Stephanie Gricius proposes the following substitute bill:

International Money Transmission Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephanie Gricius

Senate Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill enacts a tax and income tax credit related to international money transmissions.

Highlighted Provisions:

This bill:

- defines terms;
- imposes a tax on international money transmissions;
- exempts a customer who requests an international money transmission from paying the tax if the customer presents valid identification;
- requires licensed money transmitters to remit collected tax revenue and report to the State Tax Commission on a quarterly basis;
- provides for the State Tax Commission's administration of the tax;
- enacts a nonrefundable income tax credit for individuals who pay the tax; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1002.2 (Applies beginning 01/01/25), as last amended by Laws of Utah 2023, Chapters 460, 462

ENACTS:

59-10-1048 (Applies beginning 01/01/25), Utah Code Annotated 1953

59-32-101, Utah Code Annotated 1953

59-32-102, Utah Code Annotated 1953
59-32-103, Utah Code Annotated 1953
59-32-104, Utah Code Annotated 1953

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

Section 1. Section **59-10-1002.2** is amended to read:

59-10-1002.2 (Applies beginning 01/01/25). Apportionment of tax credits.

(1) A nonresident individual or a part-year resident individual that claims a tax credit in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-1024, 59-10-1028, 59-10-1042, 59-10-1043, 59-10-1044, 59-10-1046, [~~or~~] 59-10-1047<u>, or 59-10-1048</u> may only claim an apportioned amount of the tax credit equal to:

(a) for a nonresident individual, the product of:

(i) the state income tax percentage for the nonresident individual; and

(ii) the amount of the tax credit that the nonresident individual would have been allowed to claim but for the apportionment requirements of this section; or

(b) for a part-year resident individual, the product of:

(i) the state income tax percentage for the part-year resident individual; and

(ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim but for the apportionment requirements of this section.

(2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an apportioned amount of the tax credit equal to the product of:

(a) the state income tax percentage for the nonresident estate or trust; and

(b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.

Section 2. Section **59-10-1048** is enacted to read:

<u>59-10-1048</u> (Applies beginning 01/01/25). Nonrefundable tax credit for payment of international money transmission tax.

<u>(1) As used in this section, "international money transmission tax" means the tax imposed by Chapter 32, International Money Transmission Tax.</u>

<u>(2) Subject to Section 59-10-1002.2, a claimant who pays an international money transmission tax may claim a nonrefundable tax credit in an amount equal to the aggregate amount of international money transmission taxes that the claimant paid</u>

during the taxable year.

(3) A claimant may not carry forward or carry back the amount of the tax credit under this section that exceeds the claimant's tax liability for the taxable year.

Section 3. Section **59-32-101** is enacted to read:

CHAPTER 32. INTERNATIONAL MONEY TRANSMISSION TAX

59-32-101 . Definitions.

As used in this chapter:

(1) "Foreign country" means a jurisdiction other than:

(a) the United States; or

(b) a state, district, commonwealth, territory, or insular possession of the United States.

(2)(a) "International money transmission" means a money transmission, as defined in Section 7-25-102, conducted by a licensee in which money is transmitted to a foreign country.

(b) "International money transmission" does not include a transaction conducted by a state or federally chartered bank, savings and loan association, savings bank, industrial bank, credit union, trust company, or depository institution, as those terms are defined in Section 7-1-103.

(3) "Licensee" means a person licensed by the Department of Financial Institutions under Title 7, Chapter 25, Money Transmitter Act.

(4)(a) "Valid identification" means any of the following non-expired forms of identification:

(i) a United States passport or passport card;

(ii) a state-issued driver license or identification card;

(iii) a United States military identification;

(iv) a state-issued concealed carry permit;

(v) a United States resident alien card;

(vi) an identification of a federally recognized Indian tribe; or

(vii) a United States visa that is classified as H-2A or H-2B.

(b) "Valid identification" does not include a Utah driving privilege card.

Section 4. Section **59-32-102** is enacted to read:

59-32-102 . Imposition of tax on international money transmissions -- Rate -- Tax paid by customer -- Exemption.

(1) A tax is imposed on an international money transmission on or after July 1, 2025, at a rate equal to 2% of the amount of the transaction.

(2) The tax under this chapter shall be:

(a) paid by the customer requesting the international money transmission; and

(b) collected by the licensee at the time the customer requests the international money transmission.

(3) A customer is exempt from paying the tax imposed by this chapter if the customer presents valid identification to the licensee at the time the customer requests the international money transmission.

Section 5. Section **59-32-103** is enacted to read:

59-32-103 . Remittance and deposit of tax revenue -- Administration.

(1) A licensee shall remit taxes collected under this chapter to the commission quarterly on or before the last day of the month following each calendar quarterly period using a form prescribed by the commission.

(2) The commission shall:

(a) deposit revenues generated by the tax under this chapter into the General Fund; and

(b) administer, collect, and enforce the tax under this chapter in accordance with Chapter 1, General Taxation Policies.

Section 6. Section **59-32-104** is enacted to read:

59-32-104 . Licensee quarterly report to commission.

(1) A licensee shall each quarter report to the commission:

(a) the number of international money transmissions conducted by the licensee for the previous calendar quarter; and

(b) for each international money transmission described in Subsection (1)(a):

(i) the name of the customer who requested the international money transmission;

(ii) the amount of the transaction;

(iii) whether the customer was exempt from paying the tax under this chapter in accordance with Subsection 59-32-102(3); and

(iv) if the customer was not exempt from paying the tax under this chapter, the amount of the tax paid by the customer from the tax imposed by this chapter.

(2) A licensee shall file the report required by this section on the last day of the month immediately following the last day of the previous calendar quarter.

(3) The commission shall prescribe the form for the report under this section.

Section 7. **Effective Date.**

This bill takes effect on July 1, 2025.

Section 8. **Retrospective operation.**

The following sections have retrospective operation for a taxable year beginning on or after January 1, 2025:

(1) Section 59-10-1002.2 (Applies beginning 01/01/2025); and

(2) Section 59-10-1048 (Applies beginning 01/01/2025).