

1 **INCOME TAX REDUCTIONS**

2 2020 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Travis M. Seegmiller**

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

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7 **LONG TITLE**

8 **General Description:**

9 This bill modifies the income tax code by amending provisions relating to income tax  
10 rates and tax credit calculations.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ amends the corporate franchise and income tax rate;
- 14 ▶ amends the individual income tax rate;
- 15 ▶ amends the calculations of certain tax credits to match the income tax rates; and
- 16 ▶ makes technical changes.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill provides a special effective date.

21 **Utah Code Sections Affected:**

22 AMENDS:

- 23 **59-7-104**, as last amended by Laws of Utah 2019, Chapter 418
- 24 **59-7-201**, as last amended by Laws of Utah 2018, Chapter 456
- 25 **59-7-610**, as last amended by Laws of Utah 2019, Chapter 247
- 26 **59-7-620**, as last amended by Laws of Utah 2017, Chapter 222
- 27 **59-10-104**, as last amended by Laws of Utah 2018, Chapter 456



- 28 [59-10-1007](#), as last amended by Laws of Utah 2019, Chapter 247
- 29 [59-10-1017](#), as last amended by Laws of Utah 2017, Chapter 389
- 30 [59-10-1017.1](#), as enacted by Laws of Utah 2017, Chapter 389
- 31 [59-10-1022](#), as enacted by Laws of Utah 2008, Chapter 389
- 32 [59-10-1023](#), as enacted by Laws of Utah 2008, Chapter 389
- 33 [59-10-1028](#), as last amended by Laws of Utah 2012, Chapter 399
- 34 [59-10-1035](#), as last amended by Laws of Utah 2017, Chapter 222
- 35 [59-10-1036](#), as enacted by Laws of Utah 2016, Chapter 55

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

38 Section 1. Section [59-7-104](#) is amended to read:

39 **[59-7-104. Tax -- Minimum tax.](#)**

40 (1) Each domestic and foreign corporation, except a corporation that is exempt under  
41 Section [59-7-102](#), shall pay an annual tax to the state based on the corporation's Utah taxable  
42 income for the taxable year for the privilege of exercising the corporation's corporate franchise,  
43 as defined in Section [59-7-101](#), or for the privilege of doing business, as defined in Section  
44 [59-7-101](#), in the state.

45 (2) The tax shall be [~~4.95%~~] 4.75% of a corporation's Utah taxable income.

46 (3) The minimum tax a corporation shall pay under this chapter is \$100.

47 Section 2. Section [59-7-201](#) is amended to read:

48 **[59-7-201. Tax -- Minimum tax.](#)**

49 (1) There is imposed upon each corporation, except a corporation that is exempt under  
50 Section [59-7-102](#), a tax upon the corporation's Utah taxable income for the taxable year that is  
51 derived from sources within this state other than income for any period that the corporation is  
52 required to include in the corporation's tax base under Section [59-7-104](#).

53 (2) The tax imposed by Subsection (1) shall be [~~4.95%~~] 4.75% of a corporation's Utah  
54 taxable income.

55 (3) In no case shall the tax be less than \$100.

56 Section 3. Section [59-7-610](#) is amended to read:

57 **[59-7-610. Recycling market development zones tax credits.](#)**

58 (1) Subject to other provisions of this section, a taxpayer that is a business operating in

59 a recycling market development zone as defined in Section 63N-2-402 may claim the following  
60 nonrefundable tax credits:

61 (a) a tax credit [~~of 5% of~~] equal to the product of the percentage listed in Subsection  
62 59-7-104(2) and the purchase price paid for machinery and equipment used directly in:

63 (i) commercial composting; or

64 (ii) manufacturing facilities or plant units that:

65 (A) manufacture, process, compound, or produce recycled items of tangible personal  
66 property for sale; or

67 (B) reduce or reuse postconsumer waste material; and

68 (b) a tax credit equal to the lesser of:

69 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test  
70 inventory, and utilities made by the taxpayer for establishing and operating recycling or  
71 composting technology in Utah; and

72 (ii) \$2,000.

