

CHARITABLE CONTRIBUTION AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Luz Escamilla

House Sponsor: _____

LONG TITLE

General Description:

This bill creates the Nonprofit Capacity Fund and provides an option for a taxpayer to make a contribution for nonprofit support organizations on the income tax return.

Highlighted Provisions:

This bill:

- ▶ creates the Nonprofit Capacity Fund;
- ▶ allows a taxpayer to contribute to the Nonprofit Capacity Fund through the income tax return;
- ▶ creates the Nonprofit Capacity Grant Program in the Governor's Office of Economic Opportunity (GOEO);
- ▶ specifies how GOEO shall administer the Nonprofit Capacity Grant Program is to be administered; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-10-1304, as last amended by Laws of Utah 2020, Chapter 311



28 ENACTS:

29 [59-10-1321](#), Utah Code Annotated 1953

30 [63N-1a-308](#), Utah Code Annotated 1953

31

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

33 Section 1. Section **59-10-1304** is amended to read:

34 **59-10-1304. Removal of designation and prohibitions on collection for certain**
35 **contributions on income tax return -- Conditions for removal and prohibitions on**
36 **collection -- Commission publication requirements.**

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

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

43 (i) the contribution provided for in Section [59-10-1306](#);

44 (ii) the sum of the contributions provided for in Subsection [59-10-1307](#)(1);

45 (iii) the contribution provided for in Section [59-10-1308](#);

46 (iv) the contribution provided for in Section [59-10-1315](#);

47 (v) the contribution provided for in Section [59-10-1318](#);

48 (vi) the contribution provided for in Section [59-10-1319](#); ~~or~~

49 (vii) the contribution provided for in Section [59-10-1320](#)~~[-];~~ or

50 (viii) the contribution provided for in Section [59-10-1321](#).

51 (2) If the commission removes the designation for a contribution under Subsection (1),
52 the commission shall report to the Revenue and Taxation Interim Committee by electronic
53 means that the commission removed the designation on or before the November interim
54 meeting of the year in which the commission determines to remove the designation.

55 (3) (a) Within a 30-day period after ~~[making]~~ the day on which the commission makes
56 the report required by Subsection (2), the commission shall publish a list in accordance with
57 Subsection (3)(b) stating each contribution that the commission will remove from the
58 individual income tax return.

- 59 (b) The list shall:
- 60 (i) be published on:
- 61 (A) the commission's website; and
- 62 (B) the public legal notice website in accordance with Section 45-1-101;
- 63 (ii) include a statement that the commission:
- 64 (A) is required to remove the contribution from the individual income tax return; and
- 65 (B) may not collect the contribution;
- 66 (iii) state the taxable year for which the removal described in Subsection (3)(a) takes
- 67 effect; and
- 68 (iv) remain available for viewing and searching until the commission publishes a new
- 69 list in accordance with this Subsection (3).

70 Section 2. Section 59-10-1321 is enacted to read:

71 **59-10-1321. Contribution to the Nonprofit Capacity Fund.**

72 (1) (a) There is created an expendable special revenue fund known as the "Nonprofit
73 Capacity Fund."

74 (b) The fund shall consist of all amounts deposited into the fund in accordance with
75 Subsection (2).

76 (2) Except as provided in Section 59-10-1304, a resident or nonresident individual who
77 files an income tax return under this chapter may designate on the resident or nonresident
78 individual's income tax return a contribution to be:

79 (a) deposited into the Nonprofit Capacity Fund; and

80 (b) expended as provided in Subsection (3).

81 (3) (a) Each year, the commission shall disburse from the Nonprofit Capacity Fund all
82 money deposited into the fund since the last disbursement.

83 (b) The commission shall disburse money under Subsection (3)(a) to the Governor's
84 Office of Economic Opportunity for the purpose of providing money for grants to nonprofit
85 organizations in the state.

86 Section 3. Section 63N-1a-308 is enacted to read:

87 **63N-1a-308. Nonprofit Capacity Grant Program.**

88 (1) As used in this section, "nonprofit support organization" means a nonprofit
89 organization that:

90 (a) is organized under the Utah Revised Nonprofit Corporation Act; and
91 (b) provides the following support for nonprofit organizations located in the state:
92 (i) building operational capacity;
93 (ii) improving the delivery of essential services in the state;
94 (iii) providing professional training;
95 (iv) providing technical support; or
96 (v) encouraging collaboration with other nonprofit organizations, industry, and
97 government agencies.

98 (2) (a) There is created within the office the Nonprofit Capacity Grant Program.
99 (b) The purpose of the program is to provide grants to nonprofit support organizations.

100 (3) (a) A nonprofit support organization that submits a proposal for a grant to the office
101 shall include details in the proposal regarding:

102 (i) the nonprofit support organization's name;
103 (ii) information about the nonprofit support organization's activities and purpose;
104 (iii) the nonprofit support organization's budget;
105 (iv) plans for sustaining the nonprofit support organization beyond the grant period;
106 (v) specific proposals for how the nonprofit support organization would use the grant;

107 and

108 (vi) other information the office determines necessary to evaluate the proposal.

109 (b) When evaluating a proposal for a grant, the office shall consider:

110 (i) the grant amount requested;
111 (ii) the extent to which the proposal advances the goals described in Subsection (1)(b);
112 (iii) the extent to which any additional funding sources or existing or planned

113 partnerships may benefit the proposal; and

114 (iv) the viability of the proposal.

115 (4) Subject to Subsection (3), the office may, in accordance with Title 63G, Chapter 3,
116 Utah Administrative Rulemaking Act, make rules to establish:

117 (a) eligibility criteria for a grant;
118 (b) the form and process for submitting a proposal to the office for a grant;
119 (c) the process and criteria for determining the priority of applications received;
120 (d) the formula and method for determining a grant amount; and

121 (e) reporting requirements for a grant recipient.
122 Section 4. **Effective date.**
123 This bill takes effect on January 1, 2024.