

INCOME TAX AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Dabakis

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to individual income taxes.

Highlighted Provisions:

This bill:

- ▶ increases the individual income tax rate for taxpayers with state taxable income above certain thresholds; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-10-104, as last amended by Laws of Utah 2008, Chapter 389

59-10-116, as last amended by Laws of Utah 2008, Chapters 382 and 389

59-10-201, as last amended by Laws of Utah 2010, Chapter 6

59-10-205, as last amended by Laws of Utah 2008, Chapter 389

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

Section 1. Section **59-10-104** is amended to read:



28 **59-10-104. Tax basis -- Tax rate -- Exemption.**29 [~~(1) For taxable years beginning on or after January 1, 2008;~~]30 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
31 income of a resident individual as provided in [this section] Subsection (1)(b).32 (b) (i) A resident individual whose filing status is single or married filing separately
33 shall pay a tax for the taxable year equal to:34 (A) 5% of state taxable income, if the resident individual has state taxable income for
35 that taxable year of less than or equal to \$250,000; and36 (B) 7% of state taxable income, if the resident individual has state taxable income for
37 that taxable year of more than \$250,000.38 (ii) A resident individual whose filing status is married filing jointly, head of
39 household, or qualifying widow or widower shall pay a tax for the taxable year equal to:40 (A) 5% of state taxable income, if the resident individual has state taxable income for
41 that taxable year of less than or equal to \$500,000; and42 (B) 7% of state taxable income, if the resident individual has state taxable income for
43 that taxable year of more than \$500,000.44 [~~(2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the~~
45 ~~product of:~~]46 [~~(a) the resident individual's state taxable income for that taxable year; and]~~47 [~~(b) 5%.~~]48 [~~(3)~~] (2) This section does not apply to a resident individual exempt from taxation
49 under Section 59-10-104.1.50 Section 2. Section **59-10-116** is amended to read:51 **59-10-116. Tax on nonresident individual -- Tax rate -- Exemption.**52 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
53 income of a nonresident individual [in an amount equal to the product of the:] as provided in
54 Subsection (1)(b).55 [~~(a) nonresident individual's state taxable income; and]~~56 [~~(b) percentage listed in Subsection 59-10-104(2).~~]57 (b) (i) A nonresident individual whose filing status is single or married filing separately
58 shall pay a tax for the taxable year equal to:

59 (A) 5% of state taxable income, if the nonresident individual has state taxable income
60 for that taxable year of less than or equal to \$250,000; and

61 (B) 7% of state taxable income, if the nonresident individual has state taxable income
62 for that taxable year of more than \$250,000.

63 (ii) A nonresident individual whose filing status is married filing jointly, head of
64 household, or qualifying widow or widower shall pay a tax for the taxable year equal to:

65 (A) 5% of state taxable income, if the nonresident individual has state taxable income
66 for that taxable year of less than or equal to \$500,000; and

67 (B) 7% of state taxable income, if the nonresident individual has state taxable income
68 for that taxable year of more than \$500,000.

69 (2) This section does not apply to a nonresident individual exempt from taxation under
70 Section [59-10-104.1](#).

71 Section 3. Section **59-10-201** is amended to read:

72 **59-10-201. Taxation of resident trusts and estates.**

73 (1) (a) Except as provided in Subsection (2), a tax [~~determined in accordance with the~~
74 ~~rate prescribed by Subsection [59-10-104\(2\)\(b\)](#)] is imposed [for each taxable year] on the state
75 taxable income of [~~each~~] a resident estate or trust as provided in Subsection (1)(b).~~

76 (b) A resident estate or trust shall pay a tax for the taxable year equal to:

77 (i) 5% of state taxable income, if the resident estate or trust has state taxable income
78 for that taxable year of less than or equal to \$250,000; or

79 (ii) 7% of state taxable income, if the resident estate or trust has state taxable income
80 for that taxable year of more than \$250,000.

81 (2) The following are not subject to a tax imposed by this part:

82 (a) a resident estate or trust that is not required to file a federal income tax return for
83 estates and trusts for the taxable year; or

84 (b) a resident trust taxed as a corporation.

85 (3) A resident estate or trust shall be allowed the credit [~~provided~~] described in Section
86 [59-10-1003](#), relating to an income tax imposed by another state, except that the limitation shall
87 be computed by reference to the taxable income of the estate or trust.

88 (4) The property of the Utah Educational Savings Plan established in Title 53B,
89 Chapter 8a, Utah Educational Savings Plan, and its income from operations and investments

90 are exempt from all taxation by the state under this chapter.

91 Section 4. Section **59-10-205** is amended to read:

92 **59-10-205. Tax on nonresident estate or trust.**

93 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
94 income of a nonresident estate or trust [in an amount equal to the product of:] as provided in
95 Subsection (1)(b).

96 [~~(a) the nonresident estate's or trust's state taxable income as determined under Section~~
97 ~~59-10-204; and]~~

98 [~~(b) the percentage listed in Subsection 59-10-104(2);]~~

99 (b) A nonresident estate or trust shall pay a tax for the taxable year equal to:

100 (i) 5% of state taxable income, if the nonresident estate or trust has state taxable
101 income for that taxable year of less than or equal to \$250,000; or

102 (ii) 7% of state taxable income, if the nonresident estate or trust has state taxable
103 income for that taxable year of more than \$250,000.

104 (2) The following are not subject to a tax imposed by this part:

105 (a) a nonresident estate or trust that is not required to file a federal income tax return
106 for estates and trusts for the taxable year; or

107 (b) a nonresident trust taxed as a corporation.

108 Section 5. **Effective date.**

109 This bill takes effect for a taxable year beginning on or after January 1, 2018.

Legislative Review Note
Office of Legislative Research and General Counsel