73 (2) (a) To claim a tax credit described in Subsection (1), the taxpayer shall receive  
74 from the Governor's Office of Economic Development a written certification, on a form  
75 approved by the commission, that includes:

76 (i) a statement that the taxpayer is operating a business within the boundaries of a  
77 recycling market development zone;

78 (ii) for claims of the tax credit described in Subsection (1)(a):

79 (A) the type of the machinery and equipment that the taxpayer purchased;

80 (B) the date that the taxpayer purchased the machinery and equipment;

81 (C) the purchase price for the machinery and equipment;

82 (D) the total purchase price for all machinery and equipment for which the taxpayer is  
83 claiming a tax credit;

84 (E) a statement that the machinery and equipment are integral to the composting or  
85 recycling process; and

86 (F) the amount of the taxpayer's tax credit; and

87 (iii) for claims of the tax credit described in Subsection (1)(b):

88 (A) the type of net expenditure that the taxpayer made to a third party;

89 (B) the date that the taxpayer made the payment to a third party;

- 90 (C) the amount that the taxpayer paid to each third party;
- 91 (D) the total amount that the taxpayer paid to all third parties;
- 92 (E) a statement that the net expenditures support the establishment and operation of
- 93 recycling or composting technology in Utah; and
- 94 (F) the amount of the taxpayer's tax credit.

95 (b) (i) The Governor's Office of Economic Development shall provide a taxpayer

96 seeking to claim a tax credit under Subsection (1) with a copy of the written certification.

97 (ii) The taxpayer shall retain a copy of the written certification for the same period of

98 time that a person is required to keep books and records under Section [59-1-1406](#).

99 (c) The Governor's Office of Economic Development shall submit to the commission

100 an electronic list that includes:

101 (i) the name and identifying information of each taxpayer to which the office issues a

102 written certification; and

103 (ii) for each taxpayer, the amount of each tax credit listed on the written certification.

104 (3) A taxpayer may not claim a tax credit under Subsection (1)(a), Subsection (1)(b), or

105 both that exceeds 40% of the taxpayer's state income tax liability as the tax liability is

106 calculated:

107 (a) for the taxable year in which the taxpayer made the purchases or payments;

108 (b) before any other tax credits the taxpayer may claim for the taxable year; and

109 (c) before the taxpayer claiming a tax credit authorized by this section.

110 (4) The commission shall make rules governing what information a taxpayer shall file

111 with the commission to verify the entitlement to and amount of a tax credit.

112 (5) Except as provided in Subsections (6) through (8), a taxpayer may carry forward, to

113 the next three taxable years, the amount of the tax credit that exceeds the taxpayer's income tax

114 liability for the taxable year.

115 (6) A taxpayer may not claim or carry forward a tax credit described in Subsection

116 (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under

117 Section [63N-2-213](#).

118 (7) A taxpayer may not claim or carry forward a tax credit described in Subsection

119 (1)(b) in a taxable year during which the taxpayer claims or carries forward a tax credit under

120 Section [63N-2-213](#).

121 (8) A taxpayer may not claim or carry forward a tax credit under this section for a  
122 taxable year during which the taxpayer claims the targeted business income tax credit under  
123 Section [59-7-624](#).

124 Section 4. Section **59-7-620** is amended to read:

125 **59-7-620. Nonrefundable tax credit for contribution to state Achieving a Better**  
126 **Life Experience Program account.**

127 (1) As used in this section:

128 (a) "Account" means an account in a qualified ABLE program where the designated  
129 beneficiary of the account is a resident of this state.

130 (b) "Contributor" means a corporation that:

131 (i) makes a contribution to an account; and

132 (ii) receives a statement from the qualified ABLE program itemizing the contribution.

133 (c) "Designated beneficiary" means the same as that term is defined in 26 U.S.C. Sec.  
134 529A.

135 (d) "Qualified ABLE program" means the same as that term is defined in Section  
136 [35A-12-102](#).

137 (2) A contributor to an account may claim a nonrefundable tax credit as provided in  
138 this section.

