

## HB0278S01 compared with HB0278

~~text~~ shows text that was in HB0278 but was deleted in HB0278S01.

Inserted text shows text that was not in HB0278 but was inserted into HB0278S01.

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Representative Rebecca P. Edwards proposes the following substitute bill:

### PAID FAMILY AND MEDICAL LEAVE TAX CREDIT

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Rebecca P. Edwards**

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

Lincoln Fillmore

Cosponsors:

Cheryl K. Acton

Carl R. Albrecht

Patrice M. Arent

Joel K. Briscoe

Walt Brooks

Rebecca Chavez-Houck

Brad M. Daw

Susan Duckworth

Steve Eliason

Gage Froerer

Stephen G. Handy

Sandra Hollins

Eric K. Hutchings

Brian S. King

Karen Kwan

Carol Spackman Moss

Michael E. Noel

Lee B. Perry

Marie H. Poulson

Paul Ray

Angela Romero

Douglas V. Sagers

Robert M. Spendlove

Raymond P. Ward

Christine F. Watkins

R. Curt Webb

Elizabeth Weight

John R. Westwood

Mark A. Wheatley

Mike Winder

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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%}~~5% of the amount ~~{claimed}~~the taxpayer is allowed to claim 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

ENACTS:

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

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

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

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

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

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

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in Subsection (3) and make recommendations concerning whether the tax credits should be continued, modified, or repealed.

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

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

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

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

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

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

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

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

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

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

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

(i) Section 59-7-601;

(ii) Section 59-7-607;

(iii) Section 59-7-612;

(iv) Section 59-7-614.1; and

(v) Section 59-7-614.5.

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

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- (i) Section 59-7-609;
- (ii) Section 59-7-614.2;
- (iii) Section 59-7-614.10;
- (iv) Section 59-7-617;
- (v) Section 59-7-619; and
- (vi) Section 59-7-620.

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

- (i) Section 59-7-605;
- (ii) Section 59-7-610;
- (iii) Section 59-7-614;
- (iv) Section 59-7-614.7;
- (v) Section 59-7-614.8; and
- (vi) Section 59-7-618.

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

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

(iii) The committee shall complete a review described in Subsection (3)(d)(i) for the tax credit described in Section 59-7-623:

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

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

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

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

(1) As used in this section:

(a) "Federal employer tax credit for paid family and medical leave" means the amount of the general business credit a taxpayer ~~{claims}~~ is allowed to claim for a taxable year under

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### Section 45S, Internal Revenue Code.

(b) "General business credit" means the business credit described in Section 38,

### Internal Revenue Code.

(2) For a taxable year beginning on or after January 1, 2018, but beginning on or before December 31, 2019, a taxpayer may claim a nonrefundable tax credit equal to ~~25%~~5% of the federal employer tax credit for paid family and medical leave.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) undertake other review efforts as determined by the committee chairs or as

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otherwise required by law.

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

- (i) Section 59-10-1004;
- (ii) Section 59-10-1010;
- (iii) Section 59-10-1015;
- (iv) Section 59-10-1025;
- (v) Section 59-10-1027;
- (vi) Section 59-10-1031;
- (vii) Section 59-10-1032;
- (viii) Section 59-10-1035;
- (ix) Section 59-10-1104;
- (x) Section 59-10-1105; and
- (xi) Section 59-10-1108.

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

- (i) Section 59-10-1005;
- (ii) Section 59-10-1006;
- (iii) Section 59-10-1012;
- (iv) Section 59-10-1013;
- (v) Section 59-10-1022;
- (vi) Section 59-10-1023;
- (vii) Section 59-10-1028;
- (viii) Section 59-10-1034;
- (ix) Section 59-10-1037; and
- (x) Section 59-10-1107.

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

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- (i) Section 59-10-1007;
- (ii) Section 59-10-1009;
- (iii) Section 59-10-1014;
- (iv) Section 59-10-1017;
- (v) Section 59-10-1018;
- (vi) Section 59-10-1019;
- (vii) Section 59-10-1024;
- (viii) Section 59-10-1029;
- (ix) Section 59-10-1030;
- (x) Section 59-10-1033;
- (xi) Section 59-10-1036;
- (xii) Section 59-10-1106; and
- (xiii) Section 59-10-1111.

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

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

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

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

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

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

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

(1) As used in this section:

(a) "Federal employer tax credit for paid family and medical leave" means the amount of the general business credit a taxpayer ~~{claims}~~ is allowed to claim for a taxable year under Section 45S, Internal Revenue Code.

(b) "General business credit" means the business credit described in Section 38,

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### Internal Revenue Code.

(2) For a taxable year beginning on or after January 1, 2018, but beginning on or before December 31, 2019, a taxpayer may claim a nonrefundable tax credit equal to ~~25%~~5% of the federal employer tax credit for paid family and medical leave.

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

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**Legislative Review Note**

**Office of Legislative Research and General Counsel†**