

Thomas W. Peterson proposes the following substitute bill:

Charitable Contribution Tax Credit Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Thomas W. Peterson

Senate Sponsor:

LONG TITLE

General Description:

This bill enacts an income tax credit for charitable contributions to affordable housing organizations.

Highlighted Provisions:

This bill:

- defines terms;
- enacts a nonrefundable income tax credit for individuals who make charitable contributions to nonprofit organizations engaged in affordable housing;
- requires a claimant to obtain certification from each organization to which a charitable contribution is made; and
- provides for apportionment of the tax credit for nonresidents and part-year residents.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1002.2, as last amended by Laws of Utah 2023, Chapters 460, 462

ENACTS:

59-10-1048, 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 . 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, or 59-10-1048 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:

59-10-1048 . Nonrefundable tax credit for qualifying contributions to affordable housing organizations.

(1) As used in this section:

(a) "Affordable housing organization" means a nonprofit organization operating within the state whose primary mission is to develop or provide affordable housing as defined in Section 10-9a-1001.

(b) "Qualifying contribution" means a charitable contribution that is:

(i) in the form of money; and

(ii) made to an affordable housing organization.

(2) Subject to Section 59-10-1002.2 and Subsection (3), a claimant may claim a nonrefundable tax credit in an amount equal to the product of:

(a) the aggregate amount of qualifying contributions made by the claimant during the taxable year; and

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

(3)(a) To claim a tax credit under this section, a claimant shall obtain a certificate from

each affordable housing organization to which the claimant made a qualifying contribution during the taxable year, using a form prescribed by the commission, stating the total amount of qualifying contributions made by the claimant to the affordable housing organization during the taxable year.

(b) A claimant shall retain the certificate described in Subsection (3)(a) for the same time period a person is required to keep books and records under Section 59-1-1406.

(4) 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. **Effective Date.**

This bill takes effect on May 7, 2025.

Section 4. **Retrospective operation.**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2025.