

HB0145S01 compared with HB0145

~~{deleted text}~~ shows text that was in HB0145 but was deleted in HB0145S01.

inserted text shows text that was not in HB0145 but was inserted into HB0145S01.

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Senator Wayne A. Harper proposes the following substitute bill:

YOUTH~~{DEVELOPMENT}~~ ORGANIZATION RESTRICTED

~~{ACCOUNT}~~ACCOUNTS AND INCOME TAX

~~{CONTRIBUTION}~~CONTRIBUTIONS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Steve Eliason

Senate Sponsor: ~~{_____}~~Curtis S. Bramble

LONG TITLE

General Description:

This bill enacts ~~{the Youth Development Organization Restricted Account}~~certain youth organization restricted accounts, provides for the distribution of amounts deposited into the ~~{account}~~accounts, and enacts~~{an}~~ income tax ~~{contribution}~~contributions for ~~{a}~~certain youth~~{development organization}~~organizations.

Highlighted Provisions:

This bill:

- ▶ creates the Youth Development Organization Restricted Account;

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- ▶ creates the Youth Character Organization Restricted Account;
- ▶ provides for the distribution of amounts deposited into the ~~{account}~~accounts;
- ▶ provides that the ~~{account is a}~~accounts are nonlapsing ~~{account}~~accounts;
- ▶ enacts an income tax contribution for a youth development organization;
- ▶ enacts an income tax contribution for a youth character organization;
- ▶ provides that if the collections from the ~~{contribution}~~contributions do not meet~~f~~a certain threshold ~~{amount}~~amounts, the State Tax Commission shall remove the ~~{designation}~~designations for the ~~{contribution}~~contributions from the individual income tax return and may not collect the ~~{contribution}~~contributions; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an effective date.

This bill provides retrospective operation for a taxable year beginning on or after January 1, 2013.

Utah Code Sections Affected:

AMENDS:

59-10-1304, as last amended by Laws of Utah 2011, Chapter 294

63J-1-602.2 (Effective 07/01/13), as last amended by Laws of Utah 2012, Chapters 388 and 397

ENACTS:

35A-8-1901, Utah Code Annotated 1953

35A-8-1902, Utah Code Annotated 1953

35A-8-1903, Utah Code Annotated 1953

35A-8-1904, Utah Code Annotated 1953

35A-8-2001, Utah Code Annotated 1953

35A-8-2002, Utah Code Annotated 1953

35A-8-2003, Utah Code Annotated 1953

35A-8-2004, Utah Code Annotated 1953

59-10-1316, Utah Code Annotated 1953

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59-10-1317, Utah Code Annotated 1953

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

Section 1. Section **35A-8-1901** is enacted to read:

Part 19. Youth Development Organization Restricted Account Act

35A-8-1901. Title.

This part is known as the "Youth Development Organization Restricted Account Act."

Section 2. Section **35A-8-1902** is enacted to read:

35A-8-1902. Definitions.

As used in this part:

(1) "Account" means the Youth Development Organization Restricted Account created in Section 35A-8-1903.

(2) "Qualified youth development organization council" means a youth development organization council in the state that the division determines to be eligible to receive a distribution under Section 35A-8-1904.

(3) "Youth development organization" means an organization that:

(a) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue Code;

(b) has more than 180,000 youth members within the state;

(c) has as its mission to prepare youth members to make ethical and moral choices over their lifetimes; and

(d) accomplishes the mission described in Subsection (3)(c) by building character, teaching citizenship, and developing personal fitness.

(4) "Youth development organization council" means a council that:

(a) is chartered by a youth development organization;

(b) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue Code;

(c) has more than 35,000 youth members within the state;

(d) covers a specified geographic area within the state;

(e) has as its mission to prepare youth members to make ethical and moral choices over their lifetimes; and

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(f) accomplishes the mission described in Subsection (4)(e) by building character, teaching citizenship, and developing personal fitness.

(5) "Youth member" means a person who:

(a) has a valid membership in a youth development organization;

(b) is affiliated with a particular youth development organization council; and

(c) is 20 years of age or younger.

Section 3. Section **35A-8-1903** is enacted to read:

35A-8-1903. Youth Development Organization Restricted Account -- Creation --

Interest.

(1) There is created within the General Fund a restricted account known as the "Youth Development Organization Restricted Account."

(2) The account shall be funded by:

(a) contributions deposited into the account in accordance with Section 59-10-1316;

(b) private contributions;

(c) donations or grants from public or private entities; and

(d) interest described in Subsection (3).

(3) (a) The account shall earn interest.

(b) Interest earned on the account shall be deposited into the account.

(4) The division shall distribute money appropriated by the Legislature to the division from the restricted account as provided in Section 35A-8-1904.

Section 4. Section **35A-8-1904** is enacted to read:

35A-8-1904. Division to distribute amounts deposited into Youth Development Organization Restricted Account -- Procedures for distribution.

(1) Subject to the other provisions of this section, the division shall distribute amounts deposited into the Youth Development Organization Restricted Account in accordance with Section 35A-8-1903 to one or more qualified youth development organization councils in the state.

