

**UTAH INTERGENERATIONAL POVERTY WORK AND
SELF-SUFFICIENCY TAX CREDIT**

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John R. Westwood

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts a state earned income tax credit.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ enacts a refundable state earned income tax credit for certain individuals who are experiencing intergenerational poverty;
- ▶ requires the Department of Workforce Services to notify individuals who are experiencing intergenerational poverty of the state earned income tax credit and to provide certain information about those individuals to the State Tax Commission;
- ▶ provides for apportionment of the tax credit;
- ▶ addresses the time period for the State Tax Commission to issue a refund of the state earned income tax credit;
- ▶ addresses the State Tax Commission's use of the report provided by the Department of Workforce Services; and
- ▶ requires transfers from the General Fund to reimburse the Education Fund for the amount of the tax credit claimed.

Money Appropriated in this Bill:

None



28 **Other Special Clauses:**

29 This bill provides a special effective date.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-10-529.1**, as enacted by Laws of Utah 2015, Chapter 369

33 ENACTS:

34 **35A-9-202**, Utah Code Annotated 1953

35 **59-10-1102.1**, Utah Code Annotated 1953

36 **59-10-1112**, Utah Code Annotated 1953



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

39 Section 1. Section **35A-9-202** is enacted to read:

40 **35A-9-202. Tax credit notification -- Intergenerational poverty report to tax**
41 **commission.**

42 (1) As used in this section, "commission" means the State Tax Commission.

43 (2) (a) On or before January 31, the department shall provide notice of the tax credit
44 available under Section **59-10-1112** to an individual who the department identifies as
45 experiencing intergenerational poverty due to:

46 (i) the individual's receipt of public assistance during the previous calendar year;

47 (ii) the individual's receipt of public assistance for not less than 12 months since the
48 individual reached age 18; and

49 (iii) the individual's or the individual's family's receipt of public assistance for not less
50 than 12 months during the individual's childhood.

51 (b) The notice described in Subsection (2)(a) shall explain the eligibility requirements
52 and the method for claiming a tax credit under Section **59-10-1112**.

53 (3) (a) On or before March 1, the department shall provide the commission with an
54 electronic report stating, for each individual to whom the department sent the notice described
55 in Subsection (2):

56 (i) the name of the individual; and

57 (ii) the social security number of the individual.

58 (b) The department and the commission shall provide for the security and

59 confidentiality of the information contained in the electronic report.

60 Section 2. Section **59-10-529.1** is amended to read:

61 **59-10-529.1. Time period for commission to issue a refund.**

62 (1) Except as provided in Subsection (2), the commission may not issue a refund
63 before March 1.

64 (2) The commission may issue a refund before March 1 if, before March 1, the
65 commission determines that:

66 (a) (i) an employer has filed the one or more forms in accordance with Subsection

67 59-10-406(8) the employer is required to file with respect to an individual; and

68 (ii) for a refund of a tax credit described in Section 59-10-1112, the Department of
69 Workforce Services has submitted the electronic report required by Section 35A-9-202; and

70 (b) the individual has filed a return in accordance with this chapter.

71 Section 3. Section **59-10-1102.1** is enacted to read:

72 **59-10-1102.1. Apportionment of tax credit.**

73 A nonresident individual or a part-year resident individual who claims the tax credit
74 described in Section 59-10-1112 may only claim an apportioned amount of the tax credit equal
75 to the product of:

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

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

81 Section 4. Section **59-10-1112** is enacted to read:

82 **59-10-1112. Refundable state earned income tax credit -- Definition -- Tax credit**
83 **calculation -- Transfers from General Fund.**

84 (1) As used in this section:

85 (a) "Department" means the Department of Workforce Services created in Section
86 35A-1-103.

87 (b) "Federal earned income tax credit" means the federal earned income tax credit
88 described in Section 32, Internal Revenue Code.

89 (c) "Intergenerational poverty" means the same as that term is defined in Section

90 [35A-9-102.](#)

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

92 (i) is identified by the department as experiencing intergenerational poverty; and

93 (ii) claimed the federal earned income tax credit for the previous taxable year.

94 (2) Except as provided in Section [59-10-1102.1](#), a qualifying claimant may claim a
95 refundable earned income tax credit equal to 10% of the amount of the federal earned income
96 tax credit that the qualifying claimant was entitled to claim on a federal income tax return in
97 the previous taxable year.

98 (3) (a) The commission shall use the electronic report described in Section [35A-9-202](#)
99 to verify that a qualifying claimant is identified as experiencing intergenerational poverty.

100 (b) The commission may not use the electronic report described in Section [35A-9-202](#)
101 for any other purpose.

102 (4) (a) The Division of Finance shall transfer at least annually from the General Fund
103 into the Education Fund an amount equal to the amount of tax credit claimed under this
104 section.

105 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
106 commission may make rules for making the transfer described in Subsection (4)(a).

107 **Section 5. Effective date.**

108 This bill takes effect for a taxable year beginning on or after January 1, 2019.