139 (3) Subject to the other provisions of this section, the tax credit is equal to the product  
140 of:

141 (a) ~~5%~~ the percentage listed in Subsection [59-7-104\(2\)](#); and

142 (b) the total amount of contributions:

143 (i) the contributor makes for the taxable year; and

144 (ii) for which the contributor receives a statement from the qualified ABLE program  
145 itemizing the contributions.

146 (4) A contributor may not claim a tax credit under this section:

147 (a) for an amount of excess contribution to an account that is returned to the  
148 contributor; or

149 (b) with respect to an amount the contributor deducts on a federal income tax return.

150 (5) A tax credit under this section may not be carried forward or carried back.

151 Section 5. Section **59-10-104** is amended to read:

152 **59-10-104. Tax basis -- Tax rate -- Exemption.**

153 (1) A tax is imposed on the state taxable income of a resident individual as provided in  
154 this section.

155 (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the  
156 product of:

157 (a) the resident individual's state taxable income for that taxable year; and

158 (b) [~~4.95%~~] 4.75%.

159 (3) This section does not apply to a resident individual exempt from taxation under  
160 Section 59-10-104.1.

161 Section 6. Section **59-10-1007** is amended to read:

162 **59-10-1007. Recycling market development zones tax credits.**

163 (1) Subject to other provisions of this section, a claimant, estate, or trust in a recycling  
164 market development zone as defined in Section 63N-2-402 may claim the following  
165 nonrefundable tax credits:

166 (a) a tax credit [~~of 5% of~~] equal to the product of the percentage listed in Subsection  
167 59-10-104(2) and the purchase price paid for machinery and equipment used directly in:

168 (i) commercial composting; or

169 (ii) manufacturing facilities or plant units that:

170 (A) manufacture, process, compound, or produce recycled items of tangible personal  
171 property for sale; or

172 (B) reduce or reuse postconsumer waste material; and

173 (b) a tax credit equal to the lesser of:

174 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test  
175 inventory, and utilities made by the claimant, estate, or trust for establishing and operating

176 recycling or composting technology in Utah; and

177 (ii) \$2,000.

178 (2) (a) To claim a tax credit described in Subsection (1), the claimant, estate, or trust  
179 shall receive from the Governor's Office of Economic Development a written certification, on a  
180 form approved by the commission, that includes:

181 (i) a statement that the claimant, estate, or trust is operating within the boundaries of a  
182 recycling market development zone;

- 183 (ii) for claims of the tax credit described in Subsection (1)(a):
- 184 (A) the type of the machinery and equipment that the claimant, estate, or trust
- 185 purchased;
- 186 (B) the date that the claimant, estate, or trust purchased the machinery and equipment;
- 187 (C) the purchase price for the machinery and equipment;
- 188 (D) the total purchase price for all machinery and equipment for which the claimant,
- 189 estate, or trust is claiming a tax credit;
- 190 (E) the amount of the claimant's, estate's, or trust's tax credit; and
- 191 (F) a statement that the machinery and equipment are integral to the composting or
- 192 recycling process; and
- 193 (iii) for claims of the tax credit described in Subsection (1)(b):
- 194 (A) the type of net expenditure that the claimant, estate, or trust made to a third party;
- 195 (B) the date that the claimant, estate, or trust made the payment to a third party;
- 196 (C) the amount that the claimant, estate, or trust paid to each third party;
- 197 (D) the total amount that the claimant, estate, or trust paid to all third parties;
- 198 (E) a statement that the net expenditures support the establishment and operation of
- 199 recycling or composting technology in Utah; and
- 200 (F) the amount of the claimant's, estate's, or trust's tax credit.
- 201 (b) (i) The Governor's Office of Economic Development shall provide a claimant,
- 202 estate, or trust seeking to claim a tax credit under Subsection (1) with a copy of the written
- 203 certification.
- 204 (ii) The claimant, estate, or trust shall retain a copy of the written certification for the
- 205 same period of time that a person is required to keep books and records under Section
- 206 [59-1-1406](#).
- 207 (c) The Governor's Office of Economic Development shall submit to the commission
- 208 an electronic list that includes:
- 209 (i) the name and identifying information of each claimant, estate, or trust to which the
- 210 office issues a written certification; and
- 211 (ii) for each claimant, estate, or trust, the amount of each tax credit listed on the written
- 212 certification.
- 213 (3) A claimant, estate, or trust may not claim a tax credit under Subsection (1)(a),

