

1 **REVENUE AND TAXATION AMENDMENTS**

2 2015 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Daniel McCay**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions related to revenue and taxation.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ addresses state sales and use tax rates;
- 13 ▶ addresses the deposit and expenditure of state sales and use tax revenue;
- 14 ▶ repeals the requirement for a person who sells motor fuel or undyed special fuel in a
- 15 retail sale to post a tax rate decal on each motor fuel or undyed special fuel pump or
- 16 dispensing device;
- 17 ▶ reduces the tax rate for a tax imposed upon motor fuel that is sold, used, or received
- 18 for sale or used in this state;
- 19 ▶ amends the amount of revenue that is appropriated from the Transportation Fund to
- 20 the class B and class C roads account; and
- 21 ▶ makes technical and conforming changes.

22 **Money Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 This bill provides a special effective date.

26 **Utah Code Sections Affected:**

27 AMENDS:



- 28 **59-12-103**, as last amended by Laws of Utah 2014, Chapters 380 and 429
- 29 **59-12-1201**, as last amended by Laws of Utah 2012, Chapter 121
- 30 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308
- 31 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259
- 32 **63M-1-3410**, as enacted by Laws of Utah 2014, Chapter 429
- 33 **63M-1-3412**, as enacted by Laws of Utah 2014, Chapter 429
- 34 **72-2-107**, as last amended by Laws of Utah 2010, Chapter 391

35 REPEALS:

- 36 **59-13-104**, as enacted by Laws of Utah 1998, Chapter 253



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

39 Section 1. Section **59-12-103** is amended to read:

40 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
41 **tax revenues.**

42 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
43 charged for the following transactions:

- 44 (a) retail sales of tangible personal property made within the state;
- 45 (b) amounts paid for:
 - 46 (i) telecommunications service, other than mobile telecommunications service, that
 - 47 originates and terminates within the boundaries of this state;
 - 48 (ii) mobile telecommunications service that originates and terminates within the
 - 49 boundaries of one state only to the extent permitted by the Mobile Telecommunications
 - 50 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
 - 51 (iii) an ancillary service associated with a:
 - 52 (A) telecommunications service described in Subsection (1)(b)(i); or
 - 53 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
 - 54 (c) sales of the following for commercial use:
 - 55 (i) gas;
 - 56 (ii) electricity;
 - 57 (iii) heat;
 - 58 (iv) coal;

- 59 (v) fuel oil; or
- 60 (vi) other fuels;
- 61 (d) sales of the following for residential use:
- 62 (i) gas;
- 63 (ii) electricity;
- 64 (iii) heat;
- 65 (iv) coal;
- 66 (v) fuel oil; or
- 67 (vi) other fuels;
- 68 (e) sales of prepared food;
- 69 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 70 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 71 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 72 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 73 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 74 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 75 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 76 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 77 exhibition, cultural, or athletic activity;
- 78 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 79 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 80 (i) the tangible personal property; and
- 81 (ii) parts used in the repairs or renovations of the tangible personal property described
- 82 in Subsection (1)(g)(i), regardless of whether:
- 83 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 84 property; or
- 85 (B) the particular parts used in the repairs or renovations of that tangible personal
- 86 property are exempt from a tax under this chapter;
- 87 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 88 assisted cleaning or washing of tangible personal property;
- 89 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court

90 accommodations and services that are regularly rented for less than 30 consecutive days;

91 (j) amounts paid or charged for laundry or dry cleaning services;

92 (k) amounts paid or charged for leases or rentals of tangible personal property if within
93 this state the tangible personal property is:

94 (i) stored;

95 (ii) used; or

96 (iii) otherwise consumed;

97 (l) amounts paid or charged for tangible personal property if within this state the
98 tangible personal property is:

99 (i) stored;

100 (ii) used; or

101 (iii) consumed; and

102 (m) amounts paid or charged for a sale:

103 (i) (A) of a product transferred electronically; or

104 (B) of a repair or renovation of a product transferred electronically; and

105 (ii) regardless of whether the sale provides:

106 (A) a right of permanent use of the product; or

107 (B) a right to use the product that is less than a permanent use, including a right:

108 (I) for a definite or specified length of time; and

109 (II) that terminates upon the occurrence of a condition.

110 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
111 is imposed on a transaction described in Subsection (1) equal to the sum of:

112 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

113 (A) [~~4.70%~~] 5.40%; and

114 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
115 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
116 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
117 State Sales and Use Tax Act; and

118 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
119 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
120 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state

121 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

122 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
123 transaction under this chapter other than this part.

124 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
125 on a transaction described in Subsection (1)(d) equal to the sum of:

126 (i) a state tax imposed on the transaction at a tax rate of [~~2%~~] 2.70%; and

127 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
128 transaction under this chapter other than this part.

