

DEPENDENT TAX EXEMPTION AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tim Quinn

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the calculation of the Utah taxpayer tax credit.

Highlighted Provisions:

This bill:

- ▶ increases the amount of the Utah personal exemption; and
- ▶ modifies the phase-out rate of the taxpayer tax credit.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1018, as last amended by Laws of Utah 2018, Second Special Session, Chapter 3

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

Section 1. Section **59-10-1018** is amended to read:

59-10-1018. Definitions -- Nonrefundable taxpayer tax credit.

(1) As used in this section:

(a) "Head of household filing status" means a head of household, as defined in Section 2(b), Internal Revenue Code, who files a single federal individual income tax return for the



28 taxable year.

29 (b) "Joint filing status" means:

30 (i) spouses who file a single return jointly under this chapter for a taxable year; or

31 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a
32 single federal individual income tax return for the taxable year.

33 (c) "Qualifying dependent" means an individual with respect to whom the claimant is
34 allowed to claim a tax credit under Section 24, Internal Revenue Code, on the claimant's
35 federal individual income tax return for the taxable year.

36 (d) "Single filing status" means:

37 (i) a single individual who files a single federal individual income tax return for the
38 taxable year; or

39 (ii) a married individual who:

40 (A) does not file a single federal individual income tax return jointly with that married
41 individual's spouse for the taxable year; and

42 (B) files a single federal individual income tax return for the taxable year.

43 (e) "State or local income tax" means the lesser of:

44 (i) the amount of state or local income tax that the claimant:

45 (A) pays for the taxable year; and

46 (B) reports on the claimant's federal individual income tax return for the taxable year,
47 regardless of whether the claimant is allowed an itemized deduction on the claimant's federal
48 individual income tax return for the taxable year for the full amount of state or local income tax
49 paid; and

50 (ii) \$10,000.

51 (f) (i) "Utah itemized deduction" means the amount the claimant deducts as allowed as
52 an itemized deduction on the claimant's federal individual income tax return for that taxable
53 year minus any amount of state or local income tax for the taxable year.

54 (ii) "Utah itemized deduction" does not include any amount of qualified business
55 income that the claimant subtracts as allowed by Section 199A, Internal Revenue Code, on the
56 claimant's federal income tax return for that taxable year.

57 (g) "Utah personal exemption" means, subject to Subsection (6), [~~\$565~~] \$3,113
58 multiplied by the number of the claimant's qualifying dependents.

59 (2) Except as provided in Section 59-10-1002.2, and subject to Subsections (3) through
60 (5), a claimant may claim a nonrefundable tax credit against taxes otherwise due under this part
61 equal to the sum of:

62 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal
63 individual income tax return for the taxable year, 6% of the amount the claimant deducts as
64 allowed as the standard deduction on the claimant's federal individual income tax return for
65 that taxable year; or

66 (ii) for a claimant that itemizes deductions on the claimant's federal individual income
67 tax return for the taxable year, 6% of the amount of the claimant's Utah itemized deduction;
68 and

69 (b) 6% of the claimant's Utah personal exemption.

70 (3) A claimant may not carry forward or carry back a tax credit under this section.

71 (4) The tax credit allowed by Subsection (2) shall be reduced by [~~\$.013~~] \$.015 for each
72 dollar by which a claimant's state taxable income exceeds:

73 (a) for a claimant who has a single filing status, \$12,000;

74 (b) for a claimant who has a head of household filing status, \$18,000; or

75 (c) for a claimant who has a joint filing status, \$24,000.

76 (5) (a) For a taxable year beginning on or after January 1, 2009, the commission shall
77 increase or decrease annually the following dollar amounts by a percentage equal to the
78 percentage difference between the consumer price index for the preceding calendar year and
79 the consumer price index for calendar year 2007:

80 (i) the dollar amount listed in Subsection (4)(a); and

81 (ii) the dollar amount listed in Subsection (4)(b).

82 (b) After the commission increases or decreases the dollar amounts listed in Subsection
83 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the
84 nearest whole dollar.

85 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),
86 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that
87 the dollar amount listed in Subsection (4)(c) is equal to the product of:

88 (i) the dollar amount listed in Subsection (4)(a); and

89 (ii) two.

90 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer
91 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

92 (6) (a) For a taxable year beginning on or after January 1, 2019, the commission shall
93 increase annually the Utah personal exemption amount listed in Subsection (1)(g) by a
94 percentage equal to the percentage by which the consumer price index for the preceding
95 calendar year exceeds the consumer price index for calendar year 2017.

96 (b) After the commission increases the Utah personal exemption amount as described
97 in Subsection (6)(a), the commission shall round the Utah personal exemption amount to the
98 nearest whole dollar.

99 (c) For purposes of Subsection (6)(a), the commission shall calculate the consumer
100 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

101 **Section 2. Retrospective operation.**

102 This bill has retrospective operation for a taxable year beginning on or after January 1,
103 2020.