(2) A qualified youth development organization council that receives a distribution from the division under this section shall expend the distribution only to accomplish the mission of the qualified youth development organization council described in Subsection 35A-8-1903(4).

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(3) An organization that seeks to receive a distribution from the division under this section shall, on or before May 1 of each year, file an application with the division:

(a) on a form prescribed by the division;

(b) that contains information required by the division to establish that the organization is a youth development organization council in the state; and

(c) that contains any other information prescribed by the commission.

(4) (a) The division shall, on or before June 1 of each year, determine whether an organization that files an application with the division under Subsection (3) is a youth development organization council in the state.

(b) (i) If the division determines that an organization that files an application with the division under Subsection (3) is a youth development organization council, the division shall, on or before June 15 of each year, issue the organization a certificate stating that the organization is a qualified youth development organization council.

(ii) If the division determines that an organization that files an application with the division under Subsection (3) is not a youth development organization council, the division shall provide the organization written notice stating the reasons for its determination.

(5) On or before July 1 of each year, the division shall make the distributions required by this section to each qualified youth development organization council as follows:

(a) the division shall, for each qualified youth development organization council, calculate a percentage:

(i) the numerator of which is the youth membership of the qualified youth development organization council; and

(ii) the denominator of which is the total youth membership of the qualified youth development organization councils;

(b) the division shall, for each qualified youth development organization council, calculate an amount by multiplying the percentage the division calculates under Subsection (5)(a) by the ~~balance in the account as of June 1 of that~~ amount the Legislature appropriates to the division from the account for the fiscal year; and

(c) distribute the amount the division calculates under Subsection (5)(b) to each qualified youth development organization council.

Section 5. Section 35A-8-2001 is enacted to read:

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Part 20. Youth Character Organization Restricted Account Act

35A-8-2001. Title.

This part is known as the "Youth Character Organization Restricted Account Act."

Section 6. Section 35A-8-2002 is enacted to read:

35A-8-2002. Definitions.

As used in this part:

(1) "Account" means the Youth Character Organization Restricted Account created in Section 35A-8-2003.

(2) "Qualified youth character organization council" means a youth character organization council in the state that the division determines to be eligible to receive a distribution under Section 35A-8-2004.

(3) "Youth character organization" means an organization that is chartered under 36 U.S.C. § 80301.

(4) "Youth character organization council" means a council that:

(a) is chartered by a youth character organization;

(b) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue Code; and

(c) covers a specified geographic area that includes a geographic area within the state.

(5) "Youth member" means a person who:

(a) has a valid membership in a youth character organization;

(b) is affiliated with a particular youth character organization council; and

(c) is 18 years of age or younger.

Section 7. Section 35A-8-2003 is enacted to read:

35A-8-2003. Youth Character Organization Restricted Account -- Creation -- Interest.

(1) There is created within the General Fund a restricted account known as the "Youth Character Organization Restricted Account."

(2) The account shall be funded by:

(a) contributions deposited into the account in accordance with Section 59-10-1317;

(b) private contributions;

(c) donations or grants from public or private entities; and

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(d) interest described in Subsection (3).

(3) (a) The account shall earn interest.

(b) Interest earned on the account shall be deposited into the account.

(4) The division shall distribute money appropriated by the Legislature to the division from the restricted account as provided in Section 35A-8-2004.

Section 8. Section 35A-8-2004 is enacted to read:

35A-8-2004. Division to distribute amounts deposited into Youth Character Organization Restricted Account -- Procedures for distribution.

(1) Subject to the other provisions of this section, the division shall distribute amounts deposited into the Youth Character Organization Restricted Account in accordance with Section 35A-8-2003 to one or more qualified youth character organization councils in the state.

(2) A qualified youth character organization that receives a distribution from the division under this section shall expend the distribution only to accomplish the purposes described in 36 U.S.C. § 80302.

(3) An organization that seeks to receive a distribution from the division under this section shall, on or before May 1 of each year, file an application with the division:

(a) on a form prescribed by the division;

(b) that contains information required by the division to establish that the organization is a youth character organization council in the state; and

(c) that contains any other information prescribed by the commission.

(4) (a) The division shall, on or before June 1 of each year, determine whether an organization that files an application with the division under Subsection (3) is a youth character organization council in the state.

(b) (i) If the division determines that an organization that files an application with the division under Subsection (3) is a youth character organization council, the division shall, on or before June 15 of each year, issue the organization a certificate stating that the organization is a qualified youth character organization council.

(ii) If the division determines that an organization that files an application with the division under Subsection (3) is not a youth character organization council, the division shall provide the organization written notice stating the reasons for its determination.

(5) On or before July 1 of each year, the division shall make the distributions required

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by this section to each qualified youth character organization council as follows:

(a) the division shall, for each qualified youth character organization council, calculate a percentage:

(i) the numerator of which is the youth membership of the qualified youth character organization; and

(ii) the denominator of which is the total youth membership of the qualified youth character organization councils;

(b) the division shall, for each qualified youth character organization council, calculate an amount by multiplying the percentage the division calculates under Subsection (5)(a) by the amount the Legislature appropriates to the division from the account for the fiscal year; and

(c) distribute the amount the division calculates under Subsection (5)(b) to each qualified youth character organization council.

