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INCOME TAX REVENUE AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to income tax revenue.

Highlighted Provisions:

This bill:

- ▶ creates the Income Tax Surplus Restricted Account (account);
- ▶ specifies purposes for which revenue deposited into the account may be used;
- ▶ requires the Division of Finance to deposit a certain amount of income tax revenue into the account following a federal tax law change that will likely cause an increase in state income tax revenue;
- ▶ requires the State Tax Commission to report to the Revenue and Taxation Interim Committee and the Division of Finance if a federal tax law change is enacted that will likely cause an increase in state income tax revenue; and
- ▶ requires the Revenue and Taxation Interim Committee to review the State Tax Commission's report and make recommendations to the Legislative Management Committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



28 AMENDS:

29 [59-1-213](#), as last amended by Laws of Utah 2016, Chapter 135

30 ENACTS:

31 [59-1-103](#), Utah Code Annotated 1953

32

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

34 Section 1. Section **59-1-103** is enacted to read:

35 **59-1-103. Income Tax Surplus Restricted Account.**

36 (1) As used in this section, "federal tax law change impacting state income tax
37 revenue" means the same as that term is defined in Section [59-1-213](#).

38 (2) There is created within the Education Fund a restricted account known as the
39 "Income Tax Surplus Restricted Account."

40 (3) The account shall be funded by the revenue deposited into the account in
41 accordance with Subsection (5).

42 (4) (a) The account shall earn interest.

43 (b) The interest described in Subsection (4)(a) shall be deposited into the account.

44 (5) After the Division of Finance receives a report in accordance with Section
45 [59-1-213](#), the Division of Finance shall deposit into the account an amount of income tax
46 revenue equal to the estimate stated in the report each fiscal year:

47 (a) beginning the fiscal year that begins after the effective date of the federal tax law
48 change impacting state income tax revenue described in the report; and

49 (b) ending the fiscal year for which the Legislature appropriates the money in the
50 account attributed to the federal tax law change impacting state income tax revenue.

51 (6) Upon appropriation, the money in the account may be used for the purposes
52 specified by the Legislature in accordance with Utah Constitution, Article X, Section 1.

53 Section 2. Section **59-1-213** is amended to read:

54 **59-1-213. Annual report on Internal Revenue Code changes.**

55 (1) As used in this section:

56 (a) "Federal tax law change impacting state income tax revenue" means a change to
57 federal tax law that will likely result in a material increase in state income tax revenue for the
58 first full fiscal year the change is implemented, as determined by consensus between:

- 59 (i) the legislative fiscal analyst;
60 (ii) the commission; and
61 (iii) the Governor's Office of Planning and Budget.

62 (b) "Material increase in state income tax revenue" means an increase in the revenue
63 the state receives from the income taxes imposed under this title that is equal to or greater than
64 .5% of the revenue the state received from the income taxes imposed under this title for the
65 preceding fiscal year.

66 (2) The commission shall annually provide an electronic report to the Revenue and
67 Taxation Interim Committee on or before the October interim meeting concerning the impacts
68 of the reliance of this title on the Internal Revenue Code, including:

69 ~~[(1)]~~ (a) any modification to the Internal Revenue Code that is likely to have a fiscal
70 impact on state revenues:

71 ~~[(a)]~~ (i) that became effective:

72 ~~[(i)]~~ (A) if the commission is preparing its initial report in accordance with this section,
73 during the previous calendar year; or

74 ~~[(ii)]~~ (B) if the commission has prepared a previous report in accordance with this
75 section, after the most recent report prepared in accordance with this section; or

76 ~~[(b)]~~ (ii) that have been enacted and will become effective prior to the end of the
77 calendar year that begins January 1 following the current report prepared in accordance with
78 this section;

79 ~~[(2)]~~ (b) the fiscal impacts a modification described in Subsection ~~[(1)]~~ (2)(a) may have
80 on state revenues; and

81 ~~[(3)]~~ (c) statutory or administrative options to:

82 ~~[(a)]~~ (i) implement the effects on this title of a modification described in Subsection
83 ~~[(1)]~~ (2)(a); or

84 ~~[(b)]~~ (ii) change this title to prevent this title from implementing a modification
85 described in Subsection ~~[(1)]~~ (2)(a); and

86 (d) if there is a federal tax law change impacting state income tax revenue enacted
87 during the preceding year:

88 (i) a description of each federal tax law change impacting state income tax revenue;

89 (ii) an estimate of the amount of the increase in state income tax revenue expected to

90 result from each federal tax law change impacting state income tax revenue, based on
91 consensus between:
92 (A) the legislative fiscal analyst;
93 (B) the commission; and
94 (C) the Governor's Office of Planning and Budget.
95 (3) Each year in which the commission reports a federal tax law change impacting state
96 income tax revenue in accordance with Subsection (2)(d):
97 (a) the commission shall submit an electronic report to the Division of Finance that
98 contains the information described in Subsection (2)(d); and
99 (b) the Revenue and Taxation Interim Committee shall:
100 (i) review each federal tax law change impacting state income tax revenue; and
101 (ii) no later than one year after the day on which the Revenue and Taxation Interim
102 Committee receives a report under this section that includes a federal tax law change impacting
103 state income tax revenue, recommend to the Legislative Management Committee any
104 legislative action.