

Tax Return Donation Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Matt MacPherson

Senate Sponsor:

LONG TITLE**General Description:**

This bill creates a School Meals Debt Relief Fund and provides for the fund's administration.

Highlighted Provisions:

This bill:

- creates a School Meals Debt Relief Fund;
- allows individual taxpayers to designate contributions to the fund on tax returns;
- allows corporate taxpayers to designate contributions to the fund on tax returns;
- establishes reporting requirements for local education agencies regarding school meals debt;
- provides for a distribution process based on each local education agency's proportion of total statewide school meals debt;
- requires the State Board of Education to collect and verify school meals debt data;
- delegates rulemaking authority to the State Board of Education for program administration; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1304, as last amended by Laws of Utah 2023, Chapters 419, 513 and 534

ENACTS:

53G-9-205.2, Utah Code Annotated 1953

59-7-627, Utah Code Annotated 1953

59-10-1322, Utah Code Annotated 1953

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

Section 1. Section 53G-9-205.2 is enacted to read:

53G-9-205.2 . School meals debt balance relief.

(1) As used in this section:

(a) "Fund" means the School Meals Debt Relief Fund created in Section 59-10-1322.

(b) "School meals debt" means outstanding unpaid balances for school meals provided to students.

(2) The state board shall:

(a) collect school meals debt data from LEAs annually by June 30;

(b) require each LEA to report:

(i) total outstanding school meals debt;

(ii) number of students with outstanding school meals debt;

(iii) verification of debt collection efforts; and

(iv) any other information deemed necessary by the state board;

(c) verify the accuracy of reported data;

(d) calculate each LEA's proportion of total statewide school meals debt; and

(e) maintain school meals debt information.

(3) Upon receiving funds from the State Tax Commission pursuant to Section 59-10-1322, the state board shall:

(a) distribute funds to each qualifying LEA based on the LEA's proportion of total statewide school meals debt as calculated under Subsection (2);

(b) complete all distributions by September 1 of each year; and

(c) provide a report of distributions to the commission within 30 days of completion.

(4)(a) An LEA shall:

(i) submit required data to the state board by the established deadline;

(ii) certify the accuracy of submitted data;

(iii) maintain records supporting submitted data for a period of five years; and

(iv) use distributed funds solely for the purpose of paying off student meal debts.

(b) Any funds not applied to student meal debts within 60 days shall be:

(i) returned to the state board; and

(ii) redistributed to other qualifying LEAs according to the formula in Subsection (2).

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall establish rules to administer this section.

Section 2. Section 59-7-627 is enacted to read:

59-7-627 . Corporate contribution to the School Meals Debt Relief Fund.

(1)(a) A corporation filing a return under this chapter may designate on the corporation's income tax return a contribution to the School Meals Debt Relief Fund created in Section 59-10-1322.

(b) The corporation may designate:

(i) a contribution of a portion of the corporation's tax refund, if any; or

(ii) a contribution in addition to any tax amount due.

(2) The commission shall:

(a) collect all designated contributions under Subsection (1);

(b) deposit contributions into the School Meals Debt Relief Fund created in Section 59-10-1322; and

(c) treat designated contributions in the same manner as contributions collected under Section 59-10-1322.

(3)(a) The commission shall combine all corporate contributions collected under this section with individual contributions collected under Section 59-10-1322 before:

(i) disbursing from the School Meals Debt Relief Fund all money deposited into the fund since the last disbursement; and

(ii) transferring the combined funds to the State Board of Education for distribution to local education agencies in accordance with Section 53G-9-205.2.

(b) The commission shall complete the transfer of funds to the State Board of Education by August 15 of each year.

Section 3. Section 59-10-1304 is amended to read:

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

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

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

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

- (ii) the sum of the contributions provided for in Subsection 59-10-1307(1);
- (iii) the contribution provided for in Section 59-10-1308;
- (iv) the contribution provided for in Section 59-10-1319;
- (v) the contribution provided for in Section 59-10-1320;
- ~~(vi) the contribution provided for in Section 59-10-1322;~~ or
- ~~[(vi)] (vii) the contribution provided for in Section 59-10-1321.~~
- (2) If the commission removes the designation for a contribution under Subsection (1), the commission shall report to the Revenue and Taxation Interim Committee by electronic means that the commission removed the designation on or before the November interim meeting of the year in which the commission determines to remove the designation.
- (3)(a) Within a 30-day period after the day on which the commission makes the report required by Subsection (2), the commission shall publish a list in accordance with Subsection (3)(b) stating each contribution that the commission will remove from the individual income tax return.
- (b) The list shall:
- (i) be published on:
- (A) the commission's website; and
- (B) the public legal notice website in accordance with Section 45-1-101;
- (ii) include a statement that the commission:
- (A) is required to remove the contribution from the individual income tax return;
- and
- (B) may not collect the contribution;
- (iii) state the taxable year for which the removal described in Subsection (3)(a) takes effect; and
- (iv) remain available for viewing and searching until the commission publishes a new list in accordance with this Subsection (3).
- Section 4. Section **59-10-1322** is enacted to read:
- 59-10-1322 . Contribution to the School Meals Debt Relief Fund.**
- (1)(a) There is created an expendable special revenue fund known as the "School Meals Debt Relief Fund."
- (b) The fund shall consist of all amounts deposited into the fund in accordance with Section 59-7-627 and Subsection (2).
- (2) Except as provided in Section 59-10-1304, a resident or nonresident individual who files an income tax return under this chapter may designate on the resident or

nonresident individual's income tax return a contribution to be:

(a) deposited into the School Meals Debt Relief Fund; and

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

(3)(a) Each year, the commission shall:

(i) disburse from the School Meals Debt Relief Fund all money deposited into the fund since the last disbursement; and

(ii) transfer the money to the State Board of Education for distribution to local education agencies in accordance with Section 53G-9-205.2.

(b) The commission shall complete the transfer of funds to the State Board of Education by August 15 of each year.

Section 5. Effective Date.

This bill takes effect May 7, 2025.

Section 6. Retrospective operation.

This bill has retrospective operation for a taxable year beginning on or after January 1, 2025.