

Senator Jacob L. Anderegg proposes the following substitute bill:

TAX CREDIT FOR TELECOMMUTING

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jacob L. Anderegg

House Sponsor: _____

LONG TITLE

General Description:

This bill enacts provisions related to nonrefundable income tax credits.

Highlighted Provisions:

This bill:

- ▶ creates a nonrefundable income tax credit for employers that employ telecommuters; and
- ▶ defines terms.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

ENACTS:

59-7-625, Utah Code Annotated 1953

59-10-1041, Utah Code Annotated 1953

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

Section 1. Section **59-7-625** is enacted to read:



- 26 59-7-625. Nonrefundable tax credit for employing a telecommuter.
27 (1) As used in this section:
28 (a) "Business entity" means the same as that term is defined in Section [13-1-2](#).
29 (b) "Eligible employer" means a business entity:
30 (i) whose principal business location is not the residence of an employee or owner of
31 the business entity; and
32 (ii) that employs a telecommuter.
33 (c) "Principal business location" means the principal place in the state from which the
34 trade or business of a business entity is directed or managed.
35 (d) "Telecommuter" means an individual who:
36 (i) is employed by an eligible employer;
37 (ii) worked in the state for the employer at least 35 hours per week for no less than 45
38 of the 52 weeks in the preceding taxable year; and
39 (iii) worked from the individual's residence in the state an average of three or more
40 days per week during the time period described in Subsection (1)(d)(ii).
41 (2) A corporation that is an eligible employer may claim a nonrefundable tax credit as
42 provided in this section against a tax under this chapter.
43 (3) A tax credit under this section is equal to \$50 for each telecommuter employed by
44 the corporation.
45 (4) For each telecommuter for whom a tax credit is claimed under this section, a
46 corporation shall retain the telecommuter's:
47 (a) name;
48 (b) taxpayer identification number;
49 (c) last known address;
50 (d) start date for the employment; and
51 (e) documentation establishing that the telecommuter met the requirements of
52 Subsection (1).
53 (5) A corporation shall provide the information described in Subsection (4) to the
54 commission at the request of the commission.
55 (6) A corporation may carry forward a tax credit under this section for a period that
56 does not exceed the next five taxable years if:

57 (a) the corporation is allowed to claim a tax credit under this section for a taxable year;
58 and

59 (b) the amount of the tax credit exceeds the corporation's tax liability under this chapter
60 for that taxable year.

61 Section 2. Section **59-10-1041** is enacted to read:

62 **59-10-1041. Nonrefundable tax credit for employing a telecommuter.**

63 (1) As used in this section:

64 (a) "Business entity" means the same as that term is defined in Section [13-1-2](#).

65 (b) "Eligible employer" means a business entity:

66 (i) whose principal business location is not the residence of an employee or owner of
67 the business entity; and

68 (ii) that employs a telecommuter.

69 (c) "Principal business location" means the principal place in the state from which the
70 trade or business of a business entity is directed or managed.

71 (d) "Telecommuter" means an individual who:

72 (i) is employed by an eligible employer;

73 (ii) worked in the state for the employer at least 35 hours per week for no less than 45
74 of the 52 weeks in the preceding taxable year; and

75 (iii) worked from the individual's residence in the state an average of three or more
76 days per week during the time period described in Subsection (1)(d)(ii).

77 (2) A claimant, estate, or trust that is an eligible employer may claim a nonrefundable
78 tax credit as provided in this section against a tax under this chapter.

79 (3) A tax credit under this section is equal to \$50 for each telecommuter employed by
80 the claimant, estate, or trust.

81 (4) For each telecommuter for whom a tax credit is claimed under this section, a
82 claimant, estate, or trust shall retain the telecommuter's:

83 (a) name;

84 (b) taxpayer identification number;

85 (c) last known address;

86 (d) start date for the employment; and

87 (e) documentation establishing that the telecommuter met the requirements of

88 Subsection (1).

89 (5) A claimant, estate, or trust shall provide the information described in Subsection
90 (4) to the commission at the request of the commission.

91 (6) A claimant, estate, or trust may carry forward a tax credit under this section for a
92 period that does not exceed the next five taxable years if:

93 (a) the claimant, estate, or trust is allowed to claim a tax credit under this section for a
94 taxable year; and

95 (b) the amount of the tax credit exceeds the claimant, estate, or trust's tax liability
96 under this chapter for that taxable year.

97 Section 3. **Retrospective operation.**

98 This bill has retrospective operation for a taxable year beginning on or after January 1,
99 2020.