Section 9. Section 59-10-1304 is amended to read:

59-10-1304. Removal of designation and prohibitions on collection for certain contributions on income tax return -- Conditions for removal and prohibitions on collection -- Commission reporting requirements.

(1) (a) If a contribution or combination of contributions described in Subsection (1)(b) generate less than \$30,000 per year for three consecutive years, the commission shall remove the designation for the contribution from the individual income tax return and may not collect the contribution from a resident or nonresident individual beginning two taxable years after the three-year period for which the contribution generates less than \$30,000 per year.

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

(i) the contribution provided for in Section 59-10-1305;

(ii) the contribution provided for in Section 59-10-1306;

(iii) the sum of the contributions provided for in Subsection 59-10-1307(1);

(iv) the contribution provided for in Section 59-10-1308;

(v) the contribution provided for in Section 59-10-1310; ~~[or]~~

(vi) the contribution provided for in Section 59-10-1315~~[-]; or~~

(vii) ~~the {contribution}~~ sum of the contributions provided for in:

(A) Section 59-10-1316; and

(B) Section 59-10-1317.

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

Section ~~6~~10. Section **59-10-1316** is enacted to read:

59-10-1316. Contribution to Youth Development Organization Restricted

Account.

(1) Except as provided in Section 59-10-1304, for a taxable year beginning on or after January 1, 2013, a resident or nonresident individual who files an individual income tax return under this chapter may designate on the resident or nonresident individual's individual income tax return a contribution as provided in this section to be:

(a) deposited into the Youth Development Organization Restricted Account created in Section 35A-8-1903; and

(b) expended as provided in Title 35A, Chapter 8, Part 19, Youth Development Organization Restricted Account Act.

(2) The commission shall:

(a) determine the total amount of contributions designated in accordance with this section for a taxable year; and

(b) credit the amount described in Subsection (2)(a) to the Youth Development Organization Restricted Account.

Section 11. Section **59-10-1317** is enacted to read:

59-10-1317. Contribution to Youth Character Organization Restricted Account.

(1) Except as provided in Section 59-10-1304, for a taxable year beginning on or after January 1, 2013, a resident or nonresident individual who files an individual income tax return under this chapter may designate on the resident or nonresident individual's individual income tax return a contribution as provided in this section to be:

(a) deposited into the Youth Character Organization Restricted Account created in Section 35A-8-2003; and

(b) expended as provided in Title 35A, Chapter 8, Part 20, Youth Character Organization Restricted Account Act.

(2) The commission shall:

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(a) determine the total amount of contributions designated in accordance with this section for a taxable year; and

(b) credit the amount described in Subsection (2)(a) to the Youth Character Organization Restricted Account.

Section ~~(7)~~12. Section **63J-1-602.2 (Effective 07/01/13)** is amended to read:

63J-1-602.2 (Effective 07/01/13). List of nonlapsing funds and accounts -- Title 31 through Title 45.

(1) Appropriations from the Technology Development Restricted Account created in Section 31A-3-104.

(2) Appropriations from the Criminal Background Check Restricted Account created in Section 31A-3-105.

(3) Appropriations from the Captive Insurance Restricted Account created in Section 31A-3-304, except to the extent that Section 31A-3-304 makes the money received under that section free revenue.

(4) Appropriations from the Title Licensee Enforcement Restricted Account created in Section 31A-23a-415.

(5) Appropriations from the Health Insurance Actuarial Review Restricted Account created in Section 31A-30-115.

(6) Appropriations from the Insurance Fraud Investigation Restricted Account created in Section 31A-31-108.

(7) Appropriations from the Underage Drinking Prevention Media and Education Campaign Restricted Account created in Section 32B-2-306.

(8) The Youth Development Organization Restricted Account created in Section 35A-8-1903.

(9) The Youth Character Organization Restricted Account created in Section 35A-8-2003.

~~(8)~~ ~~(9)~~10 Funding for a new program or agency that is designated as nonlapsing under Section 36-24-101.

~~(9)~~ ~~(10)~~11 Appropriations from the Oil and Gas Conservation Account created in Section 40-6-14.5.

~~(10)~~ ~~(11)~~12 Appropriations from the Electronic Payment Fee Restricted Account

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created by Section 41-1a-121 to the Motor Vehicle Division.

~~[(11)]~~ ~~(~~12~~;~~13~~)~~ Funds available to the Tax Commission under Section 41-1a-1201 for the:

- (a) purchase and distribution of license plates and decals; and
- (b) administration and enforcement of motor vehicle registration requirements.

Section ~~8~~ 13. **Effective date -- Retrospective operation.**

(1) Except as provided in Subsection (2), this bill takes effect on January 1, 2014.

(2) The actions affecting the following sections have retrospective operation for a taxable year beginning on or after January 1, 2013:

- (a) Section 59-10-1304; ~~and~~
- (b) Section 59-10-1316~~;~~ and
- (c) Section 59-10-1317.

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Legislative Review Note

~~as of 2-14-13 12:25 PM~~

~~Office of Legislative Research and General Counsel~~