January 31, the department shall provide notice of the tax credit
42 available under Section **59-10-1112** to an individual who the department identifies as
43 experiencing intergenerational poverty due to:

44 (i) the individual's receipt of public assistance during the previous calendar year;

45 (ii) the individual's receipt of public assistance for not less than 12 months since the
46 individual reached age 18; and

47 (iii) the individual's or the individual's family's receipt of public assistance for not less
48 than 12 months during the individual's childhood.

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

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

54 (i) the name of the individual; and

55 (ii) the social security number of the individual.

56 (b) The department and the commission shall provide for the security and

57 confidentiality of the information contained in the electronic report.

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

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

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

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

64 (a) (i) an employer has filed the one or more forms in accordance with Subsection
65 59-10-406(8) the employer is required to file with respect to an individual; and

66 (ii) for a refund of a tax credit described in Section 59-10-1112, the Department of
67 Workforce Services has submitted the electronic report required by Section 35A-9-202; and

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

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

70 **59-10-1102.1. Apportionment of tax credit.**

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

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

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

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

80 **59-10-1112. Refundable state earned income tax credit -- Definition -- Tax credit**
81 **calculation -- Transfers from General Fund.**

82 (1) As used in this section:

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

84 (i) is identified by the department as experiencing intergenerational poverty; and

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

86 (b) "Department" means the Department of Workforce Services created in Section
87 35A-1-103.

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

90 (d) "Intergenerational poverty" means the same as that term is defined in Section
91 35A-9-102.

92 (2) Except as provided in Section 59-10-1102.1, a claimant may claim a refundable
93 earned income tax credit equal to 10% of the amount of the federal earned income tax credit
94 that the claimant was entitled to claim on a federal income tax return in the previous taxable
95 year.

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

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

101 Section 5. **Effective date.**

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