

**Highlights**  
**2nd Sub. SB 223 -- Tax Amendments**  
**Senator Wayne L. Niederhauser**

1. The state individual income tax under the multiple rate bracket system is no longer imposed for taxable years beginning after December 31, 2007.
2. Enacts the following changes to the Single Rate Individual Income Tax Act effective tax years beginning on or after January 1, 2008:
  - a. Tax rate is reduced from 5.35 % to 5%
  - b. Enacts a non-refundable credit equal to:
    - 6% of the taxpayer's federal standard deduction or of the taxpayer's federal itemized deductions, less itemized state individual income tax; *plus*
    - 6% of 75% of the federal personal exemptionThis credit phase out at 1.4 cents for each dollar of modified adjusted gross income over:
    - \$14,000 (single)
    - \$21,000 (head of household)
    - \$28,000 (joint)These amounts are indexed for inflation.
  - c. Enacts a non-refundable credit of \$600 for an "eligible retiree" who is 65 years of age or older and was born on or before December 31, 1952. This credit phases out at 4 cents for each dollar of modified adjusted gross income over:
    - \$16,000 (married filing separately)
    - \$25,000 (single)
    - \$32,000 (married filing joint).
3. Enacts the following changes to the Sales and Use Tax Act effective January 1, 2008:
  - a. Reduces the state sales and use tax rate from 4.75% to 4.65% and reduces the state sales and use tax rate on food from 2.75% to 1.75%.
  - b. Establishes a uniform\* statewide sales and use tax of 3% on food by removing food and food ingredients from the sales and use tax base for the following local option sales and use taxes:
    - Basic and additional public transit
    - Basic and additional resort community
    - Rural county health care facility and rural city hospital
    - Municipal and county botanical, cultural, recreational, and zoological
    - Municipal highway
    - Town option
    - County option for highways, fixed guideways, or public transit
    - County option for transportation.
  - c. Allows a county or municipality to increase its basic transit sales and use tax rate from .25% to .30%, a municipality to increase its basic resort community sales and use tax from up to 1% to up to 1.1%, and a municipality to increase its municipal highways sales and use tax rate from .25% to .30%.
  - d. Appropriates funds to the Department of Health for grants to rural hospitals and health care facilities.
  - e. Enacts new sales and use tax exemptions on purchases of certain mining equipment and a dental prostheses.
4. Other provisions:
  - a. Expands the research and development tax credits available under the corporate franchise and income taxes and the individual income tax.
  - b. Extends and modifies the renewable energy systems tax credit. Expands the credit to include some geothermal sources
  - c. Enacts a new non-refundable credit for certain multi-channel video or audio service providers and requires a provider to the pass the credit through to its purchasers.

\* Except in Emery, Kane and Millard counties that do not impose the county option sales and use tax where the sales and use tax rate on food will be 2.75%.