LEGISLATIVE GENERAL COUNSEL
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H.B. 88
1st Sub. (Buff)

Representative Walt Brooks proposes the following substitute bill:

SOCIAL SECURITY TAX AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Walt Brooks

Senate Sponsor: Don L. Ipson

LONG TITLE

General Description:

This bill modifies the individual income tax credit for social security benefits.

Highlighted Provisions:

This bill:

- expands eligibility for the social security benefits tax credit by increasing the thresholds for the income-based phaseout.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-10-1042, as last amended by Laws of Utah 2022, Chapters 12, 258

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

Section 1. 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.

(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 claimant may not:

(a) 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

(b) claim a tax credit under this section for a taxable year if a tax credit under Section 59-10-1019 is claimed on the claimant's return for the same taxable year.

(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, [~~$31,000~~] $42,000;

(b) for a federal individual income tax return that is allowed a single filing status, [~~$37,000~~] $54,000;

(c) for a federal individual income tax return that is allowed a head of household filing status, [~~$62,000~~] $84,000; or

(d) for a return under this chapter that is allowed a joint filing status, [~~$62,000~~] $84,000.

(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.