

SB0059S05 compared with SB0059S04

~~text~~ shows text that was in SB0059S04 but was deleted in SB0059S05.

text shows text that was not in SB0059S04 but was inserted into SB0059S05.

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Representative ~~Casey Snider~~Joel K. Briscoe proposes the following substitute bill:

TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Casey Snider

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

LONG TITLE

General Description:

This bill modifies income tax provisions.

Highlighted Provisions:

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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 credit.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

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

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

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

~~{ **59-10-1002.2**, as last amended by Laws of Utah 2021, Chapters 68 and 428~~

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

ENACTS:

~~{**59-10-1044**}; **59-10-1102.1**, Utah Code Annotated 1953~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4. Section ~~{59-10-1002.2}~~ 59-10-1042 is amended to read:

~~{~~ 59-10-1002.2. Apportionment of tax credits.

~~(1) A nonresident individual or a part-year resident individual that claims a tax credit in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-1024, 59-10-1028, 59-10-1042, [or] 59-10-1043, or 59-10-1044 may only claim an apportioned amount of the tax credit equal to:~~

~~(a) for a nonresident individual, the product of:~~

~~(i) the state income tax percentage for the nonresident individual; and~~

~~(ii) the amount of the tax credit that the nonresident individual would have been allowed to claim but for the apportionment requirements of this section; or~~

~~(b) for a part-year resident individual, the product of:~~

~~(i) the state income tax percentage for the part-year resident individual; and~~

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~~—— (ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim but for the apportionment requirements of this section.~~

~~—— (2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an apportioned amount of the tax credit equal to the product of:~~

~~—— (a) the state income tax percentage for the nonresident estate or trust; and~~

~~—— (b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.~~

~~—— Section 5. Section 59-10-1042 is amended to read:~~

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

(1) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) (a) A claimant may not:

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

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

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

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

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

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

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

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

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

Section ~~{6}~~5. Section ~~{59-10-1044}~~59-10-1102.1 is enacted to read:

59-10-1102.1. Apportionment of tax credits.

A nonresident individual or a part-year resident individual described in Section 59-10-1114 who claims the tax credit may only claim an apportioned amount of the tax credit

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equal to the product of:

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

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

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

~~{59-10-1044}~~59-10-1114. ~~{ Nonrefundable}~~ Refundable earned income tax credit.

(1) As used in this section:

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

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

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

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

(2) Subject to Section ~~{59-10-1002}~~59-10-1102. ~~{2}~~1, a qualifying claimant may claim a ~~{nonrefundable}~~refundable earned income tax credit equal to the lesser of:

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

~~—— (3) A qualifying claimant may not carry forward or carry back the amount of the earned income tax credit that exceeds}; or~~

(b) the total Utah wages reported on the qualifying claimant's ~~{tax liability}~~ W-2 form for the current taxable year.

Section 7. **Retrospective** ~~{Operation}~~operation.

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