

1 **REPEAL OF UTAH HISTORY ENDOWMENT FUND**

2 2014 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Melvin R. Brown**

5 Senate Sponsor: Lyle W. Hillyard

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions related to the creation of endowment funds by nonprofit
10 history organizations.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ repeals the Utah History Endowment Fund; and
- 14 ▶ makes technical changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **9-8-701**, as enacted by Laws of Utah 1991, Chapter 121

22 **9-8-703**, as enacted by Laws of Utah 1991, Chapter 121

23 **9-8-704**, as last amended by Laws of Utah 2008, Chapter 382

24 **9-8-705**, as last amended by Laws of Utah 2010, Chapter 324

25 **9-8-707**, as last amended by Laws of Utah 2011, Chapter 342

26 **9-8-708**, as enacted by Laws of Utah 1991, Chapter 121

27 REPEALS:



28 9-8-702, as last amended by Laws of Utah 2013, Chapter 400

29 9-8-706, as last amended by Laws of Utah 2011, Chapter 342



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

32 Section 1. Section 9-8-701 is amended to read:

33 **Part 7. Endowment Funds for History Organizations**

34 **9-8-701. Definitions.**

35 As used in this part:

36 (1) "Board" means the Board of State History.

37 (2) "Division" means the Division of State History.

38 (3) "Endowment fund" means any history endowment fund created under this part by a
39 qualifying organization.

40 (4) "Qualifying organization" means any Utah nonprofit history organization or local
41 government that qualifies under this chapter to create an endowment fund, receive state money
42 into the endowment fund, match state money deposited into the endowment fund, and expend
43 interest earned on the endowment fund.

44 [~~5) "State fund" means the Utah History Endowment Fund created under Section~~
45 ~~9-8-702.~~]

46 Section 2. Section 9-8-703 is amended to read:

47 **9-8-703. History organization endowment funds.**

48 (1) [~~Any~~] (a) A qualifying organization may create an endowment fund into which
49 there may be deposited money from [~~the state fund~~] funds made available for that purpose.

50 (b) The principal of each endowment fund may not be expended by the qualifying
51 organization and shall be held in perpetuity solely by the qualifying organization or by the
52 Division of Finance on behalf of the qualifying organization.

53 (c) Only interest income earned on the amount in each endowment fund may be
54 expended by the qualifying organization.

55 (d) The principal of each endowment fund shall be invested in accordance with Title
56 51, Chapter 7, State Money Management Act [~~of 1974~~].

57 (2) [~~Each~~] (a) An endowment fund shall be administered in accordance with generally
58 accepted accounting principles by professional endowment management personnel.

59 (b) If no professional endowment management personnel is available to the qualifying
60 organization, [it] the qualifying organization shall place [its] the endowment fund in a state
61 trust and agency fund administered by the Division of Finance~~[- which shall allocate interest~~
62 ~~income to the qualifying organization annually].~~

63 (3) If an endowment fund is administered by the Division of Finance:

64 (a) the Division of Finance shall allocate interest income to the qualifying organization
65 annually; and

66 (b) the costs for [~~this~~] the administration shall be deducted from the interest income
67 before allocations of interest income may be made to the qualifying organization by the
68 Division of Finance.

69 Section 3. Section **9-8-704** is amended to read:

70 **9-8-704. Division duties.**

71 The division shall, according to policy established by the board:

72 (1) allocate money from [~~the state fund~~] funds made available for that purpose to the
73 endowment fund created by a qualifying organization under Section **9-8-703**;

74 (2) determine the eligibility of each qualifying organization to receive money from [~~the~~
75 ~~state fund~~] funds made available for that purpose into the endowment fund of the qualifying
76 organization;

77 (3) determine the matching amount each qualifying organization must raise in order to
78 qualify to receive money from [~~the state fund~~] funds made available for that purpose;

79 (4) establish a date by which each qualifying organization must provide [its] the
80 qualifying organization's matching funds;

81 (5) verify that matching funds have been provided by each qualifying organization by
82 the date determined in Subsection (4); and

83 (6) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
84 [~~establish criteria by rule not otherwise prescribed in this chapter~~] make rules establishing
85 criteria for determining the eligibility of qualifying organizations to receive money from [~~the~~
86 ~~state fund~~] funds made available for that purpose.

