

Senator Curtis S. Bramble proposes the following substitute bill:

**INVEST MORE FOR EDUCATION FUND - VOLUNTARY
CONTRIBUTION TO PUBLIC EDUCATION**

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gregory H. Hughes

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends the Individual Income Tax Act and the Single Rate Individual Income Tax Act to enact the Invest More for Education Fund, to provide for contributions to that fund on the individual income tax return, and provide that the designation for the contribution be removed from the individual income tax return and that the State Tax Commission may not collect the contribution under certain circumstances.

Highlighted Provisions:

This bill:

- ▶ creates a restricted account within the Uniform School Fund known as the Invest More for Education Fund, including addressing interest earned on fund monies;

- ▶ provides that a resident or nonresident individual may make contributions to the Invest More for Education Fund on the individual income tax return under certain circumstances for purposes of:

- the individual income tax imposed on the basis of graduated brackets and rates;

and

- the tax under the Single Rate Individual Income Tax Act;

- ▶ establishes the placement of contributions to the Invest More for Education Fund on



26 the individual income tax return;

27 ▶ requires the State Tax Commission to determine annually the contributions to the
28 Invest More for Education Fund and deposit those contributions into the Invest
29 More for Education Fund;

30 ▶ requires the Division of Finance to deposit contributions credited to the Invest More
31 for Education Fund and interest earned on those contributions into the Uniform
32 School Fund;

33 ▶ provides that the designation for the contribution be removed from the individual
34 income tax return and that the State Tax Commission may not collect the
35 contribution under certain circumstances; and

36 ▶ makes technical changes.

37 **Monies Appropriated in this Bill:**

38 None

39 **Other Special Clauses:**

40 This bill has retrospective operation for taxable years beginning on or after January 1,
41 2007.

42 **Utah Code Sections Affected:**

43 AMENDS:

44 **59-10-551**, as last amended by Chapter 280, Laws of Utah 2006

45 **59-10-1203**, as enacted by Chapter 2, Laws of Utah 2006, Fourth Special Session

46 ENACTS:

47 **59-10-550.3**, Utah Code Annotated 1953



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

50 Section 1. Section **59-10-550.3** is enacted to read:

51 **59-10-550.3. Invest More for Education Fund -- Interest -- Contribution to fund --**
52 **Deposit of revenues into the Uniform School Fund.**

53 (1) There is created within the Uniform School Fund a restricted account known as the
54 Invest More for Education Fund.

55 (2) The account shall be funded by contributions deposited into the Invest More for
56 Education Fund in accordance with this section.

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

58 (b) Interest earned on the Invest More for Education Fund shall be deposited into the
59 Invest More for Education Fund.

60 (4) Except as provided in Section 59-10-551, for taxable years beginning on or after
61 January 1, 2007, a resident or nonresident individual that files an individual income tax return
62 under this chapter may designate a contribution on the resident or nonresident individual's
63 individual income tax return as provided in this section to be deposited into the Invest More for
64 Education Fund.

65 (5) (a) A resident or nonresident individual may designate as a contribution under this
66 section any whole dollar amount of \$1 or more.

67 (b) If a resident or nonresident individual designating a contribution under this section:

68 (i) is owed an individual income tax refund for the taxable year, the amount of the
69 contribution under this section shall be deducted from the resident or nonresident individual's
70 individual income tax refund; or

71 (ii) is not owed an individual income tax refund for the taxable year, the resident or
72 nonresident individual may remit a contribution under this section with the resident or
73 nonresident individual's individual income tax return.

74 (c) If a husband and wife file a single individual income tax return jointly, a
75 contribution under this section shall be a joint contribution.

76 (d) A contribution under this section is irrevocable for the taxable year for which the
77 resident or nonresident individual makes the contribution.

78 (6) The commission shall place the contribution allowed by this section on each
79 individual income tax return immediately below the location where the tax due and refund
80 amounts are reported.

81 (7) The commission shall:

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

84 (b) credit the amount described in Subsection (7)(a) to the Invest More for Education
85 Fund created by this section.

86 (8) The Division of Finance shall deposit the amounts credited to the Invest More for
87 Education Fund and interest described in Subsection (3) into the Uniform School Fund.