129 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
130 on amounts paid or charged for food and food ingredients equal to the sum of:

131 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
132 a tax rate of [~~1.75%~~] 2.45%; and

133 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
134 amounts paid or charged for food and food ingredients under this chapter other than this part.

135 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
136 tangible personal property other than food and food ingredients, a state tax and a local tax is
137 imposed on the entire bundled transaction equal to the sum of:

138 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

139 (I) the tax rate described in Subsection (2)(a)(i)(A); and

140 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
141 Sales and Use Tax Act, if the location of the transaction as determined under Sections
142 [59-12-211](#) through [59-12-215](#) is in a county in which the state imposes the tax under Part 18,
143 Additional State Sales and Use Tax Act; and

144 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
145 Sales and Use Tax Act, if the location of the transaction as determined under Sections
146 [59-12-211](#) through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which
147 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

148 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
149 described in Subsection (2)(a)(ii).

150 (ii) If an optional computer software maintenance contract is a bundled transaction that
151 consists of taxable and nontaxable products that are not separately itemized on an invoice or

152 similar billing document, the purchase of the optional computer software maintenance contract
153 is 40% taxable under this chapter and 60% nontaxable under this chapter.

154 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
155 transaction described in Subsection (2)(d)(i) or (ii):

156 (A) if the sales price of the bundled transaction is attributable to tangible personal
157 property, a product, or a service that is subject to taxation under this chapter and tangible
158 personal property, a product, or service that is not subject to taxation under this chapter, the
159 entire bundled transaction is subject to taxation under this chapter unless:

160 (I) the seller is able to identify by reasonable and verifiable standards the tangible
161 personal property, product, or service that is not subject to taxation under this chapter from the
162 books and records the seller keeps in the seller's regular course of business; or

163 (II) state or federal law provides otherwise; or

164 (B) if the sales price of a bundled transaction is attributable to two or more items of
165 tangible personal property, products, or services that are subject to taxation under this chapter
166 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
167 higher tax rate unless:

168 (I) the seller is able to identify by reasonable and verifiable standards the tangible
169 personal property, product, or service that is subject to taxation under this chapter at the lower
170 tax rate from the books and records the seller keeps in the seller's regular course of business; or

171 (II) state or federal law provides otherwise.

172 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the
173 seller's regular course of business includes books and records the seller keeps in the regular
174 course of business for nontax purposes.

175 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
176 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
177 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
178 of tangible personal property, other property, a product, or a service that is not subject to
179 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
180 the seller, at the time of the transaction:

181 (A) separately states the portion of the transaction that is not subject to taxation under
182 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

183 (B) is able to identify by reasonable and verifiable standards, from the books and
184 records the seller keeps in the seller's regular course of business, the portion of the transaction
185 that is not subject to taxation under this chapter.

186 (ii) A purchaser and a seller may correct the taxability of a transaction if:

187 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
188 the transaction that is not subject to taxation under this chapter was not separately stated on an
189 invoice, bill of sale, or similar document provided to the purchaser because of an error or
190 ignorance of the law; and

191 (B) the seller is able to identify by reasonable and verifiable standards, from the books
192 and records the seller keeps in the seller's regular course of business, the portion of the
193 transaction that is not subject to taxation under this chapter.

194 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps
195 in the seller's regular course of business includes books and records the seller keeps in the
196 regular course of business for nontax purposes.

197 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
198 personal property, products, or services that are subject to taxation under this chapter at
199 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
200 unless the seller, at the time of the transaction:

201 (A) separately states the items subject to taxation under this chapter at each of the
202 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

203 (B) is able to identify by reasonable and verifiable standards the tangible personal
204 property, product, or service that is subject to taxation under this chapter at the lower tax rate
205 from the books and records the seller keeps in the seller's regular course of business.

206 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the
207 seller's regular course of business includes books and records the seller keeps in the regular
208 course of business for nontax purposes.

209 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax
210 rate imposed under the following shall take effect on the first day of a calendar quarter:

211 (i) Subsection (2)(a)(i)(A);

212 (ii) Subsection (2)(b)(i);

213 (iii) Subsection (2)(c)(i); or

214 (iv) Subsection (2)(d)(i)(A)(I).

215 (h) (i) A tax rate increase takes effect on the first day of the first billing period that
216 begins on or after the effective date of the tax rate increase if the billing period for the
217 transaction begins before the effective date of a tax rate increase imposed under:

218 (A) Subsection (2)(a)(i)(A);

219 (B) Subsection (2)(b)(i);

220 (C) Subsection (2)(c)(i); or

221 (D) Subsection (2)(d)(i)(A)(I).

