

1 **TAX CREDIT FOR EMPLOYER PURCHASE OF PUBLIC**
2 **TRANSIT PASS**

3 2014 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Todd Weiler**

6 House Sponsor: _____

7
8 **LONG TITLE**

9 **General Description:**

10 This bill enacts income tax credits.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ defines terms;
- 14 ▶ enacts tax credits for an employer purchase of a public transit pass; and
- 15 ▶ repeals provisions related to tax credits and enacts the Tax Credit Administration

16 Act.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill has retrospective operation for a taxable year beginning on or after January 1,
21 2014.

22 **Utah Code Sections Affected:**

23 ENACTS:

24 **59-7-616**, Utah Code Annotated 1953

25 **59-7-901**, Utah Code Annotated 1953

26 **59-7-902**, Utah Code Annotated 1953

27 **59-7-903**, Utah Code Annotated 1953



28 [59-10-1032](#), Utah Code Annotated 1953

29 REPEALS:

30 [59-7-615](#), as enacted by Laws of Utah 2002, Chapter 62

31

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

33 Section 1. Section **59-7-616** is enacted to read:

34 **59-7-616. Definitions -- Nonrefundable tax credit for employer purchase of public**
35 **transit pass.**

36 (1) As used in this section:

37 (a) "Eligible public transit pass" means a fare for public transit that is:

38 (i) purchased in a single transaction; and

39 (ii) valid for a time period of one month or more.

40 (b) (i) Except as provided in Subsection (1)(b)(ii), "employer" is as defined in Section
41 [59-10-401](#).

42 (ii) "Employer" does not include a governmental entity.

43 (c) (i) Except as provided in Subsection (1)(c)(ii), "employee" is as defined in Section
44 [59-10-401](#).

45 (ii) "Employee" does not include an individual who performs services for a
46 governmental entity.

47 (d) "Public transit" means transportation:

48 (i) other than air transportation or water transportation;

49 (ii) of passengers only and their incidental baggage;

50 (iii) provided by a governmental entity; and

51 (iv) by means other than:

52 (A) chartered bus;

53 (B) sightseeing bus; or

54 (C) taxi.

55 (2) Subject to the other provisions of this section, an employer that is a corporation
56 may claim a nonrefundable tax credit against a tax under this chapter for a taxable year for the
57 purchase of one or more eligible public transit passes for use in this state by an employee of the
58 employer if the employer:

59 (a) includes the amount paid for the one or more eligible public transit passes in
60 unadjusted income;

61 (b) does not claim the amount paid for the one or more eligible public transit passes as
62 a deduction or tax credit on a state or federal individual income tax return for the taxable year,
63 other than a tax credit under this section; and

64 (c) does not receive reimbursement for the purchase from any other person.

65 (3) With respect to each employee of the employer, the tax credit under this section is
66 equal to the lesser of:

67 (a) 50% of the amount the employer pays for the taxable year for the one or more
68 eligible public transit passes; or

69 (b) \$70 for each month of the taxable year during which the employer purchases an
70 eligible transit pass.

71 (4) (a) An employer that claims a tax credit under this section shall retain a receipt for
72 any amount for which the employer claims a tax credit under this section.

73 (b) At the request of the commission, an employer shall provide a receipt described in
74 Subsection (4)(a) to the commission.

75 (5) An employer may not carry forward or carry back a tax credit under this section.

76 (6) In accordance with any rules prescribed by the commission under Subsection (7),
77 the commission shall transfer at least annually from the General Fund into the Education Fund
78 an amount equal to the amount of tax credit claimed under this section.

79 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
80 commission may make rules for making a transfer from the General Fund into the Education
81 Fund as required by Subsection (6).

82 Section 2. Section **59-7-901** is enacted to read:

83 **Part 9. Tax Credit Administration Act**

84 **59-7-901. Title.**

85 This part is known as the "Tax Credit Administration Act."

86 Section 3. Section **59-7-902** is enacted to read:

87 **59-7-902. Definitions.**

88 As used in this part:

89 (1) "Tax credit" means a nonrefundable tax credit listed on a tax return.

90 (2) "Tax return" means:

91 (a) a corporate return as defined in Section 59-7-101 filed in accordance with this
92 chapter; or

93 (b) a tax return filed in accordance with Chapter 8, Gross Receipts Tax on Certain
94 Corporations Not Required to Pay Corporate Franchise or Income Tax Act.

