

**INTERGENERATIONAL POVERTY WORK AND
SELF-SUFFICIENCY TAX CREDIT**

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Robert M. Spendlove

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts a state earned income tax credit.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ enacts a refundable state earned income tax credit for individuals who are experiencing intergenerational poverty;
- ▶ imposes notification and reporting requirements on the Department of Workforce Services related to individuals who may qualify for the income tax credit;
- ▶ provides for apportionment of the income tax credit;
- ▶ addresses the time period for the State Tax Commission to issue a refund of the state earned income tax credit; and
- ▶ addresses the State Tax Commission's use of the report provided by the Department of Workforce Services.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:



28 AMENDS:

29 [59-10-529.1](#), as enacted by Laws of Utah 2015, Chapter 369

30 ENACTS:

31 [35A-9-214](#), Utah Code Annotated 1953

32 [59-10-1102.1](#), Utah Code Annotated 1953

33 [59-10-1113](#), Utah Code Annotated 1953



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

36 Section 1. Section [35A-9-214](#) is enacted to read:

37 **[35A-9-214](#). Income tax credit notification -- Intergenerational poverty report to**
38 **State Tax Commission.**

39 (1) As used in this section:

40 (a) "Commission" means the State Tax Commission.

41 (b) "Experiencing intergenerational poverty" means:

42 (i) the individual received public assistance during the previous calendar year;

43 (ii) the individual received public assistance for 12 months or more since the individual
44 reached 18 years old; and

45 (iii) the individual or the individual's family received public assistance for 12 months
46 or more before the individual reached 18 years old.

47 (2) (a) On or before January 31, the department shall provide a notice to each
48 individual that the department identifies as experiencing intergenerational poverty.

49 (b) The notice described in Subsection (2)(a) shall:

50 (i) inform the individual of the income tax credit available under Section [59-10-1113](#);
51 and

52 (ii) explain the eligibility requirements and process for claiming an income tax credit
53 under Section [59-10-1113](#).

54 (3) (a) On or before March 1, the department shall provide, in accordance with
55 applicable federal law, the commission with an electronic report.

56 (b) The electronic report shall include the following information for each individual to
57 whom the department provided notice in accordance with this section during the preceding
58 year:

- 59 (i) the individual's name; and
- 60 (ii) the individual's social security number.
- 61 (c) The department and the commission shall ensure that the information contained in
- 62 each electronic report is secure and confidential.

63 Section 2. Section **59-10-529.1** is amended to read:

64 **59-10-529.1. Time period for commission to issue a refund.**

65 (1) Except as provided in Subsection (2), the commission may not issue a refund

66 before March 1.

67 (2) The commission may issue a refund before March 1 if, before March 1, the

68 commission determines that:

69 (a) (i) an employer has filed the one or more forms in accordance with Subsection

70 59-10-406(8) the employer is required to file with respect to an individual; and

71 (ii) for a refund of a tax credit described in Section 59-10-1113, the Department of

72 Workforce Services has submitted the electronic report required by Section 35A-9-214; and

73 (b) the individual has filed a return in accordance with this chapter.

74 Section 3. Section **59-10-1102.1** is enacted to read:

75 **59-10-1102.1. Apportionment of tax credit.**

76 A nonresident individual or a part-year resident individual who claims a tax credit

77 described in Section 59-10-1113 may claim only an apportioned amount of the tax credit equal

78 to the product of:

79 (1) the state income tax percentage for the nonresident individual or the state income

80 tax percentage for the part-year resident individual; and

81 (2) the amount of the tax credit that the nonresident individual or the part-year resident

82 individual would have been allowed to claim but for the apportionment requirement of this

83 section.

84 Section 4. Section **59-10-1113** is enacted to read:

85 **59-10-1113. Refundable state earned income tax credit.**

86 (1) As used in this section:

87 (a) "Department" means the Department of Workforce Services created in Section

88 35A-1-103.

89 (b) "Federal earned income tax credit" means the federal earned income tax credit

90 described in Section 32, Internal Revenue Service.

91 (c) "Qualifying claimant" means a resident individual or a nonresident individual who:

92 (i) is identified by the department as experiencing intergenerational poverty in

93 accordance with Section [35A-9-214](#); and

94 (ii) claimed a federal earned income tax credit for the previous taxable year.

95 (2) Except as provided in Section [59-10-1102.1](#), a qualifying claimant may claim a

96 refundable earned income tax credit equal to 10% of the amount of the federal earned income

97 tax credit that the qualifying claimant was entitled to claim on a federal income tax return in

98 the previous taxable year.

99 (3) (a) The commission shall use the electronic report described in Section [35A-9-214](#)

100 to verify that a qualifying claimant is identified as experiencing intergenerational poverty.

101 (b) The commission may not use the electronic report described in Section [35A-9-214](#)

102 for any other purpose.

103 **Section 5. Retrospective operation.**

104 This bill has retrospective operation for a taxable year beginning on or after January 1,

105 2021.