

**TAX DEPENDENT AMENDMENTS**

2023 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Karianne Lisonbee**

Senate Sponsor: Michael S. Kennedy

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**LONG TITLE**

**General Description:**

This bill modifies the exemption provisions of the taxpayer tax credit.

**Highlighted Provisions:**

This bill:

► adds to the taxpayer tax credit an additional Utah personal exemption in the year of a qualifying dependent's birth.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:

**59-10-1018**, as last amended by Laws of Utah 2021, Chapter 75

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

Section 1. Section **59-10-1018** is amended to read:

**59-10-1018. Definitions -- Nonrefundable taxpayer tax credits.**

(1) As used in this section:

(a) "Head of household filing status" means a head of household, as defined in Section 2(b), Internal Revenue Code, who files a single federal individual income tax return for the



28 taxable year.

29 (b) "Joint filing status" means:

30 (i) spouses who file a single return jointly under this chapter for a taxable year; or

31 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a  
32 single federal individual income tax return for the taxable year.

33 (c) "Qualifying dependent" means an individual with respect to whom the claimant is  
34 allowed to claim a tax credit under Section 24, Internal Revenue Code, on the claimant's  
35 federal individual income tax return for the taxable year.

36 (d) "Single filing status" means:

37 (i) a single individual who files a single federal individual income tax return for the  
38 taxable year; or

39 (ii) a married individual who:

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

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

43 (e) "State or local income tax" means the lesser of:

44 (i) the amount of state or local income tax that the claimant:

45 (A) pays for the taxable year; and

46 (B) reports on the claimant's federal individual income tax return for the taxable year,  
47 regardless of whether the claimant is allowed an itemized deduction on the claimant's federal  
48 individual income tax return for the taxable year for the full amount of state or local income tax  
49 paid; and

50 (ii) \$10,000.

51 (f) (i) "Utah itemized deduction" means the amount the claimant deducts as allowed as  
52 an itemized deduction on the claimant's federal individual income tax return for that taxable  
53 year minus any amount of state or local income tax for the taxable year.

54 (ii) "Utah itemized deduction" does not include any amount of qualified business  
55 income that the claimant subtracts as allowed by Section 199A, Internal Revenue Code, on the  
56 claimant's federal income tax return for that taxable year.

57 (g) "Utah personal exemption" means, subject to Subsection (6), \$1,750 multiplied by  
58 the number of the claimant's qualifying dependents plus an additional qualifying dependent in

59 the year of a qualifying dependent's birth.

60 (2) Except as provided in Section 59-10-1002.2, and subject to Subsections (3) through  
61 (5), a claimant may claim a nonrefundable tax credit against taxes otherwise due under this part  
62 equal to the sum of:

63 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal  
64 individual income tax return for the taxable year, 6% of the amount the claimant deducts as  
65 allowed as the standard deduction on the claimant's federal individual income tax return for  
66 that taxable year; or

67 (ii) for a claimant that itemizes deductions on the claimant's federal individual income  
68 tax return for the taxable year, 6% of the amount of the claimant's Utah itemized deduction;  
69 and

70 (b) 6% of the claimant's Utah personal exemption.

71 (3) A claimant may not carry forward or carry back a tax credit under this section.

72 (4) The tax credit allowed by Subsection (2) shall be reduced by \$.013 for each dollar  
73 by which a claimant's state taxable income exceeds:

74 (a) for a claimant who has a single filing status, \$15,095;

75 (b) for a claimant who has a head of household filing status, \$22,643; or

76 (c) for a claimant who has a joint filing status, \$30,190.

77 (5) (a) For a taxable year beginning on or after January 1, 2022, the commission shall  
78 increase or decrease annually the following dollar amounts by a percentage equal to the  
79 percentage difference between the consumer price index for the preceding calendar year and  
80 the consumer price index for calendar year 2020:

81 (i) the dollar amount listed in Subsection (4)(a); and

82 (ii) the dollar amount listed in Subsection (4)(b).

83 (b) After the commission increases or decreases the dollar amounts listed in Subsection  
84 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the  
85 nearest whole dollar.

86 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),  
87 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that  
88 the dollar amount listed in Subsection (4)(c) is equal to the product of:

89 (i) the dollar amount listed in Subsection (4)(a); and

90 (ii) two.

91 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer  
92 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

93 (6) (a) For a taxable year beginning on or after January 1, 2022, the commission shall  
94 increase annually the Utah personal exemption amount listed in Subsection (1)(g) by a  
95 percentage equal to the percentage by which the consumer price index for the preceding  
96 calendar year exceeds the consumer price index for calendar year 2020.

97 (b) After the commission increases the Utah personal exemption amount as described  
98 in Subsection (6)(a), the commission shall round the Utah personal exemption amount to the  
99 nearest whole dollar.

100 (c) For purposes of Subsection (6)(a), the commission shall calculate the consumer  
101 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

102 **Section 2. Retrospective operation.**

103 This bill has retrospective operation for a taxable year beginning on or after January 1,  
104 2023.