214 Subsection (1)(b), or both that exceeds 40% of the claimant's, estate's, or trust's state income  
215 tax liability as the tax liability is calculated:

216 (a) for the taxable year in which the claimant, estate, or trust made the purchases or  
217 payments;

218 (b) before any other tax credits the claimant, estate, or trust may claim for the taxable  
219 year; and

220 (c) before the claimant, estate, or trust claiming a tax credit authorized by this section.

221 (4) The commission shall make rules governing what information a claimant, estate, or  
222 trust shall file with the commission to verify the entitlement to and amount of a tax credit.

223 (5) Except as provided in Subsections (6) through (8), a claimant, estate, or trust may  
224 carry forward, to the next three taxable years, the amount of the tax credit that exceeds the  
225 taxpayer's income tax liability for the taxable year.

226 (6) A claimant, estate, or trust may not claim or carry forward a tax credit described in  
227 Subsection (1)(a) in a taxable year during which the claimant, estate, or trust claims or carries  
228 forward a tax credit under Section [63N-2-213](#).

229 (7) A claimant, estate, or trust may not claim a tax credit described in Subsection (1)(b)  
230 in a taxable year during which the claimant, estate, or trust claims or carries forward a tax  
231 credit under Section [63N-2-213](#).

232 (8) A claimant, estate, or trust may not claim or carry forward a tax credit available  
233 under this section for a taxable year during which the claimant, estate, or trust claims the  
234 targeted business income tax credit under Section [59-10-1112](#).

235 Section 7. Section **59-10-1017** is amended to read:

236 **59-10-1017. Utah Educational Savings Plan tax credit.**

237 (1) As used in this section:

238 (a) "Account owner" means the same as that term is defined in Section [53B-8a-102](#).

239 (b) "Grantor trust" means the same as that term is defined in Section [53B-8a-102.5](#).

240 (c) "Higher education costs" means the same as that term is defined in Section  
241 [53B-8a-102.5](#).

242 (d) "Maximum amount of a qualified investment for the taxable year" means, for a  
243 taxable year, the product of [~~5%~~] the percentage listed in Subsection [59-10-104\(2\)](#) and:

244 (i) subject to Subsection (1)(d)(iii), for a claimant, estate, or trust that is an account



245 owner, if that claimant, estate, or trust is other than [~~husband and wife~~] spouse account owners  
246 who file a single return jointly, the maximum amount of a qualified investment:

247 (A) listed in Subsection [53B-8a-106\(1\)\(e\)\(ii\)](#); and

248 (B) increased or kept for that taxable year in accordance with Subsections

249 [53B-8a-106\(1\)\(f\)](#) and (g);

250 (ii) subject to Subsection (1)(d)(iii), for claimants who are [~~husband and wife~~] spouse  
251 account owners who file a single return jointly, the maximum amount of a qualified  
252 investment:

253 (A) listed in Subsection [53B-8a-106\(1\)\(e\)\(iii\)](#); and

254 (B) increased or kept for that taxable year in accordance with Subsections

255 [53B-8a-106\(1\)\(f\)](#) and (g); or

256 (iii) for a grantor trust:

257 (A) if the owner of the grantor trust has a single filing status or head of household  
258 filing status as defined in Section [59-10-1018](#), the amount described in Subsection (1)(d)(i); or

259 (B) if the owner of the grantor trust has a joint filing status as defined in Section

260 [59-10-1018](#), the amount described in Subsection (1)(d)(ii).

261 (e) "Owner of the grantor trust" means the same as that term is defined in Section

262 [53B-8a-102.5](#).

