

EDUCATION CONTRIBUTION ON TAX RETURNS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel W. Thatcher

House Sponsor: Gregory H. Hughes

LONG TITLE

General Description:

This bill amends the Individual Income Tax Contributions Act to provide an individual income tax contribution for education.

Highlighted Provisions:

This bill:

- ▶ provides an individual income tax contribution for the Invest More for Education Account;
- ▶ creates a restricted account known as the Invest More for Education Account including:
 - providing funding for the account; and
 - providing that the Legislature may appropriate money from the account for the support of the public education system;
- ▶ provides that if the collections from the contribution do not meet a certain threshold amount, the State Tax Commission shall remove the designation for the contribution from the individual income tax return and may not collect the contribution; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:



28 This bill provides an effective date.

29 This bill provides for retrospective operation.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **53A-16-101**, as last amended by Laws of Utah 2010, Chapter 278

33 **59-10-1304**, as last amended by Laws of Utah 2011, Chapter 294

34 ENACTS:

35 **59-10-1316**, Utah Code Annotated 1953



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

38 Section 1. Section **53A-16-101** is amended to read:

39 **53A-16-101. Uniform School Fund -- Contents -- Interest and Dividends Account**
40 **-- Invest More for Education Account.**

41 (1) The Uniform School Fund, a special revenue fund within the Education Fund,
42 established by Utah Constitution, Article X, Section 5, consists of:

43 (a) interest and dividends derived from the investment of money in the permanent State
44 School Fund established by Utah Constitution, Article X, Section 5;

45 (b) money transferred to the fund pursuant to Title 67, Chapter 4a, Unclaimed Property
46 Act; and

47 (c) all other constitutional or legislative allocations to the fund, including revenues
48 received by donation.

49 (2) (a) There is created within the Uniform School Fund a restricted account known as
50 the Interest and Dividends Account.

51 (b) The Interest and Dividends Account consists of:

52 (i) interest and dividends derived from the investment of money in the permanent State
53 School Fund referred to in Subsection (1)(a); and

54 (ii) interest on account money.

55 (3) (a) Upon appropriation by the Legislature, money from the Interest and Dividends
56 Account shall be used for the School LAND Trust Program as provided in Section
57 53A-16-101.5.

58 (b) The Legislature may appropriate any remaining balance for the support of the

59 public education system.

60 (4) (a) There is created within the Uniform School Fund a restricted account known as
61 the Invest More for Education Account.

62 (b) The account shall be funded by contributions deposited into the restricted account
63 in accordance with Section 59-10-1316.

64 (c) The account shall earn interest.

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

66 (e) The Legislature may appropriate money from the account for the support of the
67 public education system.

68 Section 2. Section **59-10-1304** is amended to read:

69 **59-10-1304. Removal of designation and prohibitions on collection for certain**
70 **contributions on income tax return -- Conditions for removal and prohibitions on**
71 **collection -- Commission reporting requirements.**

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

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

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

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

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

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

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

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

84 (vii) the contribution provided for in Section 59-10-1316.

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

89 Section 3. Section **59-10-1316** is enacted to read:

90 **59-10-1316. Contribution to Invest More for Education Account.**

91 (1) Except as provided in Section 59-10-1304, a resident or nonresident individual that
92 files an individual income tax return under this chapter may designate on the resident or
93 nonresident individual's individual income tax return a contribution as provided in this section
94 to be:

95 (a) deposited into the Invest More for Education Account; and

96 (b) expended as provided in Subsection 53A-16-101(4).

97 (2) The commission shall:

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

100 (b) credit the amount described in Subsection (2)(a) to the Invest More for Education
101 Account created in Subsection 53A-16-101(4).

102 **Section 4. Effective date -- Retrospective operation.**

103 (1) Except as provided in Subsection (2), this bill takes effect on May 8, 2012.

104 (2) The amendments to Section 59-10-1316 have retrospective operation for a taxable
105 year beginning on or after January 1, 2012.

Legislative Review Note
as of 2-27-12 8:19 AM

Office of Legislative Research and General Counsel