222 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
223 statement for the billing period is rendered on or after the effective date of the repeal of the tax
224 or the tax rate decrease imposed under:

225 (A) Subsection (2)(a)(i)(A);

226 (B) Subsection (2)(b)(i);

227 (C) Subsection (2)(c)(i); or

228 (D) Subsection (2)(d)(i)(A)(I).

229 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
230 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
231 change in a tax rate takes effect:

232 (A) on the first day of a calendar quarter; and

233 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

234 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

235 (A) Subsection (2)(a)(i)(A);

236 (B) Subsection (2)(b)(i);

237 (C) Subsection (2)(c)(i); or

238 (D) Subsection (2)(d)(i)(A)(I).

239 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
240 the commission may by rule define the term "catalogue sale."

241 (3) (a) The following state taxes shall be deposited into the General Fund:

242 (i) the tax imposed by Subsection (2)(a)(i)(A);

243 (ii) the tax imposed by Subsection (2)(b)(i);

244 (iii) the tax imposed by Subsection (2)(c)(i); or

245 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

246 (b) The following local taxes shall be distributed to a county, city, or town as provided
247 in this chapter:

248 (i) the tax imposed by Subsection (2)(a)(ii);

249 (ii) the tax imposed by Subsection (2)(b)(ii);

250 (iii) the tax imposed by Subsection (2)(c)(ii); and

251 (iv) the tax imposed by Subsection (2)(d)(i)(B).

252 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
253 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
254 through (g):

255 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

256 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

257 (B) for the fiscal year; or

258 (ii) \$17,500,000.

259 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
260 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
261 Department of Natural Resources to:

262 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to
263 protect sensitive plant and animal species; or

264 (B) award grants, up to the amount authorized by the Legislature in an appropriations
265 act, to political subdivisions of the state to implement the measures described in Subsections
266 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

267 (ii) Money transferred to the Department of Natural Resources under Subsection
268 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
269 person to list or attempt to have listed a species as threatened or endangered under the
270 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

271 (iii) At the end of each fiscal year:

272 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
273 Conservation and Development Fund created in Section 73-10-24;

274 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
275 Program Subaccount created in Section 73-10c-5; and

276 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
277 Program Subaccount created in Section 73-10c-5.

278 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
279 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund
280 created in Section 4-18-106.

281 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
282 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
283 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
284 water rights.

285 (ii) At the end of each fiscal year:

286 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
287 Conservation and Development Fund created in Section 73-10-24;

288 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
289 Program Subaccount created in Section 73-10c-5; and

290 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
291 Program Subaccount created in Section 73-10c-5.

292 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
293 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development
294 Fund created in Section 73-10-24 for use by the Division of Water Resources.

295 (ii) In addition to the uses allowed of the Water Resources Conservation and
296 Development Fund under Section 73-10-24, the Water Resources Conservation and
297 Development Fund may also be used to:

298 (A) conduct hydrologic and geotechnical investigations by the Division of Water
299 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
300 quantifying surface and ground water resources and describing the hydrologic systems of an
301 area in sufficient detail so as to enable local and state resource managers to plan for and
302 accommodate growth in water use without jeopardizing the resource;

303 (B) fund state required dam safety improvements; and

304 (C) protect the state's interest in interstate water compact allocations, including the
305 hiring of technical and legal staff.

306 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described

307 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
308 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

309 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
310 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
311 created in Section 73-10c-5 for use by the Division of Drinking Water to:

312 (i) provide for the installation and repair of collection, treatment, storage, and
313 distribution facilities for any public water system, as defined in Section 19-4-102;

314 (ii) develop underground sources of water, including springs and wells; and

315 (iii) develop surface water sources.

316 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
317 2006, the difference between the following amounts shall be expended as provided in this
318 Subsection (5), if that difference is greater than \$1:

319 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
320 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

321 (ii) \$17,500,000.

322 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

323 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
324 credits; and

325 (B) expended by the Department of Natural Resources for watershed rehabilitation or
326 restoration.

327 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
328 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
329 created in Section 73-10-24.

330 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
331 remaining difference described in Subsection (5)(a) shall be:

332 (A) transferred each fiscal year to the Division of Water Resources as dedicated
333 credits; and

334 (B) expended by the Division of Water Resources for cloud-seeding projects
335 authorized by Title 73, Chapter 15, Modification of Weather.

336 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
337 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund

338 created in Section 73-10-24.

339 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
340 remaining difference described in Subsection (5)(a) shall be deposited into the Water
341 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
342 Division of Water Resources for:

343 (i) preconstruction costs:

344 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
345 26, Bear River Development Act; and

346 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
347 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

348 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
349 Chapter 26, Bear River Development Act;

350 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
351 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

352 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and
353 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

354 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
355 Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be
356 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
357 incurred for employing additional technical staff for the administration of water rights.