95 Section 4. Section 59-7-903 is enacted to read:

96 **59-7-903. Removal of tax credit from tax return -- Prohibition on claiming or**
97 **carrying forward a tax credit -- Commission reporting requirements.**

98 (1) Subject to Subsection (2), the commission shall remove a tax credit from a tax
99 return and a person filing a tax return may not claim or carry forward the tax credit if:

100 (a) the total amount of tax credit claimed or carried forward by all persons who file a
101 tax return is less than \$10,000 per taxable year for three consecutive taxable years; and

102 (b) less than 10 persons per year for the three consecutive taxable years described in
103 Subsection (1)(a) file a tax return claiming or carrying forward the tax credit.

104 (2) If the commission determines the requirements of Subsection (1) are met, the
105 commission shall remove a tax credit from a tax return and a person filing a tax return may not
106 claim or carry forward the tax credit beginning two taxable years after the January 1
107 immediately following the date the commission determines the requirements of Subsection (1)
108 are met.

109 (3) The commission shall, on or before the November interim meeting of the year after
110 the taxable year in which the commission determines the requirements of Subsection (1) are
111 met:

112 (a) report to the Revenue and Taxation Interim Committee that, in accordance with this
113 section:

114 (i) the commission is required to remove a tax credit from a return on which the tax
115 credit appears; and

116 (ii) a person filing a tax return may not claim or carry forward the tax credit; and

117 (b) notify each state agency required by statute to assist in the administration of the tax
118 credit that, in accordance with this section:

119 (i) the commission is required to remove a tax credit from a return on which the tax
120 credit appears; and

121 (ii) a person filing a tax return may not claim or carry forward the tax credit.

122 Section 5. Section **59-10-1032** is enacted to read:

123 **59-10-1032. Definitions -- Nonrefundable tax credit for employer purchase of**
124 **public transit pass.**

125 (1) As used in this section:

126 (a) "Eligible public transit pass" means a fare for public transit that is:

127 (i) purchased in a single transaction; and

128 (ii) valid for a time period of one month or more.

129 (b) (i) Except as provided in Subsection (1)(b)(ii), "employer" is as defined in Section
130 59-10-401.

131 (ii) "Employer" does not include a governmental entity.

132 (c) (i) Except as provided in Subsection (1)(c)(ii), "employee" is as defined in Section
133 59-10-401.

134 (ii) "Employee" does not include an individual who performs services for a
135 governmental entity.

136 (d) "Public transit" means transportation:

137 (i) other than air transportation or water transportation;

138 (ii) of passengers only and their incidental baggage;

139 (iii) provided by a governmental entity; and

140 (iv) by means other than:

141 (A) chartered bus;

142 (B) sightseeing bus; or

143 (C) taxi.

144 (2) Subject to the other provisions of this section, an employer that is a claimant,

145 estate, or trust may claim a nonrefundable tax credit against a tax under this chapter for a

146 taxable year for the purchase of one or more eligible public transit passes for use in this state by

147 an employee of the employer if the employer:

148 (a) includes the amount paid for the one or more eligible public transit passes in
149 adjusted gross income;

150 (b) does not claim the amount paid for the one or more eligible public transit passes as
151 a deduction or tax credit on a state or federal individual income tax return for the taxable year,

152 other than a tax credit under this section; and

153 (c) does not receive reimbursement for the purchase from any other person.

154 (3) With respect to each employee of the employer, the tax credit under this section is
155 equal to the lesser of:

156 (a) 50% of the amount the employer pays for the taxable year for the one or more
157 eligible public transit passes; or

158 (b) \$70 for each month of the taxable year during which the employer purchases an
159 eligible transit pass.

160 (4) (a) An employer that claims a tax credit under this section shall retain a receipt for
161 any amount for which the employer claims a tax credit under this section.

162 (b) At the request of the commission, an employer shall provide a receipt described in
163 Subsection (4)(a) to the commission.

164 (5) An employer may not carry forward or carry back a tax credit under this section.

165 (6) In accordance with any rules prescribed by the commission under Subsection (7),
166 the commission shall transfer at least annually from the General Fund into the Education Fund
167 an amount equal to the amount of tax credit claimed under this section.

168 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
169 commission may make rules for making a transfer from the General Fund into the Education
170 Fund as required by Subsection (6).

171 **Section 6. Repealer.**

172 This bill repeals:

173 **Section 59-7-615, Removal of tax credit from tax form and prohibition on claiming**
174 **or carrying forward a tax credit -- Conditions for removal and prohibition on claiming or**
175 **carrying forward a tax credit -- Commission reporting requirements.**

176 **Section 7. Retrospective operation.**

177 This bill has retrospective operation for a taxable year beginning on or after January 1,
178 2014.

Legislative Review Note
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Office of Legislative Research and General Counsel