263 (f) "Qualified investment" means the same as that term is defined in Section

264 [53B-8a-102.5](#).

265 (2) Except as provided in Section [59-10-1002.2](#) and subject to the other provisions of  
266 this section, a claimant, estate, or trust that is an account owner may claim a nonrefundable tax  
267 credit equal to the product of:

268 (a) the amount of a qualified investment made:

269 (i) during the taxable year; and

270 (ii) into an account owned by the claimant, estate, or trust; and

271 (b) [~~5%~~] the percentage listed in Subsection [59-10-104\(2\)](#).

272 (3) A claimant, estate, or trust, or a person other than the claimant, estate, or trust, may  
273 make a qualified investment described in Subsection (2).

274 (4) A claimant, estate, or trust that is an account owner may not claim a tax credit

275 under this section with respect to any portion of a qualified investment described in Subsection

276 (2) that a claimant, estate, trust, or person described in Subsection (3) deducts on a federal  
277 income tax return.

278 (5) A tax credit under this section may not exceed the maximum amount of a qualified  
279 investment for the taxable year.

280 (6) A claimant, estate, or trust that is an account owner may not carry forward or carry  
281 back the tax credit under this section.

282 (7) A claimant, estate, or trust may claim a tax credit under this section in addition to  
283 the tax credit described in Section 59-10-1017.1.

284 Section 8. Section 59-10-1017.1 is amended to read:

285 **59-10-1017.1. Student Prosperity Savings Program tax credit.**

286 (1) As used in this section, "qualified donation" means an amount donated, in  
287 accordance with Section 53B-8a-203, to the Student Prosperity Savings Program created in  
288 Section 53B-8a-202.

289 (2) A claimant, estate, or trust may claim a nonrefundable tax credit for a qualified  
290 donation.

291 (3) The tax credit equals the product of:

292 (a) the qualified donation; and

293 (b) ~~5%~~ the percentage listed in Subsection 59-10-104(2).

294 (4) A claimant, estate, or trust may not claim a tax credit under this section with  
295 respect to any portion of a qualified donation that a claimant, estate, or trust deducts on a  
296 federal income tax return.

297 (5) A claimant, estate, or trust may not carry forward or carry back the portion of the  
298 tax credit allowed by this section that exceeds the claimant's, estate's, or trust's tax liability for  
299 the taxable year in which the claimant, estate, or trust claims the tax credit.

300 (6) A claimant, estate, or trust may claim a tax credit under this section in addition to  
301 the tax credit described in Section 59-10-1017.

302 Section 9. Section 59-10-1022 is amended to read:

303 **59-10-1022. Nonrefundable tax credit for capital gain transactions.**

304 (1) As used in this section:

305 (a) (i) "Capital gain transaction" means a transaction that results in a:

306 (A) short-term capital gain; or

- 307 (B) long-term capital gain.
- 308 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
309 commission may by rule define the term "transaction."
- 310 (b) "Commercial domicile" means the principal place from which the trade or business  
311 of a Utah small business corporation is directed or managed.
- 312 (c) "Long-term capital gain" [~~is as~~] means the same as that term is defined in Section  
313 1222, Internal Revenue Code.
- 314 (d) "Qualifying stock" means stock that is:
- 315 (i) (A) common; or  
316 (B) preferred;
- 317 (ii) as defined by the commission by rule made in accordance with Title 63G, Chapter  
318 3, Utah Administrative Rulemaking Act, originally issued to:
- 319 (A) a claimant, estate, or trust; or  
320 (B) a partnership if the claimant, estate, or trust that claims a tax credit under this  
321 section:
- 322 (I) was a partner on the day on which the stock was issued; and  
323 (II) remains a partner until the last day of the taxable year for which the claimant,  
324 estate, or trust claims a tax credit under this section; and
- 325 (iii) issued:
- 326 (A) by a Utah small business corporation;  
327 (B) on or after January 1, 2008; and  
328 (C) for:
- 329 (I) money; or  
330 (II) other property, except for stock or securities.
- 331 (e) "Short-term capital gain" [~~is as~~] means the same as that term is defined in Section  
332 1222, Internal Revenue Code.
- 333 (f) (i) "Utah small business corporation" means a corporation that:
- 334 (A) except as provided in Subsection (1)(f)(ii), is a small business corporation as  
335 defined in Section 1244(c)(3), Internal Revenue Code;  
336 (B) except as provided in Subsection (1)(f)(iii), meets the requirements of Section  
337 1244(c)(1)(C), Internal Revenue Code; and

338 (C) has its commercial domicile in this state.