358 (f) At the end of each fiscal year, any unexpended dedicated credits described in
359 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development
360 Fund created in Section 73-10-24.

361 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
362 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
363 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
364 the Transportation Fund created by Section 72-2-102.

365 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
366 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
367 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
368 by a 1/64% tax rate on the taxable transactions under Subsection (1).

369 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
370 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,
371 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
372 created by Section [72-2-124](#):

373 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
374 the revenues collected from the following taxes, which represents a portion of the
375 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
376 on vehicles and vehicle-related products:

377 (A) the tax imposed by Subsection (2)(a)(i)(A);

378 (B) the tax imposed by Subsection (2)(b)(i);

379 (C) the tax imposed by Subsection (2)(c)(i); and

380 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

381 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
382 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through
383 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
384 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

385 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of
386 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total
387 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)
388 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
389 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
390 (8)(a) equal to the product of:

391 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the
392 previous fiscal year; and

393 (B) the total sales and use tax revenue generated by the taxes described in Subsections
394 (8)(a)(i)(A) through (D) in the current fiscal year.

395 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
396 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes
397 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of
398 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
399 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

400 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected
401 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited
402 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues
403 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the
404 current fiscal year under Subsection (8)(a).

405 (9) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
406 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, the Division of
407 Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes listed under
408 Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section
409 [72-2-124](#).

410 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
411 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
412 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

413 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),
414 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July
415 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
416 created by Section [72-2-124](#) the amount of tax revenue generated by a .025% tax rate on the
417 transactions described in Subsection (1).

418 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into
419 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
420 charged for food and food ingredients, except for tax revenue generated by a bundled
421 transaction attributable to food and food ingredients and tangible personal property other than
422 food and food ingredients described in Subsection (2)(d).

423 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection
424 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the
425 Transportation Fund created by Section [72-2-102](#) the amount of tax revenue generated by a
426 .025% tax rate on the transactions described in Subsection (1) to be expended to address
427 chokepoints in construction management.

428 (b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into
429 the Transportation Fund any tax revenue generated by amounts paid or charged for food and
430 food ingredients, except for tax revenue generated by a bundled transaction attributable to food

431 and food ingredients and tangible personal property other than food and food ingredients
432 described in Subsection (2)(d).

433 (13) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
434 fiscal year during which the Division of Finance receives notice under Subsection
435 [63M-1-3410](#)(3) that construction on a qualified hotel, as defined in Section [63M-1-3402](#), has
436 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
437 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
438 Impact Mitigation Fund, created in Section [63M-1-3412](#).

439 (14) Notwithstanding Subsection (3)(a), beginning on October 1, 2015, the Division of
440 Finance shall deposit into the Transportation Fund created by Section [72-2-102](#) the amount of
441 tax revenue generated by a .7% tax rate on the transactions described in Subsection (1).

442 [~~(14)~~] (15) Notwithstanding Subsections (4) through [~~(13)~~] (14), an amount required to
443 be expended or deposited in accordance with Subsections (4) through [~~(13)~~] (14) may not
444 include an amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).

445 Section 2. Section [59-12-1201](#) is amended to read:

446 **[59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,](#)**
447 **[collection, and enforcement of tax -- Administrative charge -- Deposits.](#)**

448 (1) (a) Except as provided in Subsection (3), there is imposed a tax of 2.5% on all
449 short-term leases and rentals of motor vehicles not exceeding 30 days.

450 (b) The tax imposed in this section is in addition to all other state, county, or municipal
451 fees and taxes imposed on rentals of motor vehicles.

452 (2) (a) Subject to Subsection (2)(b), a tax rate repeal or tax rate change for the tax
453 imposed under Subsection (1) shall take effect on the first day of a calendar quarter.

454 (b) (i) For a transaction subject to a tax under Subsection (1), a tax rate increase shall
455 take effect on the first day of the first billing period:

456 (A) that begins after the effective date of the tax rate increase; and

457 (B) if the billing period for the transaction begins before the effective date of a tax rate
458 increase imposed under Subsection (1).

459 (ii) For a transaction subject to a tax under Subsection (1), the repeal of a tax or a tax
460 rate decrease shall take effect on the first day of the last billing period:

461 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;

462 and

463 (B) if the billing period for the transaction begins before the effective date of the repeal
464 of the tax or the tax rate decrease imposed under Subsection (1).

465 (3) A motor vehicle is exempt from the tax imposed under Subsection (1) if:

466 (a) the motor vehicle is registered for a gross laden weight of 12,001 or more pounds;

467 (b) the motor vehicle is rented as a personal household goods moving van; or

468 (c) the lease or rental of the motor vehicle is made for the purpose of temporarily
469 replacing a person's motor vehicle that is being repaired pursuant to a repair agreement or an
470 insurance agreement.

