

TAX REFORM REVISIONS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tim Quinn

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the calculation of the taxpayer tax credit.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ modifies the calculation of the taxpayer tax credit; and
- ▶ makes technical changes.

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 2012, Chapter 295

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) "Dependent" means the same as that term is defined in Section 152, Internal



28 Revenue Code, except that Section 152(d)(1)(B), Internal Revenue Code, shall be read as
29 "whose gross income for the calendar year in which such taxable year begins is less than the
30 exemption amount (as defined in Section 151(d)(1)-(4))."

31 ~~[(a)]~~ (b) "Dependent adult with a disability" means an individual who:

32 ~~[(i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the~~
33 ~~claimant's federal individual income tax return for the taxable year;]~~

34 (i) is a claimant's dependent;

35 (ii) is not the claimant or the claimant's spouse; and

36 (iii) is:

37 (A) 18 years of age or older;

38 (B) eligible for services under Title 62A, Chapter 5, Services for People with
39 Disabilities; and

40 (C) not enrolled in an education program for students with disabilities that is
41 authorized under Section 53A-15-301.

42 ~~[(b)]~~ (c) "Dependent child with a disability" means an individual 21 years of age or
43 younger who:

44 ~~[(i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the~~
45 ~~claimant's federal individual income tax return for the taxable year;]~~

46 (i) is a claimant's dependent;

47 (ii) is not the claimant or the claimant's spouse; and

48 (iii) is:

49 (A) an eligible student with a disability; or

50 (B) identified under guidelines of the Department of Health as qualified for Early
51 Intervention or Infant Development Services.

52 ~~[(c)]~~ (d) "Eligible student with a disability" means an individual who is:

53 (i) diagnosed by a school district representative under rules the State Board of
54 Education adopts in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
55 Act, as having a disability classified as autism, deafness, preschool developmental delay, dual
56 sensory impairment, hearing impairment, intellectual disability, multidisability, orthopedic
57 impairment, other health impairment, traumatic brain injury, or visual impairment;

58 (ii) not receiving residential services from the Division of Services for People with

59 Disabilities created under Section 62A-5-102 or a school established under Title 53A, Chapter
60 25b, Utah Schools for the Deaf and the Blind; and

61 (iii) (A) enrolled in an education program for students with disabilities that is
62 authorized under Section 53A-15-301; or

63 (B) a recipient of a scholarship awarded under Title 53A, Chapter 1a, Part 7, Carson
64 Smith Scholarships for Students with Special Needs Act.

65 (e) (i) "Federal itemized deduction" means the amount that the claimant deducts as
66 allowed as an itemized deduction on the claimant's federal income tax return for the taxable
67 year.

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

71 [(f)] (f) "Head of household filing status" means a head of household, as defined in
72 Section 2(b), Internal Revenue Code, who files a single federal individual income tax return for
73 the taxable year.

74 [(g)] (g) "Joint filing status" means:

75 (i) [~~a husband and wife~~] spouses who file a single return jointly under this chapter for a
76 taxable year; or

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

79 [(h)] (h) "Single filing status" means:

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

82 (ii) a married individual who:

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

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

86 (i) "State or local property tax" means the amount of property tax that the claimant
87 pays:

88 (i) to a state or local government for the taxable year; and

89 (ii) regardless of whether the claimant is allowed an itemized deduction on the

90 claimant's federal individual income tax return for the taxable year for the full amount of state
91 or local property tax paid.

92 (j) "Utah itemized deduction" means the product of:

93 (i) the amount calculated by:

94 (A) subtracting the state or local tax that the claimant deducts on the federal return
95 from the claimant's federal itemized deduction; and

96 (B) adding to the claimant's federal itemized deduction the amount of state or local
97 property tax; and

98 (ii) 1.06.

