

Part 5

State Arts Endowment

9-6-501 Definitions.

As used in this part:

- (1) "Endowment fund" means any arts endowment fund created under this chapter by a qualifying organization.
- (2) "Qualifying organization" means any Utah nonprofit arts organization that qualifies under this chapter to create an endowment fund, receive state money into the endowment fund, match state money deposited into the endowment fund, and expend interest earned on the endowment fund.
- (3) "State fund" means the Utah Arts Endowment Fund created under Section 9-6-502.

Renumbered and Amended by Chapter 241, 1992 General Session

9-6-502 Utah Arts Endowment Fund.

- (1) There is created an expendable special revenue fund known as the "Utah Arts Endowment Fund."
- (2) The state fund shall be administered by the board in accordance with applicable law.
- (3) Any administrative costs incurred by the board shall be reviewed by the appropriate appropriations committee of the Legislature.
- (4) The state fund shall contain all money appropriated to it by the Legislature, all federal funds received for purposes of this part, plus interest and other income earned on them.
- (5) The purpose of the state fund is to provide money to qualifying arts organizations to enable them to create their own arts endowment funds and to the board to administer the state fund.

Amended by Chapter 400, 2013 General Session

9-6-503 Arts organization endowment funds.

- (1) Any Utah nonprofit arts organization may create an endowment fund into which there may be deposited money from the state fund. The principal of each endowment fund may not be expended by the qualifying organization and shall be held in perpetuity solely by the qualifying organization or by the council on behalf of the qualifying organization. Only interest income earned on the amount in each endowment fund may be expended by the qualifying organization. The principal of each endowment fund shall be invested in accordance with Title 51, Chapter 7, State Money Management Act.
- (2) If a qualifying organization receives \$50,000 or more from the state fund, the money shall be administered in accordance with generally accepted accounting principles by the qualifying organization's professional management. Amounts less than \$50,000 shall be placed in a state trust and agency fund invested by the state treasurer, who shall allocate interest income to the qualifying organization.
- (3) If an endowment fund is invested by the state treasurer the costs for this administration shall be deducted from the interest income before allocations of interest income may be made to the qualifying organization.

Amended by Chapter 342, 2011 General Session

9-6-504 Duties of board.

The board shall:

- (1) allocate money from the state fund to the endowment fund created by a qualifying organization under Section 9-6-503;
- (2) determine the eligibility of each qualifying organization to receive money from the state fund into the endowment fund of the qualifying organization and be the final arbiter of eligibility;
- (3) determine the matching amount each qualifying organization shall raise in order to qualify to receive money from the state fund;
- (4) establish a date by which each qualifying organization shall provide its matching funds;
- (5) verify that matching funds have been provided by each qualifying organization by the date determined in Subsection (4); and
- (6) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, establish criteria by rule not otherwise prescribed in this chapter for determining the eligibility of qualifying organizations to receive money from the state fund.

Amended by Chapter 378, 2010 General Session

9-6-505 Eligibility requirements of qualifying arts organizations -- Allocation limitations -- Matching requirements.

- (1) Any qualifying organization may apply to receive money from the state fund to be deposited in an endowment fund it has created under Subsection 9-6-503(1):
 - (a) if it has received a grant from the board during one of the three years immediately before making application for state fund money under this Subsection (1); or
 - (b) upon approval by the board if it has not received a grant from the board within the past three years.
- (2)
 - (a) The maximum amount that may be allocated to each qualifying organization from the state fund shall be determined by the board by calculating the average cash income of the qualifying organization during the past three fiscal years as contained in the qualifying organization's final reports on file with the board. The board shall notify each qualifying organization of the maximum amount of money from the state fund for which it qualifies.
 - (b) The minimum amount that may be allocated to each qualifying organization from the state fund is \$2,500.
 - (c) If the maximum amount for which the organization qualifies is less than \$2,500, the organization may still apply for \$2,500.
- (3) After the board determines that a qualifying organization is eligible to receive money from the state fund and before any money is allocated to the qualifying organization from the state fund, the qualifying organization shall match the amount qualified for by money raised and designated exclusively for that purpose. State money, in-kind contributions, and preexisting endowment gifts may not be used to match money from the state fund.
- (4) Endowment match money shall be based on a sliding scale as follows:
 - (a) any amount requested not exceeding \$100,000 shall be matched one-to-one;
 - (b) any additional amount requested that makes the aggregate amount requested exceed \$100,000 but not exceed \$500,000 shall be matched two-to-one; and
 - (c) any additional amount requested that makes the aggregate amount requested exceed \$500,000 shall be matched three-to-one.
- (5)

- (a) Qualifying organizations shall raise the matching amount within three years after applying for money from the state fund by a date determined by the board.
- (b) Money from the state fund shall be released to the qualifying organization only upon verification by the board that the matching money has been received on or before the date determined under Subsection (5)(a). Verification of matching funds shall be made by a certified public accountant.
- (c) Money from the state fund shall be released to qualifying organizations with professional endowment management in increments not less than \$20,000 as audited confirmation of matching funds is received by the board.
- (d) Money from the state fund shall be granted to each qualifying organization on the basis of the matching funds it has raised by the date determined under Subsection (5)(a).

Amended by Chapter 324, 2010 General Session

9-6-506 Unallocated money.

Money in the state fund that is unallocated shall be reallocated by the board on a proportionate basis to qualifying organizations that raise 100% of their required match by the date determined under Subsection 9-6-505(5)(a).

Amended by Chapter 342, 2011 General Session

9-6-507 Spending restrictions -- Return of endowment.

- (1) A qualifying organization, once it has received its endowment money from the state fund, may not expend any of that money or the required matching money in its endowment fund, but may expend only the interest income earned on the money in its endowment fund.
- (2) If the board determines that a qualifying organization has expended any amount of the endowment money received from the state fund or any amount of the required matching money, the qualifying organization shall return the amount it received from the state fund. The board shall reallocate any such returned money to qualifying organizations in the manner as provided in Section 9-6-506.

Amended by Chapter 348, 2016 General Session

9-6-508 Federal match.

The creation of the state fund and the use of its money to enable qualifying organizations to create their own endowment funds may be construed as a state match for any arts funding from the federal government that may be provided.

Renumbered and Amended by Chapter 241, 1992 General Session