

**INDIVIDUAL INCOME TAX -
CONTRIBUTION FOR EDUCATION**

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: Richard M. Siddoway

This act modifies the Individual Income Tax Act by expanding the individual income tax contribution for education to allow contributions to be made to applied technology centers or applied technology service centers. This act clarifies the contribution requirements, requires the State Tax Commission to remove the designation for the contribution if the contribution does not generate a certain amount of revenues within a certain time period, and makes technical changes. The act takes effect for taxable years beginning on or after January 1, 2002.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

59-10-549, as last amended by Chapter 12, Laws of Utah 1997

59-10-551, as enacted by Chapter 12, Laws of Utah 1997

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-10-549** is amended to read:

59-10-549. Contribution for education.

(1) Except as provided in Section 59-10-551, a taxpayer ~~[who]~~ that files a return pursuant to Section 59-10-502 may designate on the return a contribution ~~[of the amount of his refund, if any, or any other amount]~~ as provided in this section to:

(a) the State Board of Regents created by Section 53B-1-103 for ~~[the following purposes]~~:

(i) libraries; or

(ii) library equipment; ~~[or]~~

(b) an institution of higher education created by Section 53B-2-101 for:

(i) libraries; or



28 (ii) library equipment;

29 ~~[(b)]~~ (c) the foundation of any school district ~~[or any]~~ that is exempt from federal income
30 taxation under Section 501(c)(3), Internal Revenue Code;

31 (d) a chapter of the Utah Public Education Foundation[-]; or

32 (e) (i) an applied technology center listed in Section 53A-15-202.5; or

33 (ii) an applied technology service center.

34 (2) (a) ~~[Any amount designated as]~~ A taxpayer may designate as a contribution under this
35 section any whole dollar amount of \$1 or more.

36 (b) (i) If the taxpayer is owed an individual income tax refund for the taxable year, the
37 amount of a contribution under ~~[Subsection (1)]~~ this section shall be deducted from the taxpayer's
38 ~~[state]~~ individual income tax refund.

39 (ii) If the taxpayer is not owed an individual income tax refund for the taxable year, the
40 taxpayer may remit a contribution under this section with the taxpayer's individual income tax
41 return.

42 (c) If a taxpayer files a joint return ~~[is filed]~~, the contribution under this section shall be
43 a joint contribution. ~~[This option, once exercised,]~~

44 (d) A contribution under this section is irrevocable during the ~~[tax]~~ taxable year ~~[in]~~ for
45 which ~~[it was effective]~~ the taxpayer makes the contribution. ~~[If no refund is due, the taxpayer~~
46 may remit the contribution with the return.]

47 (3) If a taxpayer designates an amount as a contribution under Subsection (1)~~[(a)]~~(b), but
48 ~~[fails to direct the contribution to]~~ does not designate a particular institution of higher education
49 to receive the contribution, the ~~[designated]~~ contribution shall be ~~[directed]~~ made to the State
50 Board of Regents for ~~[libraries or library equipment]~~ the purposes described in Subsection (1)(a).

51 (4) If a taxpayer designates an amount as a contribution under Subsection (1)~~[(b)]~~(c), but
52 ~~[fails to direct the contribution to]~~ does not designate a particular school district foundation to
53 receive the contribution, the ~~[designated]~~ contribution shall be ~~[directed]~~ made to the Utah Public
54 Education Foundation.

55 (5) ~~[The]~~ In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
56 the commission may make rules to implement this section.

57 (6) The commission shall:

58 (a) determine annually the total amount of contributions designated ~~[pursuant to]~~ in

59 accordance with this section; and [shall]

60 (b) report this amount to the state treasurer [who shall credit this amount to the appropriate
61 institution].

62 (7) The state treasurer shall credit any contributions reported to the state treasurer in
63 accordance with Subsection (6) to the educational institution described in Subsection (1)
64 designated by the taxpayer in accordance with this section.

65 Section 2. Section **59-10-551** is amended to read:

66 **59-10-551. Removal of designation and prohibitions on collection for certain**
67 **contributions on income tax form -- Conditions for removal and prohibitions on collection**
68 **-- Commission reporting requirements.**

69 (1) (a) Beginning on January 1, 1998, if a contribution [~~provided for in Section 59-10-530;~~
70 ~~59-10-530.5, Subsection 59-10-549(1)(a) or (1)(b), or Section 59-10-550 generates] or
71 combination of contributions described in Subsection (1)(b) generate less than \$30,000 per year
72 for three consecutive years, the commission shall remove the designation for the contribution from
73 the income tax return and may not collect the contribution from a taxpayer beginning two taxable
74 years after the three-year period for which the contribution generates less than \$30,000 per year.~~

75 (b) The following contributions apply to Subsection (1)(a):

76 (i) the contribution provided for in Section 59-10-530;

77 (ii) the contribution provided for in Section 59-10-530.5;

78 (iii) the sum of the contributions provided for in:

79 (A) Subsection 59-10-549(1)(a); and

80 (B) Subsection 59-10-549(1)(b);

81 (iv) the sum of the contributions provided for in:

82 (A) Subsection 59-10-549(1)(c); and

83 (B) Subsection 59-10-549(1)(d);

84 (v) the contribution provided for in Subsection 59-10-549(1)(e); or

85 (vi) the contribution provided for in Section 59-10-550.

86 (2) If the commission removes the designation for a contribution under Subsection (1), the
87 commission shall report to the Revenue and Taxation Interim Committee that it removed the
88 designation on or before the November interim meeting of the year in which the commission
89 determines to remove the designation.

90 Section 3. **Effective date.**

91 This act takes effect for taxable years beginning on or after January 1, 2002.

Legislative Review Note

as of 2-7-01 5:06 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel