

**YOUTH DEVELOPMENT ORGANIZATION RESTRICTED
ACCOUNT AND INCOME TAX CONTRIBUTION**

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Steve Eliason

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts the Youth Development Organization Restricted Account, provides for the distribution of amounts deposited into the account, and enacts an income tax contribution for a youth development organization.

Highlighted Provisions:

This bill:

- ▶ creates the Youth Development Organization Restricted Account;
- ▶ provides for the distribution of amounts deposited into the account;
- ▶ provides that the account is a nonlapsing account;
- ▶ enacts an income tax contribution for a youth development organization;
- ▶ 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:

This bill provides an effective date.



28 This bill provides retrospective operation for a taxable year beginning on or after
29 January 1, 2013.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-10-1304**, as last amended by Laws of Utah 2011, Chapter 294

33 **63J-1-602.2 (Effective 07/01/13)**, as last amended by Laws of Utah 2012, Chapters 388

34 and 397

35 ENACTS:

36 **35A-8-1901**, Utah Code Annotated 1953

37 **35A-8-1902**, Utah Code Annotated 1953

38 **35A-8-1903**, Utah Code Annotated 1953

39 **35A-8-1904**, Utah Code Annotated 1953

40 **59-10-1316**, Utah Code Annotated 1953



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

43 Section 1. Section **35A-8-1901** is enacted to read:

44 **Part 19. Youth Development Organization Restricted Account Act**

45 **35A-8-1901. Title.**

46 This part is known as the "Youth Development Organization Restricted Account Act."

47 Section 2. Section **35A-8-1902** is enacted to read:

48 **35A-8-1902. Definitions.**

49 As used in this part:

50 (1) "Account" means the Youth Development Organization Restricted Account created
51 in Section 35A-8-1903.

52 (2) "Qualified youth development organization council" means a youth development
53 organization council in the state that the division determines to be eligible to receive a
54 distribution under Section 35A-8-1904.

55 (3) "Youth development organization" means an organization that:

56 (a) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue
57 Code;

58 (b) has more than 180,000 youth members within the state;

59 (c) has as its mission to prepare youth members to make ethical and moral choices over
60 their lifetimes; and

61 (d) accomplishes the mission described in Subsection (3)(c) by building character,
62 teaching citizenship, and developing personal fitness.

63 (4) "Youth development organization council" means a council that:

64 (a) is chartered by a youth development organization;

65 (b) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue
66 Code;

67 (c) has more than 35,000 youth members within the state;

68 (d) covers a specified geographic area within the state;

69 (e) has as its mission to prepare youth members to make ethical and moral choices over
70 their lifetimes; and

71 (f) accomplishes the mission described in Subsection (4)(e) by building character,
72 teaching citizenship, and developing personal fitness.

73 (5) "Youth member" means a person who:

74 (a) has a valid membership in a youth development organization;

75 (b) is affiliated with a particular youth development organization council; and

76 (c) is 20 years of age or younger.

77 Section 3. Section **35A-8-1903** is enacted to read:

78 **35A-8-1903. Youth Development Organization Restricted Account -- Creation --**
79 **Interest.**

80 (1) There is created within the General Fund a restricted account known as the "Youth
81 Development Organization Restricted Account."

82 (2) The account shall be funded by:

83 (a) contributions deposited into the account in accordance with Section 59-10-1316;

84 (b) private contributions;

85 (c) donations or grants from public or private entities; and

86 (d) interest described in Subsection (3).

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

88 (b) Interest earned on the account shall be deposited into the account.

89 (4) The division shall distribute money appropriated by the Legislature to the division

90 from the restricted account as provided in Section 35A-8-1904.

91 Section 4. Section **35A-8-1904** is enacted to read:

92 **35A-8-1904. Division to distribute amounts deposited into Youth Development**
93 **Organization Restricted Account -- Procedures for distribution.**

94 (1) Subject to the other provisions of this section, the division shall distribute amounts
95 deposited into the Youth Development Organization Restricted Account in accordance with
96 Section 35A-8-1903 to one or more qualified youth development organization councils in the
97 state.

98 (2) A qualified youth development organization council that receives a distribution
99 from the division under this section shall expend the distribution only to accomplish the
100 mission of the qualified youth development organization council described in Subsection
101 35A-8-1903(4).

102 (3) An organization that seeks to receive a distribution from the division under this
103 section shall, on or before May 1 of each year, file an application with the division:

104 (a) on a form prescribed by the division;

105 (b) that contains information required by the division to establish that the organization
106 is a youth development organization council in the state; and

107 (c) that contains any other information prescribed by the commission.

