

1                                   **CHARITABLE CONTRIBUTION AMENDMENTS**

2   2023 GENERAL SESSION

3   STATE OF UTAH

4                                   **Chief Sponsor: Luz Escamilla**

5                                   House Sponsor: Angela Romero

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7 **LONG TITLE**

8 **General Description:**

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

11 **Highlighted Provisions:**

12           This bill:

- 13           ▶ creates the Nonprofit Capacity Fund;
- 14           ▶ allows a taxpayer to contribute to the Nonprofit Capacity Fund through the income  
15 tax return;
- 16           ▶ creates the Nonprofit Capacity Grant Program in the Department of Cultural and  
17 Community Engagement (department);
- 18           ▶ specifies how the department shall administer the Nonprofit Capacity Grant  
19 Program; and
- 20           ▶ makes technical changes.

21 **Money Appropriated in this Bill:**

22           None

23 **Other Special Clauses:**

24           This bill provides a special effective date.

25 **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

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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 [9-1-211](#) takes effect on January 1, 2024.