471 (4) (a) (i) The tax authorized under this section shall be administered, collected, and
472 enforced in accordance with:

473 (A) the same procedures used to administer, collect, and enforce the tax under Part 1,
474 Tax Collection; and

475 (B) Chapter 1, General Taxation Policies.

476 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to
477 Subsections 59-12-103(4) through [(12)] (15) or Section 59-12-107.1 or 59-12-123.

478 (b) The commission shall retain and deposit an administrative charge in accordance
479 with Section 59-1-306 from the revenues the commission collects from a tax under this part.

480 (c) Except as provided under Subsection (4)(b), all revenue received by the
481 commission under this section shall be deposited daily with the state treasurer and credited
482 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

483 Section 3. Section 59-13-201 is amended to read:

484 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**
485 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**
486 **in limited circumstances.**

487 (1) (a) Subject to the provisions of this section, a tax is imposed at the rate of [~~24-1/2~~
488 ~~cents~~] 1/2 cent per gallon upon all motor fuel that is sold, used, or received for sale or used in
489 this state.

490 (b) In lieu of the tax imposed under Subsection (1)(a) and subject to the provisions of
491 this section, a tax is imposed at the rate of 3/19 of the rate imposed under Subsection (1)(a),
492 rounded up to the nearest penny, upon all motor fuels that meet the definition of clean fuel in

493 Section 59-13-102 and are sold, used, or received for sale or use in this state.

494 (2) Any increase or decrease in tax rate applies to motor fuel that is imported to the
495 state or sold at refineries in the state on or after the effective date of the rate change.

496 (3) (a) No motor fuel tax is imposed upon:

497 (i) motor fuel that is brought into and sold in this state in original packages as purely
498 interstate commerce sales;

499 (ii) motor fuel that is exported from this state if proof of actual exportation on forms
500 prescribed by the commission is made within 180 days after exportation;

501 (iii) motor fuel or components of motor fuel that is sold and used in this state and
502 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
503 this state; or

504 (iv) motor fuel that is sold to the United States government, this state, or the political
505 subdivisions of this state.

506 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
507 commission shall make rules governing the procedures for administering the tax exemption
508 provided under Subsection (3)(a)(iv).

509 (4) The commission may either collect no tax on motor fuel exported from the state or,
510 upon application, refund the tax paid.

511 (5) (a) All revenue received by the commission under this part shall be deposited daily
512 with the state treasurer and credited to the Transportation Fund.

513 (b) An appropriation from the Transportation Fund shall be made to the commission to
514 cover expenses incurred in the administration and enforcement of this part and the collection of
515 the motor fuel tax.

516 (6) (a) The commission shall determine what amount of motor fuel tax revenue is
517 received from the sale or use of motor fuel used in motorboats registered under the provisions
518 of the State Boating Act, and this amount shall be deposited in a restricted revenue account in
519 the General Fund of the state.

520 (b) The funds from this account shall be used for the construction, improvement,
521 operation, and maintenance of state-owned boating facilities and for the payment of the costs
522 and expenses of the Division of Parks and Recreation in administering and enforcing the State
523 Boating Act.

524 (7) (a) The United States government or any of its instrumentalities, this state, or a
525 political subdivision of this state that has purchased motor fuel from a licensed distributor or
526 from a retail dealer of motor fuel and has paid the tax on the motor fuel as provided in this
527 section is entitled to a refund of the tax and may file with the commission for a quarterly
528 refund.

529 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
530 commission shall make rules governing the application and refund provided for in Subsection
531 (7)(a).

532 (8) (a) The commission shall refund annually into the Off-Highway Vehicle Account in
533 the General Fund an amount equal to the lesser of the following:

- 534 (i) .5% of the motor fuel tax revenues collected under this section; or
- 535 (ii) \$1,050,000.

536 (b) This amount shall be used as provided in Section 41-22-19.

537 (9) (a) Beginning on April 1, 2001, a tax imposed under this section on motor fuel that
538 is sold, used, or received for sale or use in this state is reduced to the extent provided in
539 Subsection (9)(b) if:

540 (i) a tax imposed on the basis of the sale, use, or receipt for sale or use of the motor
541 fuel is paid to the Navajo Nation;

542 (ii) the tax described in Subsection (9)(a)(i) is imposed without regard to whether or
543 not the person required to pay the tax is an enrolled member of the Navajo Nation; and

544 (iii) the commission and the Navajo Nation execute and maintain an agreement as
545 provided in this Subsection (9) for the administration of the reduction of tax.

546 (b) (i) If but for Subsection (9)(a) the motor fuel is subject to a tax imposed by this
547 section:

548 (A) the state shall be paid the difference described in Subsection (9)(b)(ii) if that
549 difference is greater than \$0; and

550 (B) a person may not require the state to provide a refund, a credit, or similar tax relief
551 if the difference described in Subsection (9)(b)(ii) is less than or equal to \$0.

