

1 **UTAH PERSONAL EXEMPTION AMENDMENTS**

2 2019 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Tim Quinn**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies individual income tax provisions.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ modifies definitions;

13 ▶ modifies the calculation of the Utah personal exemption for purposes of the
14 taxpayer tax credit; and

15 ▶ makes technical changes.

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 This bill provides retrospective operation.

20 **Utah Code Sections Affected:**

21 **AMENDS:**

22 **59-10-1018**, as last amended by Laws of Utah 2018, Second Special Session, Chapter 3

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

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

26 **59-10-1018. Definitions -- Nonrefundable taxpayer tax credit.**

27 (1) As used in this section:



28 (a) "Head of household filing status" means a head of household, as defined in Section
29 2(b), Internal Revenue Code, who files a single federal individual income tax return for the
30 taxable year.

31 (b) "Income threshold" means:

32 (i) for a claimant who has a single filing status, an adjusted gross income of \$42,000;

33 (ii) for a claimant who has a head of household filing status, an adjusted gross income
34 of \$56,000; and

35 (iii) for a claimant who has a joint filing status, an adjusted gross income of \$70,000.

36 ~~(b)~~ (c) "Joint filing status" means:

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

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

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

43 ~~(d)~~ (e) "Single filing status" means:

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

46 (ii) a married individual who:

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

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

50 ~~(e)~~ (f) "State or local income tax" means the lesser of:

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

52 (A) pays for the taxable year; and

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

57 (ii) \$10,000.

58 ~~(f)~~ (g) (i) "Utah itemized deduction" means the amount the claimant deducts as

59 allowed as an itemized deduction on the claimant's federal individual income tax return for that
60 taxable year minus any amount of state or local income tax for the taxable year.

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

64 [~~(g)~~] (h) "Utah personal exemption" means, subject to Subsection (6)[~~];~~:

65 (i) for a claimant whose adjusted gross income exceeds the income threshold for the
66 claimant's filing status, \$565 multiplied by the number of the claimant's qualifying
67 dependents[~~];~~; or

68 (ii) for a claimant whose adjusted gross income is equal to or less than the income
69 threshold for the claimant's filing status, \$3,113 multiplied by the number of the claimant's
70 qualifying dependents.

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

74 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal
75 individual income tax return for the taxable year, 6% of the amount the claimant deducts as
76 allowed as the standard deduction on the claimant's federal individual income tax return for
77 that taxable year; or

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

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

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

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

85 (a) for a claimant who has a single filing status, \$12,000;

86 (b) for a claimant who has a head of household filing status, \$18,000; or

87 (c) for a claimant who has a joint filing status, \$24,000.

88 (5) (a) For a taxable year beginning on or after January 1, 2009, the commission shall
89 increase or decrease annually the following dollar amounts by a percentage equal to the

90 percentage difference between the consumer price index for the preceding calendar year and
91 the consumer price index for calendar year 2007:

- 92 (i) the dollar amount listed in Subsection (4)(a); and
- 93 (ii) the dollar amount listed in Subsection (4)(b).

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

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

- 100 (i) the dollar amount listed in Subsection (4)(a); and
- 101 (ii) two.

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

104 (6) (a) For a taxable year beginning on or after January 1, 2019, the commission shall
105 increase annually the Utah personal exemption [~~amount~~] amounts listed in Subsection
106 (1)(~~g~~)(h) by a percentage equal to the percentage by which the consumer price index for the
107 preceding calendar year exceeds the consumer price index for calendar year 2017.

108 (b) After the commission increases the Utah personal exemption [~~amount~~] amounts as
109 described in Subsection (6)(a), the commission shall round the Utah personal exemption
110 [~~amount~~] amounts to the nearest whole dollar.

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

113 **Section 2. Retrospective operation.**

114 This bill has retrospective operation for a taxable year beginning on or after January 1,
115 2019.