

SELECTED HIGHLIGHTS OF 2007 GENERAL SESSION S.B. 223, "TAX AMENDMENTS"

Income Tax Amendments

- Provides that the traditional graduated rate income tax is no longer imposed beginning with taxable year 2008, and requires a study by the Revenue and Taxation Interim Committee to draft legislation to repeal this tax
- Amends the Single Rate Individual Income Tax Act beginning with taxable year 2008, including:
 - reducing the tax rate from 5.35% to 5%;
 - enacting a nonrefundable taxpayer tax credit, which is calculated as follows:
 - Federal standard deduction, or federal itemized deductions other than state income tax
 - + 75% of the federal personal exemption
 - Subtotal
 - x 6%
 - Total tax credit amount, which is phased out above certain income levels, and apportioned for nonresidents or part-year residents
 - enacting nonrefundable retirement tax credits for persons born before 1953 as follows:
 - ▶ For persons age 65 or older, the tax credit is \$450
 - ▶ For persons under age 65, the tax credit is 6% of certain retirement income, not to exceed \$288
 - ▶ The retirement tax credits are phased out above certain income levels, and are apportioned for nonresidents or part-year residents
- Addresses corporate and individual income tax credits, including:
 - expanding and modifying research and development tax credits; and
 - extending and modifying renewable energy systems tax credits

Sales and Use Tax Amendments

- Reduces the general state sales and use tax rate from 4.75% to 4.65%
- Reduces the state sales and use tax rate on food from 2.75% to 1.75%
- Provides that food and food ingredients are not generally taxable transactions for purposes of local option sales and use taxes except for the 1% local sales and use tax and the .25% county option sales and use tax
- Allows the following sales and use taxes to be increased without obtaining voter approval:
 - the resort communities sales and use tax may be increased from up to 1% to up to 1.1%;
 - the public transit sales and use tax may be increased from up to .25% to up to .30%, if the county option sales and use tax for highways, fixed guideways, or systems for public transit is not imposed within the jurisdiction;
 - the municipal highways or public transit sales and use tax may be increased from .25% to .30%; and
 - the county option sales and use tax for highways, fixed guideways, or systems for public transit may be increased from .25% to up to .30%
- Provides that beginning on January 1, 2008, if a county does not impose the .25% county option sales and use tax, a state sales and use tax of .25% is imposed within that county and the revenues collected from that state sales and use tax are deposited into the General Fund
- Enacts sales and use tax exemptions for sales of dental prostheses and certain mining purchases or leases

Other Amendments

- The chairs of the Revenue and Taxation Interim Committee serve on the Utah Tax Review Commission
- Certain revenues are appropriated for distribution to rural health care facilities
- A multi-channel video or audio service provider is:
 - allowed to claim a nonrefundable tax credit for a portion of certain municipal franchise fees paid by the multi-channel video or audio service provider; and
 - required to pass through the tax credit its purchasers within the state.