87 Section 4. Section **9-8-705** is amended to read:

88 **9-8-705. Eligibility requirements of qualifying history organizations -- Allocation**
89 **limitations -- Matching requirements.**

90 (1) ~~[Any]~~ A qualifying organization may apply to receive money from ~~[the state fund]~~
91 funds made available for that purpose to be deposited ~~[in]~~ into an endowment fund ~~[it has]~~
92 created under Section 9-8-703 if the qualifying organization has:

93 (a) ~~[if it has]~~ received a grant from the division during one of the three years
94 immediately before making application for ~~[state fund]~~ money under this Subsection (1); or

95 (b) ~~[if it has]~~ not received a grant from the division within the past three years, ~~[it]~~ the
96 qualifying organization may receive a grant upon approval by the division according to policy
97 of the board.

98 (2) (a) The maximum amount that may be allocated to each qualifying organization
99 from ~~[the state fund]~~ funds made available for that purpose shall be determined by the division
100 in a format to be developed in consultation with the board.

101 (b) The minimum amount that may be allocated to each qualifying organization from
102 ~~[the state fund]~~ funds made available for that purpose is \$2,500.

103 (3) (a) After the division determines that a qualifying organization is eligible to receive
104 money from ~~[the state fund]~~ funds made available for that purpose and before any money is
105 allocated to the qualifying organization from ~~[the state fund]~~ available funds, the qualifying
106 organization shall match the amount qualified for by money raised and designated exclusively
107 for that purpose.

108 (b) State money and in-kind contributions may not be used to match money from ~~[the~~
109 ~~state fund]~~ funds made available for that purpose.

110 (4) Endowment match money shall be based on a sliding scale as follows:

111 (a) amounts requested up to \$20,000 shall be matched one-to-one;

112 (b) any additional amount requested that makes the aggregate amount requested exceed
113 \$20,000 but not exceed \$50,000 shall be matched two-to-one; and

114 (c) any additional amount requested that makes the aggregate amount requested exceed
115 \$50,000 shall be matched three-to-one.

116 (5) (a) Qualifying organizations shall raise the matching amount by a date determined
117 by the board.

118 (b) (i) Money from ~~[the state fund]~~ funds made available for that purpose shall be
119 released to the qualifying organization ~~[only]~~ upon verification by the division that the
120 matching money has been received on or before the date determined under Subsection (5)(a).

121 (ii) Verification of matching funds shall be made by a certified public accountant.

122 (c) Money from [~~the state fund~~] funds made available for that purpose shall be released
123 to qualifying organizations with professional endowment management in increments [~~not less~~
124 ~~than~~] of at least \$2,500 as audited confirmation of matching funds is received by the board.

125 (d) Money from [~~the state fund~~] funds made available for that purpose shall be granted
126 to each qualifying organization on the basis of the matching funds [it] the qualifying
127 organization has raised by the date determined under Subsection (5)(a).

128 Section 5. Section **9-8-707** is amended to read:

129 **9-8-707. Spending restrictions -- Return of endowment.**

130 (1) A qualifying organization[~~, once it~~] that has received [its] endowment money from
131 [~~the state fund,~~] funds made available for that purpose:

132 (a) may not expend [~~any of~~] the money or the required matching money in [its] the
133 endowment fund[~~, but~~]; and

134 (b) may expend [~~only~~] the interest income earned on the money in [its] the endowment
135 fund.

136 (2) If a qualifying organization expends [~~any amount of the endowment money~~
137 ~~received from the state fund or any amount of the required matching money~~] money in
138 violation of Subsection (1), the qualifying organization shall return the amount [~~it received~~
139 ~~from the state fund. The division shall reallocate any such returned money to qualifying~~
140 ~~organizations in the manner as provided in Section 9-8-706~~] of money allocated by the division
141 under this part to the Division of Finance.

142 Section 6. Section **9-8-708** is amended to read:

143 **9-8-708. Federal match.**

144 [~~The creation of the state fund and the use of its money~~] Funds allocated by the division
145 under this part to enable qualifying organizations to create their own endowment funds may be
146 construed as a state match for any history funding from the federal government that may be
147 provided.

148 Section 7. **Repealer.**

149 This bill repeals:

150 Section **9-8-702, Utah History Endowment Fund.**

151 Section **9-8-706, Unallocated money.**

Legislative Review Note
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Office of Legislative Research and General Counsel