339 (ii) The dollar amount listed in Section 1244(c)(3)(A) is considered to be \$2,500,000.

340 (iii) The phrase "the date the loss on such stock was sustained" in Sections

341 1244(c)(1)(C) and 1244(c)(2), Internal Revenue Code, is considered to be "the last day of the

342 taxable year for which the claimant, estate, or trust claims a tax credit under this section."

343 (2) [~~For taxable years beginning on or after January 1, 2008, a~~] A claimant, estate, or  
344 trust that meets the requirements of Subsection (3) may claim a nonrefundable tax credit equal  
345 to the product of:

346 (a) the total amount of the claimant's, estate's, or trust's short-term capital gain or  
347 long-term capital gain on a capital gain transaction that occurs on or after January 1, 2008; and

348 (b) [5%] the percentage listed in Subsection 59-10-104(2).

349 (3) For purposes of Subsection (2), a claimant, estate, or trust may claim the  
350 nonrefundable tax credit allowed by Subsection (2) if:

351 (a) 70% or more of the gross proceeds of the capital gain transaction are expended:

352 (i) to purchase qualifying stock in a Utah small business corporation; and

353 (ii) within a 12-month period after the day on which the capital gain transaction occurs;

354 and

355 (b) prior to the purchase of the qualifying stock described in Subsection (3)(a)(i), the  
356 claimant, estate, or trust did not have an ownership interest in the Utah small business  
357 corporation that issued the qualifying stock.

358 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under  
359 this section.

360 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
361 commission may make rules:

362 (a) defining the term "gross proceeds"; and

363 (b) prescribing the circumstances under which a claimant, estate, or trust has an  
364 ownership interest in a Utah small business corporation.

365 Section 10. Section **59-10-1023** is amended to read:

366 **59-10-1023. Nonrefundable tax credit for amounts paid under a health benefit**  
367 **plan.**

368 (1) As used in this section:

- 369 (a) "Claimant with dependents" means a claimant:
- 370 (i) regardless of the claimant's filing status for purposes of filing a federal individual  
371 income tax return for the taxable year; and
- 372 (ii) who claims one or more dependents under Section 151, Internal Revenue Code, or  
373 who claims a tax credit under Section 24, Internal Revenue Code, as allowed on the claimant's  
374 federal individual income tax return for the taxable year.
- 375 (b) "Eligible insured individual" means:
- 376 (i) the claimant who is insured under a health benefit plan;
- 377 (ii) the spouse of the claimant described in Subsection (1)(b)(i) if:
- 378 (A) the claimant files a single return jointly under this chapter with the claimant's  
379 spouse for the taxable year; and
- 380 (B) the spouse is insured under the health benefit plan described in Subsection  
381 (1)(b)(i); or
- 382 (iii) a dependent of the claimant described in Subsection (1)(b)(i) if:
- 383 (A) the claimant claims the dependent under Section 151, Internal Revenue Code, as  
384 allowed on the claimant's federal individual income tax return for the taxable year; and
- 385 (B) the dependent is insured under the health benefit plan described in Subsection  
386 (1)(b)(i).
- 387 (c) "Excluded expenses" means an amount a claimant pays for insurance offered under  
388 a health benefit plan for a taxable year if:
- 389 (i) the claimant claims a tax credit for that amount under Section 35, Internal Revenue  
390 Code:
- 391 (A) on the claimant's federal individual income tax return for the taxable year; and  
392 (B) with respect to an eligible insured individual;
- 393 (ii) the claimant deducts that amount under Section 162 or 213, Internal Revenue  
394 Code:
- 395 (A) on the claimant's federal individual income tax return for the taxable year; and  
396 (B) with respect to an eligible insured individual; or
- 397 (iii) the claimant excludes that amount from gross income under Section 106 or 125,  
398 Internal Revenue Code, with respect to an eligible insured individual.
- 399 (d) (i) "Health benefit plan" [~~is as~~] means the same as that term is defined in Section

400 31A-1-301.

