

28 ENACTS:

29 **59-10-1025**, Utah Code Annotated 1953



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

32 Section 1. Section **59-10-1002.2** is amended to read:

33 **59-10-1002.2. Apportionment of tax credits.**

34 (1) A nonresident individual or a part-year resident individual that claims a tax credit
35 in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1021, 59-10-1022,
36 59-10-1023, ~~or~~ 59-10-1024, or 59-10-1025 may only claim an apportioned amount of the tax
37 credit equal to:

38 (a) for a nonresident individual, the product of:

39 (i) the state income tax percentage for the nonresident individual; and

40 (ii) the amount of the tax credit that the nonresident individual would have been
41 allowed to claim but for the apportionment requirements of this section; or

42 (b) for a part-year resident individual, the product of:

43 (i) the state income tax percentage for the part-year resident individual; and

44 (ii) the amount of the tax credit that the part-year resident individual would have been
45 allowed to claim but for the apportionment requirements of this section.

46 (2) A nonresident estate or trust that claims a tax credit in accordance with Section
47 59-10-1017, 59-10-1020, 59-10-1022, ~~or~~ 59-10-1024, or 59-10-1025 may only claim an
48 apportioned amount of the tax credit equal to the product of:

49 (a) the state income tax percentage for the nonresident estate or trust; and

50 (b) the amount of the tax credit that the nonresident estate or trust would have been
51 allowed to claim but for the apportionment requirements of this section.

52 Section 2. Section **59-10-1025** is enacted to read:

53 **59-10-1025. Definitions -- Nonrefundable tax credit for certain public education**
54 **and higher education donations.**

55 (1) As used in this section:

56 (a) "Academic purpose":

57 (i) means a core educational purpose as determined by rules made by:

58 (A) the State Board of Education for a contribution made to an eligible entity within

59 the state system of public education; or

60 (B) the State Board of Regents for a contribution made to an eligible entity within the
61 state system of higher education;

62 (ii) may include program operations or capital outlay; and

63 (iii) does not include athletics.

64 (b) "Contribution" means the combined amount of money and the fair market value of
65 property that a claimant, estate, or trust contributes to an eligible entity for a taxable year.

66 (c) "Eligible contribution" means the portion of a contribution made to an eligible
67 entity for an academic purpose.

68 (d) "Eligible entity" means:

69 (i) the following within the state system of public education:

70 (A) a school district;

71 (B) a charter school; or

72 (C) the Utah Schools for the Deaf and Blind; or

73 (ii) an institution of higher education listed in Subsection 53B-2-101(1).

74 (2) Except as provided in Section 59-10-1002.2 and subject to the other provisions of
75 this section, a claimant, estate, or trust may claim a nonrefundable tax credit equal to the
76 product of:

77 (a) 20%; and

78 (b) the eligible contribution that:

79 (i) an eligible entity:

80 (A) accepts from the claimant, estate, or trust; and

81 (B) reports on the form specified in Subsection (5); and

82 (ii) the claimant, estate, or trust:

83 (A) makes during the taxable year; and

84 (B) does not deduct:

85 (I) for a claimant, on the claimant's federal individual income tax return; or

86 (II) for an estate or trust, on the estate's or trust's federal income tax return for estates
87 and trusts.

88 (3) The maximum amount of a tax credit allowed on a return under this section for a
89 taxable year is \$50,000.

90 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under
91 this section.

92 (5) (a) The commission shall prepare a form that an eligible entity shall provide to a
93 claimant, estate, or trust that makes a contribution to the eligible entity.

94 (b) The form described in Subsection (5)(a) shall provide for the reporting of:

95 (i) the name of the claimant, estate, or trust that makes an eligible contribution;

96 (ii) the name of the eligible entity that accepts the eligible contribution;

97 (iii) the date of the eligible contribution;

98 (iv) the amount of the eligible contribution; and

99 (v) a statement that the eligible entity will use the eligible contribution for an academic
100 purpose.

101 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
102 State Board of Education and State Board of Regents shall make rules to:

103 (a) define an academic purpose for purposes of the tax credit created in this section;

104 (b) provide that an eligible contribution shall be used for an academic purpose; and

105 (c) establish procedures for an eligible entity to:

106 (i) accept an eligible contribution; and

107 (ii) complete the form described in Subsection (5).

108 **Section 3. Effective date.**

109 This bill takes effect for a taxable year beginning on or after January 1, 2011.

Legislative Review Note
as of 1-25-10 9:30 AM

Office of Legislative Research and General Counsel