

Representative Joel K. Briscoe proposes the following substitute bill:

TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Casey Snider

6	Cosponsors:	Wayne A. Harper	Scott D. Sandall
7	J. Stuart Adams	David P. Hinkins	Jerry W. Stevenson
8	Jacob L. Anderegg	Don L. Ipson	Daniel W. Thatcher
9	Curtis S. Bramble	John D. Johnson	Evan J. Vickers
10	David G. Buxton	Michael S. Kennedy	Todd D. Weiler
11	Kirk A. Cullimore	Michael K. McKell	Chris H. Wilson
12	Lincoln Fillmore	Ann Millner	Ronald M. Winterton
13	Keith Grover	Derrin R. Owens	

LONG TITLE

General Description:

This bill modifies income tax provisions.

Highlighted Provisions:

This bill:

- ▶ amends the corporate franchise and income tax rates;
- ▶ amends the individual income tax rate;
- ▶ expands eligibility for the social security benefits tax credit by increasing the threshold for the income-based phaseout; and
- ▶ enacts a state earned income tax credit and provides for apportionment of that



25 credit.

26 **Money Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 This bill provides retrospective operation.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-7-104**, as last amended by Laws of Utah 2020, Chapter 354

33 **59-7-201**, as last amended by Laws of Utah 2018, Chapter 456

34 **59-10-104**, as last amended by Laws of Utah 2018, Chapter 456

35 **59-10-1042**, as enacted by Laws of Utah 2021, Chapter 428

36 ENACTS:

37 **59-10-1102.1**, Utah Code Annotated 1953

38 **59-10-1114**, Utah Code Annotated 1953



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

41 Section 1. Section **59-7-104** is amended to read:

42 **59-7-104. Tax -- Minimum tax.**

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

47 (2) The tax shall be [~~4.95%~~] 4.85% of a corporation's Utah taxable income.

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

49 Section 2. Section **59-7-201** is amended to read:

50 **59-7-201. Tax -- Minimum tax.**

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

55 (2) The tax imposed by Subsection (1) shall be [~~4.95%~~] 4.85% of a corporation's Utah

56 taxable income.

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

58 Section 3. Section **59-10-104** is amended to read:

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

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

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

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

65 (b) [~~4.95%~~] 4.85%.

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

68 Section 4. Section **59-10-1042** is amended to read:

69 **59-10-1042. Nonrefundable tax credit for social security benefits.**

70 (1) As used in this section:

71 (a) "Head of household filing status" means the same as that term is defined in Section
72 59-10-1018.

73 (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.

74 (c) "Married filing separately status" means a married individual who:

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

77 (ii) files a single federal individual income tax return for the taxable year.

78 (d) "Modified adjusted gross income" means the sum of the following for a claimant
79 or, if the claimant's return under this chapter is allowed a joint filing status, the claimant and
80 the claimant's spouse:

81 (i) adjusted gross income for the taxable year for which a tax credit is claimed under
82 this section;

83 (ii) any interest income that is not included in adjusted gross income for the taxable
84 year described in Subsection (1)(d)(i); and

85 (iii) any addition to adjusted gross income required by Section 59-10-114 for the
86 taxable year described in Subsection (1)(d)(i).

87 (e) "Single filing status" means a single individual who files a single federal individual
88 income tax return for the taxable year.

89 (f) "Social security benefit" means an amount received by a claimant as a monthly
90 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.

91 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each
92 claimant on a return that receives a social security benefit may claim a nonrefundable tax credit
93 against taxes otherwise due under this part equal to the product of:

94 (a) the percentage listed in Subsection 59-10-104(2); and

95 (b) the claimant's social security benefit that is included in adjusted gross income on
96 the claimant's federal income tax return for the taxable year.

97 (3) (a) A claimant may not:

98 (i) carry forward or carry back the amount of a tax credit under this section that
99 exceeds the claimant's tax liability for the taxable year; or

100 (ii) claim a tax credit under this section and a tax credit under Section 59-10-1019.

101 (b) A claimant that qualifies for a tax credit under this section and a tax credit under
102 Section 59-10-1019 may elect whether to claim a tax credit under this section or a tax credit
103 under Section 59-10-1019.

104 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part
105 shall be reduced by \$.025 for each dollar by which modified adjusted gross income for
106 purposes of the return exceeds:

107 (a) for a federal individual income tax return that is allowed a married filing separately
108 status, [~~\$25,000~~] \$31,000;

109 (b) for a federal individual income tax return that is allowed a single filing status,
110 [~~\$30,000~~] \$37,000;

111 (c) for a federal individual income tax return that is allowed a head of household filing
112 status, [~~\$50,000~~] \$62,000; or

113 (d) for a return under this chapter that is allowed a joint filing status, [~~\$50,000~~]
114 \$62,000.

115 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
116 commission may make rules governing the calculation and method for claiming the tax credit
117 described in this section.

118 Section 5. Section **59-10-1102.1** is enacted to read:

119 **59-10-1102.1. Apportionment of tax credits.**

120 A nonresident individual or a part-year resident individual described in Section
121 59-10-1114 who claims the tax credit may only claim an apportioned amount of the tax credit
122 equal to the product of:

123 (1) the state income tax percentage for the nonresident individual or the state income
124 tax percentage for the part-year resident individual; and

125 (2) the amount of the tax credit that the nonresident individual or the part-year resident
126 individual would have been allowed to claim but for the apportionment requirement of this
127 section.

128 Section 6. Section **59-10-1114** is enacted to read:

129 **59-10-1114. Refundable earned income tax credit.**

130 (1) As used in this section:

131 (a) "Federal earned income tax credit" means the federal earned income tax credit
132 described in Section 32, Internal Revenue Code.

133 (b) "Qualifying claimant" means a resident or nonresident individual who:

134 (i) qualifies and claims the federal earned income tax credit for the current taxable
135 year; and

136 (ii) earns income in Utah that is reported on a W-2 form.

137 (2) Subject to Section 59-10-1102.1, a qualifying claimant may claim a refundable
138 earned income tax credit equal to the lesser of:

139 (a) 15% of the amount of the federal earned income tax credit that the qualifying
140 claimant was entitled to claim on a federal income tax return for the current taxable year; or

141 (b) the total Utah wages reported on the qualifying claimant's W-2 form for the current
142 taxable year.

143 Section 7. **Retrospective operation.**

144 This bill has retrospective operation for a taxable year beginning on or after January 1,
145 2022.