

Senator Luz Escamilla proposes the following substitute bill:

CHARITABLE CONTRIBUTION AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Luz Escamilla

House Sponsor: Angela Romero

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 Department of Cultural and Community Engagement (department);
- ▶ specifies how the department 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:



26 AMENDS:

27 **59-10-1304**, as last amended by Laws of Utah 2020, Chapter 311

28 ENACTS:

29 **9-1-211**, Utah Code Annotated 1953

30 **59-10-1321**, Utah Code Annotated 1953

31

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

33 Section 1. Section **9-1-211** is enacted to read:

34 **9-1-211. Nonprofit Capacity Grant Program.**

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

- 37 (a) is organized under the Utah Revised Nonprofit Corporation Act; and
- 38 (b) provides the following support for nonprofit organizations located in the state:
 - 39 (i) building operational capacity;
 - 40 (ii) improving the delivery of essential services in the state;
 - 41 (iii) providing professional training;
 - 42 (iv) providing technical support; or
 - 43 (v) encouraging collaboration with other nonprofit organizations, industry, and
44 government agencies.

45 (2) (a) There is created within the department the Nonprofit Capacity Grant Program.

46 (b) The purpose of the program is to provide grants to nonprofit support organizations.

47 (3) (a) A nonprofit support organization that submits a proposal for a grant to the
48 department shall include details in the proposal regarding:

- 49 (i) the nonprofit support organization's name;
- 50 (ii) information about the nonprofit support organization's activities and purpose;
- 51 (iii) the nonprofit support organization's budget;
- 52 (iv) plans for sustaining the nonprofit support organization beyond the grant period;
- 53 (v) specific proposals for how the nonprofit support organization would use the grant;

54 and

55 (vi) other information the department determines necessary to evaluate the proposal.

56 (b) When evaluating a proposal for a grant, the department shall consider:

- 57 (i) the grant amount requested;
- 58 (ii) the extent to which the proposal advances the goals described in Subsection (1)(b);
- 59 (iii) the extent to which any additional funding sources or existing or planned
- 60 partnerships may benefit the proposal; and
- 61 (iv) the viability of the proposal.

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

- 64 (a) eligibility criteria for a grant;
- 65 (b) the form and process for submitting a proposal to the department for a grant;
- 66 (c) the process and criteria for determining the priority of applications received;
- 67 (d) the formula and method for determining a grant amount; and
- 68 (e) reporting requirements for a grant recipient.

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

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

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

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

- 79 (i) the contribution provided for in Section [59-10-1306](#);
- 80 (ii) the sum of the contributions provided for in Subsection [59-10-1307\(1\)](#);
- 81 (iii) the contribution provided for in Section [59-10-1308](#);
- 82 (iv) the contribution provided for in Section [59-10-1315](#);
- 83 (v) the contribution provided for in Section [59-10-1318](#);
- 84 (vi) the contribution provided for in Section [59-10-1319](#); ~~[or]~~
- 85 (vii) the contribution provided for in Section [59-10-1320](#)~~[-];~~ or
- 86 (viii) the contribution provided for in Section [59-10-1321](#).

87 (2) If the commission removes the designation for a contribution under Subsection (1),

88 the commission shall report to the Revenue and Taxation Interim Committee by electronic
89 means that the commission removed the designation on or before the November interim
90 meeting of the year in which the commission determines to remove the designation.

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

95 (b) The list shall:

96 (i) be published on:

97 (A) the commission's website; and

98 (B) the public legal notice website in accordance with Section [45-1-101](#);

99 (ii) include a statement that the commission:

100 (A) is required to remove the contribution from the individual income tax return; and

101 (B) may not collect the contribution;

102 (iii) state the taxable year for which the removal described in Subsection (3)(a) takes
103 effect; and

104 (iv) remain available for viewing and searching until the commission publishes a new
105 list in accordance with this Subsection (3).

106 Section 3. Section **59-10-1321** is enacted to read:

107 **59-10-1321. Contribution to the Nonprofit Capacity Fund.**

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

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

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

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

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

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

119 (b) The commission shall disburse money under Subsection (3)(a) to the Department of
120 Cultural and Community Engagement for the purpose of providing money for grants to
121 nonprofit organizations in the state.

122 Section 4. **Effective date.**

123 (1) Except as provided in Subsection (2), this bill takes effect for a taxable year
124 beginning on or after January 1, 2024.

125 (2) Section [9-6-206](#) takes effect on January 1, 2024.