108 (4) (a) The division shall, on or before June 1 of each year, determine whether an
109 organization that files an application with the division under Subsection (3) is a youth
110 development organization council in the state.

111 (b) (i) If the division determines that an organization that files an application with the
112 division under Subsection (3) is a youth development organization council, the division shall,
113 on or before June 15 of each year, issue the organization a certificate stating that the
114 organization is a qualified youth development organization council.

115 (ii) If the division determines that an organization that files an application with the
116 division under Subsection (3) is not a youth development organization council, the division
117 shall provide the organization written notice stating the reasons for its determination.

118 (5) On or before July 1 of each year, the division shall make the distributions required
119 by this section to each qualified youth development organization council as follows:

120 (a) the division shall, for each qualified youth development organization council,

121 calculate a percentage:

122 (i) the numerator of which is the youth membership of the qualified youth development
 123 organization council; and

124 (ii) the denominator of which is the total youth membership of the qualified youth
 125 development organization councils;

126 (b) the division shall, for each qualified youth development organization council,
 127 calculate an amount by multiplying the percentage the division calculates under Subsection
 128 (5)(a) by the balance in the account as of June 1 of that year; and

129 (c) distribute the amount the division calculates under Subsection (5)(b) to each
 130 qualified youth development organization council.

131 Section 5. Section **59-10-1304** is amended to read:

132 **59-10-1304. Removal of designation and prohibitions on collection for certain**
 133 **contributions on income tax return -- Conditions for removal and prohibitions on**
 134 **collection -- Commission reporting requirements.**

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

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

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

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

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

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

145 (v) the contribution provided for in Section 59-10-1310; [or]

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

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

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

152 Section 6. Section **59-10-1316** is enacted to read:

153 **59-10-1316. Contribution to Youth Development Organization Restricted**

154 **Account.**

155 (1) Except as provided in Section 59-10-1304, for a taxable year beginning on or after
156 January 1, 2013, a resident or nonresident individual who files an individual income tax return
157 under this chapter may designate on the resident or nonresident individual's individual income
158 tax return a contribution as provided in this section to be:

159 (a) deposited into the Youth Development Organization Restricted Account created in
160 Section 35A-8-1903; and

161 (b) expended as provided in Title 35A, Chapter 8, Part 19, Youth Development
162 Organization Restricted Account Act.

163 (2) The commission shall:

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

166 (b) credit the amount described in Subsection (2)(a) to the Youth Development
167 Organization Restricted Account.

168 Section 7. Section **63J-1-602.2 (Effective 07/01/13)** is amended to read:

169 **63J-1-602.2 (Effective 07/01/13). List of nonlapsing funds and accounts -- Title 31**
170 **through Title 45.**

171 (1) Appropriations from the Technology Development Restricted Account created in
172 Section 31A-3-104.

173 (2) Appropriations from the Criminal Background Check Restricted Account created in
174 Section 31A-3-105.

175 (3) Appropriations from the Captive Insurance Restricted Account created in Section
176 31A-3-304, except to the extent that Section 31A-3-304 makes the money received under that
177 section free revenue.

178 (4) Appropriations from the Title Licensee Enforcement Restricted Account created in
179 Section 31A-23a-415.

180 (5) Appropriations from the Health Insurance Actuarial Review Restricted Account
181 created in Section 31A-30-115.

182 (6) Appropriations from the Insurance Fraud Investigation Restricted Account created

183 in Section 31A-31-108.

184 (7) Appropriations from the Underage Drinking Prevention Media and Education
185 Campaign Restricted Account created in Section 32B-2-306.

186 (8) The Youth Development Organization Restricted Account created in Section
187 35A-8-1903.

188 [~~8~~] (9) Funding for a new program or agency that is designated as nonlapsing under
189 Section 36-24-101.

190 [~~9~~] (10) Appropriations from the Oil and Gas Conservation Account created in
191 Section 40-6-14.5.

192 [~~10~~] (11) Appropriations from the Electronic Payment Fee Restricted Account
193 created by Section 41-1a-121 to the Motor Vehicle Division.

194 [~~11~~] (12) Funds available to the Tax Commission under Section 41-1a-1201 for the:

195 (a) purchase and distribution of license plates and decals; and

196 (b) administration and enforcement of motor vehicle registration requirements.

197 Section 8. **Effective date -- Retrospective operation.**

198 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2014.

199 (2) The actions affecting the following sections have retrospective operation for a
200 taxable year beginning on or after January 1, 2013:

201 (a) Section 59-10-1304; and

202 (b) Section 59-10-1316.

Legislative Review Note
as of 2-14-13 12:25 PM

Office of Legislative Research and General Counsel