552 (ii) The difference described in Subsection (9)(b)(i) is equal to the difference between:

553 (A) the amount of tax imposed on the motor fuel by this section; less

554 (B) the tax imposed and collected by the Navajo Nation on the motor fuel.

555 (c) For purposes of Subsections (9)(a) and (b), the tax paid to the Navajo Nation under
556 a tax imposed by the Navajo Nation on the basis of the sale, use, or receipt for sale or use of
557 motor fuel does not include any interest or penalties a taxpayer may be required to pay to the
558 Navajo Nation.

559 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
560 commission shall make rules governing the procedures for administering the reduction of tax
561 provided under this Subsection (9).

562 (e) The agreement required under Subsection (9)(a):

563 (i) may not:

564 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

565 (B) provide a reduction of taxes greater than or different from the reduction described
566 in this Subsection (9); or

567 (C) affect the power of the state to establish rates of taxation;

568 (ii) shall:

569 (A) be in writing;

570 (B) be signed by:

571 (I) the chair of the commission or the chair's designee; and

572 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;

573 (C) be conditioned on obtaining any approval required by federal law;

574 (D) state the effective date of the agreement; and

575 (E) state any accommodation the Navajo Nation makes related to the construction and
576 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
577 Nation; and

578 (iii) may:

579 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
580 Navajo Nation information that is:

581 (I) contained in a document filed with the commission; and

582 (II) related to the tax imposed under this section;

583 (B) provide for maintaining records by the commission or the Navajo Nation; or

584 (C) provide for inspections or audits of distributors, carriers, or retailers located or
585 doing business within the Utah portion of the Navajo Nation.

586 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
587 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a
588 result of the change in the tax rate is not effective until the first day of the calendar quarter after
589 a 60-day period beginning on the date the commission receives notice:

590 (A) from the Navajo Nation; and

591 (B) meeting the requirements of Subsection (9)(f)(ii).

592 (ii) The notice described in Subsection (9)(f)(i) shall state:

593 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
594 motor fuel;

595 (B) the effective date of the rate change of the tax described in Subsection (9)(f)(ii)(A);
596 and

597 (C) the new rate of the tax described in Subsection (9)(f)(ii)(A).

598 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not
599 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a
600 30-day period beginning on the day the agreement terminates.

601 (h) If there is a conflict between this Subsection (9) and the agreement required by
602 Subsection (9)(a), this Subsection (9) governs.

603 Section 4. Section **59-13-301** is amended to read:

604 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
605 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

606 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section
607 **59-13-304**, a tax is imposed [~~at the same rate imposed under Subsection 59-13-201(1)(a)~~] at the
608 rate of 24-1/2 cents per gallon on the:

609 (i) removal of undyed diesel fuel from any refinery;

610 (ii) removal of undyed diesel fuel from any terminal;

611 (iii) entry into the state of any undyed diesel fuel for consumption, use, sale, or
612 warehousing;

613 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under
614 this part unless the tax has been collected under this section;

615 (v) any untaxed special fuel blended with undyed diesel fuel; or

616 (vi) use of untaxed special fuel other than propane or electricity.

617 (b) The tax imposed under this section shall only be imposed once upon any special
618 fuel.

619 (2) (a) No special fuel tax is imposed or collected upon dyed diesel fuel which:

620 (i) is sold or used for any purpose other than to operate or propel a motor vehicle upon
621 the public highways of the state, but this exemption applies only in those cases where the
622 purchasers or the users of special fuel establish to the satisfaction of the commission that the
623 special fuel was used for purposes other than to operate a motor vehicle upon the public
624 highways of the state; or

625 (ii) is sold to this state or any of its political subdivisions.

626 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:

627 (i) sold to the United States government or any of its instrumentalities or to this state or
628 any of its political subdivisions;

629 (ii) exported from this state if proof of actual exportation on forms prescribed by the
630 commission is made within 180 days after exportation;

631 (iii) used in a vehicle off-highway;

632 (iv) used to operate a power take-off unit of a vehicle;

633 (v) used for off-highway agricultural uses;

634 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
635 upon the highways of the state; or

636 (vii) used in machinery and equipment not registered and not required to be registered
637 for highway use.

638 (3) No tax is imposed or collected on special fuel if it is:

639 (a) (i) purchased for business use in machinery and equipment not registered and not
640 required to be registered for highway use; and

641 (ii) used pursuant to the conditions of a state implementation plan approved under Title
642 19, Chapter 2, Air Conservation Act; or

643 (b) propane or electricity.