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

89 **59-10-551. Removal of designation and prohibitions on collection for certain**
90 **contributions on income tax form -- Conditions for removal and prohibitions on**
91 **collection -- Commission reporting requirements.**

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

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

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

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

100 (iii) the sum of the contributions provided for in Subsection 59-10-549(1)(a);

101 (iv) the contribution provided for in Subsection 59-10-549(1)(b);

102 (v) the contribution provided for in Section 59-10-550;

103 (vi) the contribution provided for in Section 59-10-550.1; [~~or~~]

104 (vii) the contribution provided for in Section 59-10-550.2[~~;~~ or]

105 (viii) the contribution provided for in Section 59-10-550.3.

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. Section **59-10-1203** is amended to read:

111 **59-10-1203. Single rate tax for resident or nonresident individual -- Tax rate --**
112 **Contributions -- Exemption -- Amended returns.**

113 (1) For taxable years beginning on or after January 1, 2007, a resident or nonresident
114 individual may calculate and pay a tax under this section as provided in this part.

115 (2) (a) A resident individual that calculates and pays a tax under this section:

116 (i) shall pay for a taxable year an amount equal to the product of:

117 (A) the resident individual's state taxable income for that taxable year; and

118 (B) 5.35%; and

- 119 (ii) is exempt from paying the tax imposed by Section 59-10-104.
- 120 (b) A nonresident individual that calculates and pays a tax under this section:
- 121 (i) shall pay for a taxable year an amount equal to the product of the nonresident
- 122 individual's:
- 123 (A) unapportioned state tax; and
- 124 (B) state income tax percentage; and
- 125 (ii) is exempt from paying the tax imposed by Section 59-10-116.
- 126 (3) Except as required by Section 59-10-1204 or 59-10-1205, a resident or nonresident
- 127 individual that calculates and pays a tax under this section may not make any addition or
- 128 adjustment to or subtraction from adjusted gross income.
- 129 (4) A resident or nonresident individual that calculates and pays a tax under this
- 130 section may designate on the resident or nonresident individual's individual income tax return
- 131 for a taxable year a contribution allowed by:
- 132 (a) Section 59-10-530;
- 133 (b) Section 59-10-530.5;
- 134 (c) Section 59-10-547;
- 135 (d) Section 59-10-549;
- 136 (e) Section 59-10-550;
- 137 (f) Section 59-10-550.1; [~~or~~]
- 138 (g) Section 59-10-550.2[~~;~~]; or
- 139 (h) Section 59-10-550.3.
- 140 (5) This section does not apply to a resident or nonresident individual exempt from
- 141 taxation under Section 59-10-104.1.
- 142 (6) (a) A resident or nonresident individual may determine for each taxable year for
- 143 which the resident or nonresident individual files an individual income tax return under this
- 144 chapter whether to calculate and pay a tax under this section as provided in this part.
- 145 (b) If a resident or nonresident individual files an amended return for a taxable year
- 146 beginning on or after January 1, 2007, the resident or nonresident individual may determine
- 147 whether to calculate and pay a tax under this section as provided in this part for that taxable
- 148 year.

149 Section 4. **Retrospective operation.**

150 This bill has retrospective operation for taxable years beginning on or after January 1,
151 2007.

Fiscal Note**H.B. 308 2nd Sub. (Gray) - Invest More for Education Fund - Voluntary
Contribution to Public Education**

2007 General Session

State of Utah

State Impact

Enactment of this bill creates the Invest More For Education Fund as an Education Fund restricted account to provide for voluntary contributions from income tax returns. The amount of contributions cannot be estimated. Enactment of this bill would require an ongoing appropriation of \$36,400 from the General Fund to the Tax Commission for changes to and publication of the income tax form.

	<u>FY 2007 Approp.</u>	<u>FY 2008 Approp.</u>	<u>FY 2009 Approp.</u>	<u>FY 2007 Revenue</u>	<u>FY 2008 Revenue</u>	<u>FY 2009 Revenue</u>
General Fund	\$0	\$36,400	\$36,400	\$0	\$0	\$0
Total	\$0	\$36,400	\$36,400	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.