401 (ii) "Health benefit plan" does not include equivalent self-insurance as defined by the  
402 Insurance Department by rule made in accordance with Title 63G, Chapter 3, Utah  
403 Administrative Rulemaking Act.

404 (e) "Joint claimant with no dependents" means [~~a husband and wife~~] spouses who:

405 (i) file a single return jointly under this chapter for the taxable year; and

406 (ii) do not claim a dependent under Section 151, Internal Revenue Code, on the  
407 [~~husband's and wife's~~] spouses' federal individual income tax return for the taxable year.

408 (f) "Single claimant with no dependents" means:

409 (i) a single individual who:

410 (A) files a single federal individual income tax return for the taxable year; and

411 (B) does not claim a dependent under Section 151, Internal Revenue Code, on the  
412 single individual's federal individual income tax return for the taxable year;

413 (ii) a head of household:

414 (A) as defined in Section 2(b), Internal Revenue Code, who files a single federal  
415 individual income tax return for the taxable year; and

416 (B) who does not claim a dependent under Section 151, Internal Revenue Code, on the  
417 head of household's federal individual income tax return for the taxable year; or

418 (iii) a married individual who:

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

421 (B) does not claim a dependent under Section 151, Internal Revenue Code, on that  
422 married individual's federal individual income tax return for the taxable year.

423 (2) Subject to Subsection (3), and except as provided in Subsection (4), [~~for taxable~~  
424 ~~years beginning on or after January 1, 2009,~~] a claimant may claim a nonrefundable tax credit  
425 equal to the product of:

426 (a) the difference between:

427 (i) the total amount the claimant pays during the taxable year for:

428 (A) insurance offered under a health benefit plan; and

429 (B) an eligible insured individual; and

430 (ii) excluded expenses; and

431 (b) [5%] the percentage listed in Subsection 59-10-104(2).

432 (3) The maximum amount of a tax credit described in Subsection (2) a claimant may  
433 claim on a return for a taxable year is:

434 (a) for a single claimant with no dependents, \$300;

435 (b) for a joint claimant with no dependents, \$600; or

436 (c) for a claimant with dependents, \$900.

437 (4) A claimant may not claim a tax credit under this section if the claimant is eligible to  
438 participate in insurance offered under a health benefit plan maintained and funded in whole or  
439 in part by:

440 (a) the claimant's employer; or

441 (b) another person's employer.

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

443 Section 11. Section **59-10-1028** is amended to read:

444 **59-10-1028. Nonrefundable tax credit for capital gain transactions on the**  
445 **exchange of one form of legal tender for another form of legal tender.**

446 (1) As used in this section:

447 (a) "Capital gain transaction" means a transaction that results in a:

448 (i) short-term capital gain; or

449 (ii) long-term capital gain.

450 (b) "Long-term capital gain" [~~is as~~] means the same as that term is defined in Section  
451 1222, Internal Revenue Code.

452 (c) "Long-term capital loss" [~~is as~~] means the same as that term is defined in Section  
453 1222, Internal Revenue Code.

454 (d) "Net capital gain" means the amount by which the sum of long-term capital gains  
455 and short-term capital gains on a claimant's, estate's, or trust's transactions from exchanges  
456 made for a taxable year of one form of legal tender for another form of legal tender exceeds the  
457 sum of long-term capital losses and short-term capital losses on those transactions for that  
458 taxable year.

459 (e) "Short-term capital loss" [~~is as~~] means the same as that term is defined in Section  
460 1222, Internal Revenue Code.

