

**ENDOWMENT FUNDS FOR UTAH CHARITIES**

1998 GENERAL SESSION

STATE OF UTAH

**Sponsor: J. Brent Haymond**

AN ACT RELATING TO REVENUE AND TAXATION; PROVIDING A TAX CREDIT TO INDIVIDUALS AND CORPORATIONS FOR CONTRIBUTIONS TO CHARITABLE ENDOWMENTS WITHIN THE STATE; PROVIDING A REPEAL DATE; AND PROVIDING FOR RETROSPECTIVE OPERATION.

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

AMENDS:

**63-55b-5901**, as enacted by Chapters 46, 345 and 346, Laws of Utah 1997

ENACTS:

**59-7-612**, Utah Code Annotated 1953

**59-10-131**, Utah Code Annotated 1953

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

Section 1. Section **59-7-612** is enacted to read:

**59-7-612. Charitable endowment tax credit.**

(1) As used in this section:

(a) "Charitable organization" has the same meaning as set forth in Section 59-18-102.

(b) "Qualifying endowment donation" means a donation to a charitable organization which specifies that the donation is to be deposited into a qualifying endowment fund.

(c) "Qualifying endowment fund" means any endowment fund established for the benefit of a charitable organization ~~h [which endowment fund has total assets]~~ **THAT HAS TOTAL ENDOWMENT FUND ASSETS** h of \$5,000,000 or less, h **[which] WHERE THE ENDOWMENT FUND** h is restricted in scope such that all income generated by the endowment fund will be used for purposes, programs, or projects of the charitable organization within the state.

(2) For taxable years beginning on or after January 1, 1998, but beginning before December 31, 2002, a taxpayer may claim as provided in this section a nonrefundable credit

1 against any taxes imposed by this chapter, in an amount equal to 20% of the aggregate amount of  
2 qualifying endowment donations made by that taxpayer during the taxable year.

3 (3) If the amount of credit under this section for which a taxpayer is eligible exceeds the  
4 taxpayer's tax liability for the taxable year, the taxpayer may carry forward for up to five taxable  
5 years the portion of the tax credit that exceeds the taxpayer's tax liability for the taxable year.

5a **h (4) THE AMOUNT OF CONTRIBUTION CLAIMED AS A TAX CREDIT PURSUANT TO THIS**  
5b **SECTION MAY NOT ALSO BE CLAIMED AS A CHARITABLE DEDUCTION IN DETERMINING NET**  
5c **TAXABLE INCOME. h**

6 Section 2. Section **59-10-131** is enacted to read:

7 **59-10-131. Charitable endowment tax credit.**

8 (1) As used in this section:

9 (a) "Charitable organization" has the same meaning as set forth in Section 59-18-102.

10 (b) "Qualifying endowment donation" means a donation to a charitable organization which  
11 specifies that the donation is to be deposited into a qualifying endowment fund.

12 (c) "Qualifying endowment fund" means any endowment fund established for the benefit  
13 of a charitable organization h [~~which endowment fund has total assets~~] **THAT HAS TOTAL**  
13a **ENDOWMENT FUND ASSETS h** of \$5,000,000 or less, h [~~which~~] **WHERE THE ENDOWMENT FUND h**  
14 is restricted in scope such that all income generated by the endowment fund will be used for  
15 purposes, programs, or projects of the charitable organization within the state.

16 (2) For taxable years beginning on or after January 1, 1998, but beginning before  
17 December 31, 2002, a taxpayer may claim as provided in this section a nonrefundable credit  
18 against any taxes imposed by this chapter, in an amount equal to 20% of the aggregate amount of  
19 qualifying endowment donations made by that taxpayer during the taxable year.

20 (3) If the amount of credit under this section for which a taxpayer is eligible exceeds the  
21 taxpayer's tax liability for the taxable year, the taxpayer may carry forward for up to five taxable  
22 years the portion of the tax credit that exceeds the taxpayer's tax liability for the taxable year.

22a **h (4) THE AMOUNT OF CONTRIBUTION CLAIMED AS A TAX CREDIT PURSUANT TO THIS**  
22b **SECTION MAY NOT ALSO BE CLAIMED AS A CHARITABLE DEDUCTION IN DETERMINING NET**  
22c **TAXABLE INCOME. h**

23 Section 3. Section **63-55b-5901** is amended to read:

24 **63-55b-5901. Repeal Date -- Title 59.**

25 (1) Section 59-7-604 is repealed January 1, 2002.

26 (2) Section 59-7-611 and Sections 59-10-601 through 59-10-604 are repealed January 1,  
27 2001.

28 (3) Section 59-7-612 and Section 59-10-131 are repealed January 1, 2003.

29 [~~3~~] (4) Section 59-9-101.1 is repealed January 1, 2001, and the department may not  
30 impose an assessment under Section 59-9-101.1 after December 31, 2000.

31 Section 4. **Retrospective operation.**

1           This act has retrospective operation for taxable years beginning on or after January 1, 1998.

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**Legislative Review Note**  
**as of 1-15-98 10:14 AM**

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

**Office of Legislative Research and General Counsel**