

**PAID FAMILY AND MEDICAL LEAVE TAX CREDIT**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Rebecca P. Edwards**

Senate Sponsor: Lincoln Fillmore

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**LONG TITLE**

**General Description:**

This bill creates a tax credit for employers offering paid family and medical leave.

**Highlighted Provisions:**

This bill:

- ▶ permits a taxpayer for a taxable year to claim a nonrefundable tax credit equal to 25% of the amount claimed under the federal employer tax credit for paid family and medical leave;
- ▶ permits a taxpayer to carry forward a paid family and medical leave tax credit for five years;
- ▶ requires the Revenue and Taxation Interim Committee to conduct a review of the paid family and medical leave tax credit in 2020; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**59-7-159**, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1

**59-10-137**, as enacted by Laws of Utah 2016, Third Special Session, Chapter 1



28 ENACTS:

29 **59-7-623**, Utah Code Annotated 1953

30 **59-10-1041**, Utah Code Annotated 1953

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

33 Section 1. Section **59-7-159** is amended to read:

34 **59-7-159. Review of credits allowed under this chapter.**

35 (1) As used in this section, "committee" means the Revenue and Taxation Interim  
36 Committee.

37 (2) (a) The committee shall review the tax credits described in this chapter as provided  
38 in Subsection (3) and make recommendations concerning whether the tax credits should be  
39 continued, modified, or repealed.

40 (b) In conducting the review required under Subsection (2)(a), the committee shall:

41 (i) schedule time on at least one committee agenda to conduct the review;

42 (ii) invite state agencies, individuals, and organizations concerned with the tax credit  
43 under review to provide testimony;

44 (iii) (A) invite the Governor's Office of Economic Development to present a summary  
45 and analysis of the information for each tax credit regarding which the Governor's Office of  
46 Economic Development is required to make a report under this chapter; and

47 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and  
48 analysis of the information for each tax credit regarding which the Office of the Legislative  
49 Fiscal Analyst is required to make a report under this chapter;

50 (iv) ensure that the committee's recommendations described in this section include an  
51 evaluation of:

52 (A) the cost of the tax credit to the state;

53 (B) the purpose and effectiveness of the tax credit; and

54 (C) the extent to which the state benefits from the tax credit; and

55 (v) undertake other review efforts as determined by the committee chairs or as  
56 otherwise required by law.

57 (3) (a) On or before November 30, 2017, and every three years after 2017, the  
58 committee shall conduct the review required under Subsection (2) of the tax credits allowed

59 under the following sections:

- 60 (i) Section 59-7-601;
- 61 (ii) Section 59-7-607;
- 62 (iii) Section 59-7-612;
- 63 (iv) Section 59-7-614.1; and
- 64 (v) Section 59-7-614.5.

65 (b) On or before November 30, 2018, and every three years after 2018, the committee  
66 shall conduct the review required under Subsection (2) of the tax credits allowed under the  
67 following sections:

- 68 (i) Section 59-7-609;
- 69 (ii) Section 59-7-614.2;
- 70 (iii) Section 59-7-614.10;
- 71 (iv) Section 59-7-617;
- 72 (v) Section 59-7-619; and
- 73 (vi) Section 59-7-620.

74 (c) On or before November 30, 2019, and every three years after 2019, the committee  
75 shall conduct the review required under Subsection (2) of the tax credits allowed under the  
76 following sections:

- 77 (i) Section 59-7-605;
- 78 (ii) Section 59-7-610;
- 79 (iii) Section 59-7-614;
- 80 (iv) Section 59-7-614.7;
- 81 (v) Section 59-7-614.8; and
- 82 (vi) Section 59-7-618.

83 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall  
84 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,  
85 2017.

86 (ii) ~~[The]~~ Except as provided in Subsection (3)(d)(iii), the committee shall complete a  
87 review described in ~~[this]~~ Subsection (3)(d)(i) three years after the effective date of the tax  
88 credit and every three years after the initial review date.

89 (iii) The committee shall complete a review described in Subsection (3)(d)(i) for the

90 tax credit described in Section 59-7-623:

91 (A) two years after the effective date of the tax credit; and

92 (B) if the tax credit remains in effect, every three years after the date described in

93 Subsection (3)(d)(iii)(A).

94 Section 2. Section **59-7-623** is enacted to read:

95 **59-7-623. Nonrefundable tax credit for paid family and medical leave.**

96 (1) As used in this section:

97 (a) "Federal employer tax credit for paid family and medical leave" means the amount  
98 of the general business credit a taxpayer claims for a taxable year under Section 45S, Internal  
99 Revenue Code.

100 (b) "General business credit" means the business credit described in Section 38,  
101 Internal Revenue Code.

102 (2) For a taxable year beginning on or after January 1, 2018, but beginning on or before  
103 December 31, 2019, a taxpayer may claim a nonrefundable tax credit equal to 25% of the  
104 federal employer tax credit for paid family and medical leave.

105 (3) A taxpayer may carry forward for five years the amount of the tax credit described  
106 in this section that exceeds the taxpayer's liability.

