

1 **TAX REVISIONS**

2 2003 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: Karen W. Morgan**

5 **This act modifies the Individual Income Tax Act to enact provisions requiring the State**  
6 **Tax Commission to print certain information on an individual income tax return, and to**  
7 **enact provisions allowing a taxpayer to make a contribution to the Uniform School Fund**  
8 **in connection with the taxpayer's income tax return. The act modifies provisions to allow**  
9 **the removal of the contribution from the income tax return if contributions fall below**  
10 **specified limits. The act has retrospective operation for taxable years beginning on or**  
11 **after January 1, 2003.**

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

13 AMENDS:

14 **59-10-103.1**, as enacted by Chapter 84, Laws of Utah 2000

15 **59-10-551**, as last amended by Chapter 216, Laws of Utah 2001

16 ENACTS:

17 **59-10-550.5**, Utah Code Annotated 1953

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

19 Section 1. Section **59-10-103.1** is amended to read:

20 **59-10-103.1. Information to be contained on individual income tax returns and**  
21 **booklets.**

22 (1) The commission shall print the phrase "all state income tax dollars fund education"  
23 on:

24 ~~(+)~~ (a) the first page of the individual income tax return; and

25 ~~(2)~~ (b) the cover page of the individual income tax forms and instructions booklet.

26 (2) The commission shall print, on the portion of the individual income tax return  
27 relating to the personal exemptions under Subsection 59-10-114(1)(d), the following: "You



28 may choose not to claim a personal exemption. Any increased taxes you pay as a result of  
29 choosing not to claim a personal exemption will directly fund the public education system."

30 Section 2. Section **59-10-550.5** is enacted to read:

31 **59-10-550.5. Checkoff and credit for the Uniform School Fund.**

32 (1) Except as provided in Section 59-10-551, a taxpayer who files a return pursuant to  
33 Section 59-10-502 may designate on the return a contribution of the amount of the taxpayer's  
34 refund, if any, or any other amount in excess of \$1 to the Uniform School Fund established in  
35 Utah Constitution, Article X, Section 5.

36 (2) (a) Any amount designated as a contribution under this section shall be deducted  
37 from the individual's state tax refund and, if a joint return, is a joint contribution.

38 (b) The option under this section is irrevocable during the tax year in which the option  
39 was effective.

40 (c) If no refund is due, the taxpayer may remit any contribution over \$1 with the return.

41 (3) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
42 commission may adopt rules to implement this section.

43 (4) The commission shall determine annually the total amount designated under this  
44 section and shall report the amount to the state treasurer, who shall credit the amount to the  
45 Uniform School Fund established in Utah Constitution, Article X, Section 5.

46 (5) This section applies to calendar-year taxpayers beginning January 1, 2003, and to  
47 fiscal-year taxpayers for any part of the taxable year accruing after December 31, 2003, and to  
48 each subsequent taxable year.

49 Section 3. Section **59-10-551** is amended to read:

50 **59-10-551. Removal of designation and prohibitions on collection for certain**  
51 **contributions on income tax form -- Conditions for removal and prohibitions on**  
52 **collection -- Commission reporting requirements.**

53 (1) (a) Beginning on January 1, 1998, if a contribution or combination of contributions  
54 described in Subsection (1)(b) generate less than \$30,000 per year for three consecutive years,  
55 the commission shall remove the designation for the contribution from the income tax return  
56 and may not collect the contribution from a taxpayer beginning two taxable years after the  
57 three-year period for which the contribution generates less than \$30,000 per year.

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

- 59 (i) the contribution provided for in Section 59-10-530;
- 60 (ii) the contribution provided for in Section 59-10-530.5;
- 61 (iii) the sum of the contributions provided for in:
- 62 (A) Subsection 59-10-549(1)(a); and
- 63 (B) Subsection 59-10-549(1)(b);
- 64 (iv) the sum of the contributions provided for in:
- 65 (A) Subsection 59-10-549(1)(c); and
- 66 (B) Subsection 59-10-549(1)(d);
- 67 (v) the contribution provided for in Subsection 59-10-549(1)(e); [or]
- 68 (vi) the contribution provided for in Section 59-10-550[;]; or
- 69 (vii) the contributions provided for in Section 59-10-550.5.
- 70 (2) If the commission removes the designation for a contribution under Subsection (1),
- 71 the commission shall report to the Revenue and Taxation Interim Committee that it removed
- 72 the designation on or before the November interim meeting of the year in which the
- 73 commission determines to remove the designation.

74 Section 4. **Retrospective operation.**

75 This act has retrospective operation for taxable years beginning on or after January 1,  
76 2003.

**Legislative Review Note**  
as of 2-24-03 2:24 PM

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

**Office of Legislative Research and General Counsel**

**State Impact**

The Tax Commission would require an appropriation of \$11,200 to implement the provisions of the bill.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
General Fund	\$11,200	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$11,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

---

---

**Individual and Business Impact**

No fiscal impact.

---

---