

1 **Financial Institution Tax Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael K. McKell

House Sponsor:

3 **LONG TITLE**

4 **General Description:**

5 This bill modifies the formula for apportioning business income of financial institutions.

6 **Highlighted Provisions:**

7 This bill:

8 ▶ grants rulemaking authority to the State Tax Commission to establish the sales to include
9 in the sales factor fraction for financial institutions; and

10 ▶ provides that sales from Utah investment and trading activities of financial institutions are
11 not sourced to Utah.

12 **Money Appropriated in this Bill:**

13 None

14 **Other Special Clauses:**

15 This bill provides a special effective date.

16 **Utah Code Sections Affected:**

17 AMENDS:

18 **59-7-317**, as last amended by Laws of Utah 2008, Chapter 283

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

21 Section 1. Section **59-7-317** is amended to read:

22 **59-7-317 . Sales factor for apportionment of business income -- Transportation**
23 **revenue of an airline -- Sales of a financial institution.**

24 (1) Except as provided in [~~Subsection (2)~~] Subsections (2) and (3), the sales factor is a
25 fraction, the numerator of which is the total sales of the taxpayer in this state during the
26 tax period, and the denominator of which is the total sales of the taxpayer everywhere
27 during the tax period.

28 (2) The total sales of an airline in this state during the tax period attributable to
29 transportation [~~revenues~~] revenue in this state during the tax period for purposes of the
30 numerator of the fraction described in Subsection (1) shall be calculated by determining

31 the product of:

32 (a) the total transportation [~~revenues~~] revenue during the tax period of the airline; and

33 (b) a fraction, the numerator of which is the Utah revenue ton miles and the denominator
34 of which is the airline revenue ton miles.

35 (3)(a) Except as provided in Subsection (3)(b), the commission shall make rules, in
36 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that
37 establish the sales to be included in the sales factor fraction of a financial institution.

38 (b) In calculating the sales factor of a financial institution:

39 (i) the numerator may not include sales from investment activities or assets or trading
40 activities or assets; and

41 (ii) the denominator shall include sales from investment activities and assets and
42 trading activities and assets.

43 **Section 2. Effective Date.**

44 This bill takes effect for a taxable year beginning on or after January 1, 2026.