107 Section 3. Section **59-10-137** is amended to read:

108 **59-10-137. Review of credits allowed under this chapter.**

109 (1) As used in this section, "committee" means the Revenue and Taxation Interim  
110 Committee.

111 (2) (a) The committee shall review the tax credits described in this chapter as provided  
112 in Subsection (3) and make recommendations concerning whether the tax credits should be  
113 continued, modified, or repealed.

114 (b) In conducting the review required under Subsection (2)(a), the committee shall:

115 (i) schedule time on at least one committee agenda to conduct the review;

116 (ii) invite state agencies, individuals, and organizations concerned with the tax credit  
117 under review to provide testimony;

118 (iii) (A) invite the Governor's Office of Economic Development to present a summary  
119 and analysis of the information for each tax credit regarding which the Governor's Office of  
120 Economic Development is required to make a report under this chapter; and

121 (B) invite the Office of the Legislative Fiscal Analyst to present a summary and  
122 analysis of the information for each tax credit regarding which the Office of the Legislative  
123 Fiscal Analyst is required to make a report under this chapter;

124 (iv) ensure that the committee's recommendations described in this section include an  
125 evaluation of:

126 (A) the cost of the tax credit to the state;

127 (B) the purpose and effectiveness of the tax credit; and

128 (C) the extent to which the state benefits from the tax credit; and

129 (v) undertake other review efforts as determined by the committee chairs or as  
130 otherwise required by law.

131 (3) (a) On or before November 30, 2017, and every three years after 2017, the  
132 committee shall conduct the review required under Subsection (2) of the tax credits allowed  
133 under the following sections:

134 (i) Section 59-10-1004;

135 (ii) Section 59-10-1010;

136 (iii) Section 59-10-1015;

137 (iv) Section 59-10-1025;

138 (v) Section 59-10-1027;

139 (vi) Section 59-10-1031;

140 (vii) Section 59-10-1032;

141 (viii) Section 59-10-1035;

142 (ix) Section 59-10-1104;

143 (x) Section 59-10-1105; and

144 (xi) Section 59-10-1108.

145 (b) On or before November 30, 2018, and every three years after 2018, the committee  
146 shall conduct the review required under Subsection (2) of the tax credits allowed under the  
147 following sections:

148 (i) Section 59-10-1005;

149 (ii) Section 59-10-1006;

150 (iii) Section 59-10-1012;

151 (iv) Section 59-10-1013;

- 152 (v) Section 59-10-1022;
- 153 (vi) Section 59-10-1023;
- 154 (vii) Section 59-10-1028;
- 155 (viii) Section 59-10-1034;
- 156 (ix) Section 59-10-1037; and
- 157 (x) Section 59-10-1107.

158 (c) On or before November 30, 2019, and every three years after 2019, the committee  
159 shall conduct the review required under Subsection (2) of the tax credits allowed under the  
160 following sections:

- 161 (i) Section 59-10-1007;
- 162 (ii) Section 59-10-1009;
- 163 (iii) Section 59-10-1014;
- 164 (iv) Section 59-10-1017;
- 165 (v) Section 59-10-1018;
- 166 (vi) Section 59-10-1019;
- 167 (vii) Section 59-10-1024;
- 168 (viii) Section 59-10-1029;
- 169 (ix) Section 59-10-1030;
- 170 (x) Section 59-10-1033;
- 171 (xi) Section 59-10-1036;
- 172 (xii) Section 59-10-1106; and
- 173 (xiii) Section 59-10-1111.

174 (d) (i) In addition to the reviews described in this Subsection (3), the committee shall  
175 conduct a review of a tax credit described in this chapter that is enacted on or after January 1,  
176 2017.

177 (ii) ~~[The]~~ Except as provided in Subsection (3)(d)(iii), the committee shall complete a  
178 review described in ~~[this]~~ Subsection (3)(d)(i) three years after the effective date of the tax  
179 credit and every three years after the initial review date.

180 (iii) The committee shall complete a review described in Subsection (3)(d)(i) for the  
181 tax credit described in Section 59-10-1041:

182 (A) two years after the effective date of the tax credit; and

183           (B) if the tax credit remains in effect, every three years after the date described in  
184 Subsection (3)(d)(iii)(A).

185           Section 4. Section **59-10-1041** is enacted to read:

186           **59-10-1041. Nonrefundable tax credit for paid family and medical leave.**

187           (1) As used in this section:

188           (a) "Federal employer tax credit for paid family and medical leave" means the amount  
189 of the general business credit a taxpayer claims for a taxable year under Section 45S, Internal  
190 Revenue Code.

191           (b) "General business credit" means the business credit described in Section 38,  
192 Internal Revenue Code.

193           (2) For a taxable year beginning on or after January 1, 2018, but beginning on or before  
194 December 31, 2019, a taxpayer may claim a nonrefundable tax credit equal to 25% of the  
195 federal employer tax credit for paid family and medical leave.

196           (3) A taxpayer may carry forward for five years the amount of the tax credit described  
197 in this section that exceeds the taxpayer's liability.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**