

INCOME TAX MODIFICATIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brian S. King

Senate Sponsor: _____

LONG TITLE**General Description:**

This bill amends income tax provisions.

Highlighted Provisions:

This bill:

- ▶ creates individual income tax brackets with higher rates for higher incomes; and
- ▶ makes conforming 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 2023, Chapter 459**59-10-116**, as last amended by Laws of Utah 2022, Chapter 252**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:**59-10-104. Tax basis -- Tax rate -- Exemption.**

(1) A tax is imposed on the state taxable income of a resident individual as provided in this section.

(2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to ~~the product of~~:

~~[(a) the resident individual's state taxable income for that taxable year; and]~~

~~[(b)]~~ (a) 4.65% multiplied by the state taxable income for a resident individual with \$250,000 or less in state taxable income;

(b) \$11,625 plus 5.65% multiplied by the state taxable income greater than \$250,000 for a resident individual with more than \$250,000 but no more than \$1,000,000 in state taxable income; or

(c) \$54,000 plus 6.65% multiplied by the state taxable income greater than \$1,000,000 for a resident individual with more than \$1,000,000 in state taxable income.

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 2. Section 59-10-116 is amended to read:

59-10-116. Tax on nonresident individual -- Calculation -- Exemption.

(1) Except as provided in Subsection (2), a tax is imposed on a nonresident individual in an amount equal to ~~the product of the~~:

~~[(a) nonresident individual's state taxable income; and]~~

~~[(b) percentage listed in Subsection 59-10-104(2).]~~

(a) 4.65% multiplied by the state taxable income for a nonresident individual with \$250,000 or less in state taxable income;

(b) \$11,625 plus 5.65% multiplied by the state taxable income greater than \$250,000 for a nonresident individual with more than \$250,000 but no more than \$1,000,000 in state taxable income; or

(c) \$54,000 plus 6.65% multiplied by the state taxable income greater than \$1,000,000 for a nonresident individual with more than \$1,000,000 in state taxable income.

(2) This section does not apply to a nonresident individual:

(a) exempt from taxation under Section 59-10-104.1; or

(b) whose only state source income is wages that are excluded in accordance with Section 59-10-117.5.

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

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

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

(b) The tax is in an amount equal to:

(i) 4.65% multiplied by the state taxable income for a resident trust or estate with \$250,000 or less in state taxable income;

(ii) \$11,625 plus 5.65% multiplied by the state taxable income greater than \$250,000 for a resident trust or estate with more than \$250,000 but no more than \$1,000,000 in state taxable income; or

(iii) \$54,000 plus 6.65% multiplied by the state taxable income greater than \$1,000,000 for a resident trust or estate with more than \$1,000,000 in state taxable income.

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

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

(b) a resident trust taxed as a corporation.

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

(4) The property of the Utah Educational Savings Plan established in Title 53B, Chapter 8a, Utah Educational Savings Plan, and its income from operations and investments are exempt from all taxation by the state under this chapter.

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

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

(1) Except as provided in Subsection (2), a tax is imposed on a nonresident estate or trust in an amount equal to [~~the product of~~]:

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

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

(a) 4.65% multiplied by the state taxable income for a nonresident trust or estate with

90 \$250,000 or less in state taxable income;

91 (b) \$11,625 plus 5.65% multiplied by the state taxable income greater than \$250,000
92 for a nonresident trust or estate with more than \$250,000 but no more than \$1,000,000 in state
93 taxable income; or

94 (c) \$54,000 plus 6.65% multiplied by the state taxable income greater than \$1,000,000
95 for a nonresident trust or estate with more than \$1,000,000 in state taxable income.

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

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

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

100 Section 5. **Effective date.**

101 This bill takes effect for a taxable year beginning on or after January 1, 2025.