

**INDIVIDUAL INCOME TAX CONTRIBUTIONS  
FOR EDUCATION**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: David L. Thomas**

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**LONG TITLE**

**General Description:**

This bill amends the Individual Income Tax Act.

**Highlighted Provisions:**

This bill:

▶ authorizes a taxpayer to contribute \$1 or more to the Uniform School Fund on the taxpayer's individual income tax return;

▶ repeals obsolete language authorizing a taxpayer to contribute \$1 or more to an applied technology center or applied technology service center and authorizes the contribution to be made to a campus of the Utah College of Applied Technology;

▶ provides that the State Tax Commission shall remove the designation for the Uniform School Fund contribution from the individual income tax form and may not collect the contribution from a taxpayer under certain circumstances; and

▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill has retrospective operation for taxable years beginning on or after January 1, 2004.

**Utah Code Sections Affected:**

AMENDS:



28 59-10-549, as last amended by Chapter 216, Laws of Utah 2001

29 59-10-551, as last amended by Chapter 162, Laws of Utah 2003



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

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

33 **59-10-549. Contributions for education.**

34 (1) Except as provided in Section 59-10-551, a taxpayer that files a return pursuant to  
35 Section 59-10-502 may designate on the return a contribution as provided in this section to:

36 (a) the State Board of Regents created by Section 53B-1-103 for:

37 (i) libraries; or

38 (ii) library equipment;

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

40 (i) libraries; or

41 (ii) library equipment;

42 (c) the foundation of any school district that is exempt from federal income taxation  
43 under Section 501(c)(3), Internal Revenue Code;

44 (d) a chapter of the Utah Public Education Foundation; ~~[or]~~

45 ~~[(e) (i) an applied technology center listed in Section 53A-15-202.5; or]~~

46 ~~[(ii) an applied technology service center.]~~

47 (e) a college campus of the Utah College of Applied Technology listed in Section

48 53B-2a-105; or

49 (f) the Uniform School Fund.

50 (2) (a) A taxpayer may designate as a contribution under this section any whole dollar  
51 amount of \$1 or more.

52 (b) (i) If the taxpayer is owed an individual income tax refund for the taxable year, the  
53 amount of a contribution under this section shall be deducted from the taxpayer's individual  
54 income tax refund.

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

58 (c) If a taxpayer files a joint return, the contribution under this section shall be a joint

59 contribution.

60 (d) A contribution under this section is irrevocable during the taxable year for which  
61 the taxpayer makes the contribution.

62 (3) If a taxpayer designates an amount as a contribution under Subsection (1)(b), but  
63 does not designate a particular institution of higher education to receive the contribution, the  
64 contribution shall be made to the State Board of Regents for the purposes described in  
65 Subsection (1)(a).

66 (4) If a taxpayer designates an amount as a contribution under Subsection (1)(c), but  
67 does not designate a particular school district foundation to receive the contribution, the  
68 contribution shall be made to the Utah Public Education Foundation.

69 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
70 commission may make rules to implement this section.

71 (6) The commission shall:

72 (a) determine annually the total amount of contributions designated in accordance with  
73 this section; and

74 (b) report this amount to the state treasurer.

75 (7) The state treasurer shall credit any contributions reported to the state treasurer in  
76 accordance with Subsection (6) [~~to the educational institution described in Subsection (1)~~  
77 ~~designated by the taxpayer in accordance with this section.];~~

78 (a) subject to Subsections (3) and (4), if a taxpayer designates a contribution to an  
79 entity listed in Subsections (1)(a) through (e) in accordance with this section, to the entity that  
80 is designated by the taxpayer; or

81 (b) if a taxpayer designates a contribution to the Uniform School Fund under  
82 Subsection (1)(f) in accordance with this section, to the Uniform School Fund.

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

84 **59-10-551. Removal of designation and prohibitions on collection for certain**  
85 **contributions on income tax form -- Conditions for removal and prohibitions on**  
86 **collection -- Commission reporting requirements.**

87 (1) (a) Beginning on January 1, 1998, if a contribution or combination of contributions  
88 described in Subsection (1)(b) generate less than \$30,000 per year for three consecutive years,  
89 the commission shall remove the designation for the contribution from the income tax return

90 and may not collect the contribution from a resident or nonresident individual beginning two  
 91 taxable years after the three-year period for which the contribution generates less than \$30,000  
 92 per year.

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

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

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

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

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

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

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

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

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

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

103 (vi) the contribution provided for in Subsection 59-10-549(1)(f);

104 [~~(vi)~~] (vii) the contribution provided for in Section 59-10-550; or

105 [~~(vii)~~] (viii) the contribution provided for in Section 59-10-550.1.

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

110 Section 3. **Retrospective operation.**

111 This bill has retrospective operation for taxable years beginning on or after January 1,  
 112 2004.

**Legislative Review Note**  
 as of 1-14-04 2:50 PM

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

**Office of Legislative Research and General Counsel**

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**Fiscal Note**  
**Bill Number SB0109**

**Individual Income Tax Contributions for Education**

*26-Jan-04*

*12:08 PM*

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**State Impact**

Passage of this bill could increase Uniform School Fund by as much as \$15,000, depending on taxpayer contributions. Administrative costs can be absorbed within existing budgets.

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**Individual and Business Impact**

Any fiscal impact will be dependent on the amount of contribution made.

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**Office of the Legislative Fiscal Analyst**