644 (4) Upon request of a buyer meeting the requirements under Subsection (3), the
645 Division of Air Quality shall issue an exemption certificate that may be shown to a seller.

646 (5) The special fuel tax shall be paid by the supplier.

647 (6) (a) The special fuel tax shall be paid by every user who is required by Sections

648 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

649 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
650 which are delivered into vehicles and for which special fuel tax liability is reported.

651 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
652 commission from taxes and license fees under this part shall be deposited daily with the state
653 treasurer and credited to the Transportation Fund.

654 (b) An appropriation from the Transportation Fund shall be made to the commission to
655 cover expenses incurred in the administration and enforcement of this part and the collection of
656 the special fuel tax.

657 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303
658 may be used by the commission as a dedicated credit to cover the costs of electronic
659 credentialing as provided in Section 41-1a-303.

660 (8) The commission may either collect no tax on special fuel exported from the state
661 or, upon application, refund the tax paid.

662 (9) (a) The United States government or any of its instrumentalities, this state, or a
663 political subdivision of this state that has purchased special fuel from a supplier or from a retail
664 dealer of special fuel and has paid the tax on the special fuel as provided in this section is
665 entitled to a refund of the tax and may file with the commission for a quarterly refund in a
666 manner prescribed by the commission.

667 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
668 commission shall make rules governing the application and refund provided for in Subsection
669 (9)(a).

670 (10) (a) The purchaser shall pay the tax on diesel fuel or clean fuel purchased for uses
671 under Subsections (2)(b)(i), (iii), (iv), (v), (vi), and (vii) and apply for a refund for the tax paid
672 as provided in Subsection (9) and this Subsection (10).

673 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
674 commission shall make rules governing the application and refund for off-highway and
675 nonhighway uses provided under Subsections (2)(b)(iii), (iv), (vi), and (vii).

676 (c) A refund of tax paid under this part on diesel fuel used for nonhighway agricultural
677 uses shall be made in accordance with the tax return procedures under Section 59-13-202.

678 (11) (a) Beginning on April 1, 2001, a tax imposed under this section on special fuel is

679 reduced to the extent provided in Subsection (11)(b) if:

680 (i) the Navajo Nation imposes a tax on the special fuel;

681 (ii) the tax described in Subsection (11)(a)(i) is imposed without regard to whether the
682 person required to pay the tax is an enrolled member of the Navajo Nation; and

683 (iii) the commission and the Navajo Nation execute and maintain an agreement as
684 provided in this Subsection (11) for the administration of the reduction of tax.

685 (b) (i) If but for Subsection (11)(a) the special fuel is subject to a tax imposed by this
686 section:

687 (A) the state shall be paid the difference described in Subsection (11)(b)(ii) if that
688 difference is greater than \$0; and

689 (B) a person may not require the state to provide a refund, a credit, or similar tax relief
690 if the difference described in Subsection (11)(b)(ii) is less than or equal to \$0.

691 (ii) The difference described in Subsection (11)(b)(i) is equal to the difference
692 between:

693 (A) the amount of tax imposed on the special fuel by this section; less

694 (B) the tax imposed and collected by the Navajo Nation on the special fuel.

695 (c) For purposes of Subsections (11)(a) and (b), the tax paid to the Navajo Nation on
696 the special fuel does not include any interest or penalties a taxpayer may be required to pay to
697 the Navajo Nation.

698 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
699 commission shall make rules governing the procedures for administering the reduction of tax
700 provided under this Subsection (11).

701 (e) The agreement required under Subsection (11)(a):

702 (i) may not:

703 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

704 (B) provide a reduction of taxes greater than or different from the reduction described
705 in this Subsection (11); or

706 (C) affect the power of the state to establish rates of taxation;

707 (ii) shall:

708 (A) be in writing;

709 (B) be signed by:

- 710 (I) the chair of the commission or the chair's designee; and
- 711 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
- 712 (C) be conditioned on obtaining any approval required by federal law;
- 713 (D) state the effective date of the agreement; and
- 714 (E) state any accommodation the Navajo Nation makes related to the construction and
- 715 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
- 716 Nation; and

717 (iii) may:

718 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the

719 Navajo Nation information that is:

- 720 (I) contained in a document filed with the commission; and
- 721 (II) related to the tax imposed under this section;
- 722 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 723 (C) provide for inspections or audits of suppliers, distributors, carriers, or retailers
- 724 located or doing business within the Utah portion of the Navajo Nation.

725 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax

726 imposed on special fuel, any change in the amount of the reduction of taxes under this

727 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the

728 calendar quarter after a 60-day period beginning on the date the commission receives notice:

- 729 (A) from the Navajo Nation; and
- 730 (B) meeting the requirements of Subsection (11)(f)(ii).

