

1 **TAXPAYER TAX CREDIT MODIFICATIONS**

2 2022 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Karen Mayne**

5 House Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies the taxpayer tax credit.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ expands eligibility for the taxpayer tax credit by including the taxpayer and, if filing
13 jointly, the taxpayer's spouse in the calculation of the Utah personal exemption; and
14 ▶ makes technical changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill provides retrospective operation.

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **59-10-1018**, as last amended by Laws of Utah 2021, Chapter 75

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

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

25 **59-10-1018. Definitions -- Nonrefundable taxpayer tax credits.**

26 (1) As used in this section:

27 (a) "Head of household filing status" means a head of household, as defined in Section



28 2(b), Internal Revenue Code, who files a single federal individual income tax return for the
29 taxable year.

30 (b) "Joint filing status" means:

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

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

34 (c) "Personal exemption multiplier" means the sum of:

35 (i) (A) one, if the claimant does not have joint filing status; or

36 (B) two, if the claimant has joint filing status; and

37 (ii) the number of the claimant's qualifying dependents.

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

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

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

44 (ii) a married individual who:

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

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

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

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

50 (A) pays for the taxable year; and

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

55 (ii) \$10,000.

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

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

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

62 ~~[(g)]~~ (h) "Utah personal exemption" means, subject to Subsection (6), \$1,750
63 multiplied by the ~~[number of the claimant's qualifying dependents]~~ claimant's personal
64 exemption multiplier.

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

68 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal
69 individual income tax return for the taxable year, 6% of the amount the claimant deducts as
70 allowed as the standard deduction on the claimant's federal individual income tax return for
71 that taxable year; or

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

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

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

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

79 (a) for a claimant who has a single filing status, \$15,095;

80 (b) for a claimant who has a head of household filing status, \$22,643; or

81 (c) for a claimant who has a joint filing status, \$30,190.

82 (5) (a) For a taxable year beginning on or after January 1, 2022, the commission shall
83 increase or decrease annually the following dollar amounts by a percentage equal to the
84 percentage difference between the consumer price index for the preceding calendar year and
85 the consumer price index for calendar year 2020:

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

87 (ii) the dollar amount listed in Subsection (4)(b).

88 (b) After the commission increases or decreases the dollar amounts listed in Subsection
89 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the

90 nearest whole dollar.

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

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

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

98 (6) (a) For a taxable year beginning on or after January 1, 2022, the commission shall
99 increase annually the Utah personal exemption amount listed in Subsection [~~(1)(g)~~] (1)(h) by a
100 percentage equal to the percentage by which the consumer price index for the preceding
101 calendar year exceeds the consumer price index for calendar year 2020.

102 (b) After the commission increases the Utah personal exemption amount as described
103 in Subsection (6)(a), the commission shall round the Utah personal exemption amount to the
104 nearest whole dollar.

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

107 **Section 2. Retrospective operation.**

108 This bill has retrospective operation for a taxable year beginning on or after January 1,
109 2022.