99 (k) "Utah personal exemption" means, subject to Subsection (6), \$3,113 per individual
100 for each of the following individuals:

101 (i) the claimant;

102 (ii) the claimant's spouse, if the claimant has a joint filing status;

103 (iii) any individual who is the claimant's dependent, even if the individual is also an
104 individual described in Subsection (1)(k)(iv) or (v);

105 (iv) any individual who is the claimant's dependent and who is a dependent adult with a
106 disability; and

107 (v) any individual who is the claimant's dependent and who is a dependent child with a
108 disability.

109 (l) "Utah standard deduction" means the sum of:

110 (i) 54.1% of the amount of the basic standard deduction, as defined in Section 63,
111 Internal Revenue Code, that the claimant deducts as allowed as a basic standard deduction on
112 the claimant's federal income tax return for that taxable year; and

113 (ii) 100% of the amount of the additional standard deduction, as defined in Section 63,
114 Internal Revenue Code, that the claimant deducts as allowed as an additional standard
115 deduction on the claimant's federal income tax return for that taxable year.

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

119 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal
120 individual income tax return for the taxable year, 6% of the ~~amount the claimant deducts as~~

121 allowed as the standard deduction on the claimant's federal individual income tax return for
122 that taxable year] claimant's Utah standard deduction; or

123 (ii) for a claimant that itemizes deductions on the claimant's federal individual income
124 tax return for the taxable year, [~~the product of:~~] 6% of the claimant's Utah itemized deduction;
125 and

126 [~~(A) the difference between:~~]

127 [~~(F) the amount the claimant deducts as allowed as an itemized deduction on the~~
128 ~~claimant's federal individual income tax return for that taxable year; and]~~

129 [~~(H) any amount of state or local income taxes the claimant deducts as allowed as an~~
130 ~~itemized deduction on the claimant's federal individual income tax return for that taxable year;~~
131 ~~and]~~

132 [~~(B) 6%; and]~~

133 [~~(b) the product of:~~]

134 [~~(i) 75% of the total amount the claimant deducts as allowed as a personal exemption~~
135 ~~deduction on the claimant's federal individual income tax return for that taxable year, plus an~~
136 ~~additional 75% of the amount the claimant deducts as allowed as a personal exemption~~
137 ~~deduction on the claimant's federal individual income tax return for that taxable year with~~
138 ~~respect to each dependent adult with a disability or dependent child with a disability; and]~~

139 [~~(ii) 6%.~~]

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

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

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

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

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

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

147 (5) (a) For [~~taxable years~~] a taxable year beginning on or after January 1, 2009, the
148 commission shall increase or decrease annually the following dollar amounts by a percentage
149 equal to the percentage difference between the consumer price index for the preceding calendar
150 year and the consumer price index for calendar year 2007:

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

152 (ii) the dollar amount listed in Subsection (4)(b).
153 (b) After the commission increases or decreases the dollar amounts listed in Subsection
154 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the
155 nearest whole dollar.
156 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),
157 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that
158 the dollar amount listed in Subsection (4)(c) is equal to the product of:
159 (i) the dollar amount listed in Subsection (4)(a); and
160 (ii) two.
161 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer
162 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.
163 (6) (a) For a taxable year beginning on or after January 1, 2019, the commission shall
164 increase annually the Utah personal exemption amount listed in Subsection (1)(k) by a
165 percentage equal to the percentage by which the consumer price index for the preceding
166 calendar year exceeds the consumer price index for calendar year 2017.
167 (b) After the commission increases the Utah personal exemption amount as described
168 in Subsection (6)(a), the commission shall round the Utah personal exemption amount to the
169 nearest whole dollar.
170 (c) For purposes of Subsection (6)(a), the commission shall calculate the consumer
171 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.
172 (7) A claimant may not claim a Utah personal exemption unless the claimant provides
173 the social security number for each individual the claimant claims as an exemption.
174 **Section 2. Retrospective operation.**
175 This bill has retrospective operation for a taxable year beginning on or after January 1,
176 2018.