461 (f) "Short-term capital gain" [~~is as~~] means the same as that term is defined in Section

462 1222, Internal Revenue Code.

463 (2) Except as provided in Section 59-10-1002.2, [~~for taxable years beginning on or~~  
464 ~~after January 1, 2012,~~] a claimant, estate, or trust may claim a nonrefundable tax credit equal to  
465 the product of:

466 (a) to the extent a net capital gain is included in taxable income, the amount of the  
467 claimant's, estate's, or trust's net capital gain on capital gain transactions from exchanges made  
468 on or after January 1, 2012, for a taxable year, of one form of legal tender for another form of  
469 legal tender; and

470 (b) [5%] the percentage listed in Subsection 59-10-104(2).

471 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under  
472 this section.

473 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
474 commission may make rules to implement this section.

475 Section 12. Section 59-10-1035 is amended to read:

476 **59-10-1035. Nonrefundable tax credit for contribution to state Achieving a Better**  
477 **Life Experience Program account.**

478 (1) As used in this section:

479 (a) "Account" means an account in a qualified ABLE program where the designated  
480 beneficiary of the account is a resident of this state.

481 (b) "Contributor" means a claimant, estate, or trust that:

482 (i) makes a contribution to an account; and

483 (ii) receives a statement from the qualified ABLE program itemizing the contribution.

484 (c) "Designated beneficiary" means the same as that term is defined in 26 U.S.C. Sec.  
485 529A.

486 (d) "Qualified ABLE program" means the same as that term is defined in Section  
487 35A-12-102.

488 (2) A contributor to an account may claim a nonrefundable tax credit as provided in  
489 this section.

490 (3) Subject to the other provisions of this section, the tax credit is equal to the product  
491 of:

492 (a) [5%] the percentage listed in Subsection 59-10-104(2); and



- 493 (b) the total amount of contributions:
- 494 (i) the contributor makes for the taxable year; and
- 495 (ii) for which the contributor receives a statement from the qualified ABLE program
- 496 itemizing the contributions.
- 497 (4) A contributor may not claim a tax credit under this section:
- 498 (a) for an amount of excess contribution to an account that is returned to the
- 499 contributor; or
- 500 (b) with respect to an amount the contributor deducts on a federal income tax return.
- 501 (5) A tax credit under this section may not be carried forward or carried back.
- 502 Section 13. Section **59-10-1036** is amended to read:
- 503 **59-10-1036. Nonrefundable tax credit for military survivor benefits.**
- 504 (1) As used in this section:
- 505 (a) "Dependent child" means the same as that term is defined in 10 U.S.C. Sec. 1447.
- 506 (b) "Reserve components" means the same as that term is described in 10 U.S.C. Sec.
- 507 10101.
- 508 (c) "Surviving spouse" means the same as that term is defined in 10 U.S.C. Sec. 1447.
- 509 (d) "Survivor benefits" means the amount paid by the federal government in
- 510 accordance with 10 U.S.C. Secs. 1447 through 1455.
- 511 (2) A surviving spouse or dependent child may claim a nonrefundable tax credit for
- 512 survivor benefits if the benefits are paid due to:
- 513 (a) the death of a member of the armed forces or reserve components while on active
- 514 duty; or
- 515 (b) the death of a member of the reserve components that results from a
- 516 service-connected cause while performing inactive duty training.
- 517 (3) The tax credit described in Subsection (2) is equal to the product of:
- 518 (a) the amount of survivor benefits that the surviving spouse or dependent child
- 519 received during the taxable year; and
- 520 (b) ~~5%~~ the percentage listed in Subsection [59-10-104\(2\)](#).
- 521 (4) ~~The~~ A surviving spouse or a dependent child may not carry forward or carry back
- 522 a tax credit described in Subsection (2)~~].~~
- 523 ~~[(a) may not be carried forward or carried back; and]~~

524 [~~(b) applies to a taxable year beginning on or after January 1, 2017.~~]

525 Section 14. **Effective date.**

526 This bill takes effect for a taxable year beginning on or after January 1, 2021.