

**INDEPENDENT CONTRACTOR BENEFITS TAX CREDIT
AMENDMENTS**

2024 GENERAL SESSION
STATE OF UTAH

Chief Sponsor: John D. Johnson
House Sponsor: _____

LONG TITLE

General Description:

This bill enacts an income tax credit for the purchase of insurance benefits.

Highlighted Provisions:

This bill:

- ▶ enacts a nonrefundable income tax credit for:
 - a hiring party that contributes to the purchase of a portable benefit plan or other insurance benefits on behalf of an independent contractor; and
 - an independent contractor that pays for a portable benefit plan or other insurance benefits out of pocket; and
- ▶ provides for apportionment of the income tax credit.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-10-1002.2, as last amended by Laws of Utah 2023, Chapters 460, 462

ENACTS:

59-7-627, Utah Code Annotated 1953



28 [59-10-1048](#), Utah Code Annotated 1953

29

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

31 Section 1. Section [59-7-627](#) is enacted to read:

32 **[59-7-627](#). Nonrefundable tax credit for purchase of insurance benefits.**

33 (1) As used in this section:

34 (a) "Contribution" means an amount, up to \$2,000, paid to:

35 (i) a portable benefit plan; or

36 (ii) an independent contractor to purchase a portable benefit plan or an insurance

37 product regulated by Title 31A, Insurance Code, or Title 35A, Chapter 4, Employment Security

38 Act.

39 (b) "Hiring party" means the same as that term is defined in Section [34-57-101](#).

40 (c) "Independent contractor" means the same as that term is defined in Section

41 [34A-2-103](#).

42 (d) (i) "Payment" means an amount, up to \$2,000, paid to purchase a portable benefit

43 plan or an insurance product regulated by Title 31A, Insurance Code, or Title 35A, Chapter 4,

44 Employment Security Act.

45 (ii) "Payment" does not include an amount that is a contribution.

46 (e) "Portable benefit plan" means the same as that term is defined in Section

47 [34-57-101](#).

48 (2) (a) A taxpayer that is a hiring party may claim a nonrefundable tax credit equal to

49 50% multiplied by the amount of a contribution the hiring party made during the taxable year.

50 (b) A hiring party may not claim a tax credit described in this Subsection (2) to the

51 extent that the hiring party:

52 (i) claims a business expense deduction for the contribution on the hiring party's

53 federal income tax return for that taxable year; or

54 (ii) makes the contribution with income that is not subject to federal income tax.

55 (3) (a) A taxpayer that is an independent contractor may claim a nonrefundable tax

56 credit equal to the percentage listed in Subsection [59-7-104](#)(2) multiplied by the amount of a

57 payment the independent contractor made during the taxable year.

58 (b) An independent contractor may not claim a tax credit described in this Subsection

59 (3) to the extent that the independent contractor makes the payment with income that is not
 60 subject to federal income tax.

61 (4) A hiring party or an independent contractor may not carry forward or carry back the
 62 amount of the tax credit that exceeds tax liability.

63 Section 2. Section **59-10-1002.2** is amended to read:

64 **59-10-1002.2. Apportionment of tax credits.**

65 (1) A nonresident individual or a part-year resident individual that claims a tax credit
 66 in accordance with Section [59-10-1017](#), [59-10-1018](#), [59-10-1019](#), [59-10-1022](#), [59-10-1023](#),
 67 [59-10-1024](#), [59-10-1028](#), [59-10-1042](#), [59-10-1043](#), [59-10-1044](#), [59-10-1046](#), ~~[or]~~ [59-10-1047](#),
 68 or [59-10-1048](#) may only claim an apportioned amount of the tax credit equal to:

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

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

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

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

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

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

77 (2) A nonresident estate or trust that claims a tax credit in accordance with Section
 78 [59-10-1017](#), [59-10-1020](#), [59-10-1022](#), [59-10-1024](#), ~~[or]~~ [59-10-1028](#), or [59-10-1048](#) may only
 79 claim an apportioned amount of the tax credit equal to the product of:

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

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

83 Section 3. Section **59-10-1048** is enacted to read:

84 **59-10-1048. Nonrefundable tax credit for purchase of insurance benefits.**

85 (1) As used in this section:

86 (a) "Contribution" means an amount, up to \$2,000, paid to:

87 (i) a portable benefit plan; or

88 (ii) an independent contractor to purchase a portable benefit plan or an insurance

89 product regulated by Title 31A, Insurance Code, or Title 35A, Chapter 4, Employment Security

90 Act.

91 (b) "Hiring party" means the same as that term is defined in Section 34-57-101.

92 (c) "Independent contractor" means the same as that term is defined in Section
93 34A-2-103.

94 (d) (i) "Payment" means an amount, up to \$2,000, paid to purchase a portable benefit
95 plan or an insurance product regulated by Title 31A, Insurance Code, or Title 35A, Chapter 4,
96 Employment Security Act.

97 (ii) "Payment" does not include an amount that is a contribution.

98 (e) "Portable benefit plan" means the same as that term is defined in Section
99 34-57-101.

100 (2) (a) Subject to Section 59-10-1002.2, a claimant, estate, or trust that is a hiring party
101 may claim a nonrefundable tax credit equal to 50% multiplied by the amount of a contribution
102 the hiring party made during the taxable year.

103 (b) A hiring party may not claim a credit described in this Subsection (2) to the extent
104 that the hiring party:

105 (i) claims a business expense deduction for the contribution on the hiring party's
106 federal income tax return for that taxable year; or

107 (ii) makes the contribution with income that is not subject to federal income tax.

108 (3) (a) Subject to Section 59-10-1002.2, a claimant, estate, or trust that is an
109 independent contractor may claim a nonrefundable tax credit equal to the percentage listed in
110 Subsection 59-10-104(2)(b) multiplied by the amount of a payment the independent contractor
111 made during the taxable year.

112 (b) An independent contractor may not claim a credit described in this Subsection (3)
113 to the extent that the independent contractor makes the payment with income that is not subject
114 to federal income tax.

115 (4) A hiring party or an independent contractor may not carry forward or carry back the
116 amount of the tax credit that exceeds tax liability.

117 **Section 4. Effective date.**

118 This bill takes effect for a taxable year beginning on or after January 1, 2025.