731 (ii) The notice described in Subsection (11)(f)(i) shall state:

732 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on

733 special fuel;

734 (B) the effective date of the rate change of the tax described in Subsection

735 (11)(f)(ii)(A); and

736 (C) the new rate of the tax described in Subsection (11)(f)(ii)(A).

737 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not

738 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a

739 30-day period beginning on the day the agreement terminates.

740 (h) If there is a conflict between this Subsection (11) and the agreement required by

741 Subsection (11)(a), this Subsection (11) governs.

742 (12) (a) Beginning on January 1, 2009, a tax imposed under this section on compressed
743 natural gas is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent [~~to be~~
744 ~~increased or decreased proportionately with any increase or decrease in the rate in Subsection~~
745 ~~59-13-201(1)(a)~~].

746 (b) Beginning on July 1, 2011, a tax imposed under this section on liquified natural gas
747 is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent [~~to be increased or~~
748 ~~decreased proportionately with any increase or decrease in the rate in Subsection~~
749 ~~59-13-201(1)(a)~~].

750 Section 5. Section **63M-1-3410** is amended to read:

751 **63M-1-3410. Report by office -- Posting of report.**

752 (1) Before November 1 of each year, the office shall submit a written report to the
753 Economic Development and Workforce Services Interim Committee of the Legislature, the
754 Governor's Office of Management and Budget, and the Office of the Legislative Fiscal Analyst
755 describing:

756 (a) the state's success in attracting new conventions and corresponding new state
757 revenue;

758 (b) the estimated amount of tax credit commitments and the associated calculation
759 made by the office and the period of time over which tax credits are expected to be paid;

760 (c) the economic impact on the state related to generating new state revenue and
761 providing tax credits; and

762 (d) the estimated and actual costs and economic benefits of the tax credit commitments
763 that the office made.

764 (2) The office shall post the annual report under Subsection (1) on its website and on a
765 state website.

766 (3) Upon the commencement of the construction of a qualified hotel, the office shall
767 send a written notice to the Division of Finance:

768 (a) referring to the two annual deposits required under Subsection ~~59-12-103(14)~~59-12-103(13);
769 and

770 (b) notifying the Division of Finance that construction on the qualified hotel has begun.

771 Section 6. Section **63M-1-3412** is amended to read:

772 **63M-1-3412. Hotel Impact Mitigation Fund.**

773 (1) As used in this section:

774 (a) "Affected hotel" means a hotel built in the state before July 1, 2014.

775 (b) "Direct losses" means affected hotels' losses of hotel guest business attributable to
776 the qualified hotel room supply being added to the market in the state.

777 (c) "Mitigation fund" means the Hotel Impact Mitigation Fund, created in Subsection
778 (2).

779 (2) There is created an expendable special revenue fund known as the Hotel Impact
780 Mitigation Fund.

781 (3) The mitigation fund shall:

782 (a) be administered by the board;

783 (b) earn interest; and

784 (c) be funded by:

785 (i) payments required to be deposited into the mitigation fund by the Division of
786 Finance under Subsection [59-12-103](#)~~[(14)]~~(13);

787 (ii) money required to be deposited into the mitigation fund under Subsection
788 [17-31-9](#)(2) by the county in which a qualified hotel is located; and

789 (iii) any money deposited into the mitigation fund under Subsection (6).

790 (4) Interest earned by the mitigation fund shall be deposited into the mitigation fund.

791 (5) (a) In accordance with office rules, the board shall annually pay up to \$2,100,000 of
792 money in the mitigation fund:

793 (i) to affected hotels;

794 (ii) for four consecutive years, beginning 12 months after the date of initial occupancy
795 of the qualified hotel occurs; and

796 (iii) to mitigate direct losses.

797 (b) (i) If the amount the board pays under Subsection (5)(a) in any year is less than
798 \$2,100,000, the board shall pay to the Stay Another Day and Bounce Back Fund, created in
799 Section [63M-1-3411](#), the difference between \$2,100,000 and the amount paid under Subsection
800 (5)(a).

801 (ii) The board shall make any required payment under Subsection (5)(b)(i) within 90
802 days after the end of the year for which a determination is made of how much the board is

803 required to pay to affected hotels under Subsection (5)(a).

804 (6) A host local government or qualified hotel owner may make payments to the
805 Division of Finance for deposit into the mitigation fund.

806 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
807 office shall, in consultation with the Utah Hotel and Lodging Association and the county in
808 which the qualified hotel is located, make rules establishing procedures and criteria governing
809 payments under Subsection (5)(a) to affected hotels.

810 Section 7. Section **72-2-107** is amended to read:

811 **72-2-107. Appropriation from Transportation Fund -- Deposit in class B and**
812 **class C roads account.**

813 (1) There is appropriated to the department from the Transportation Fund annually an
814 amount equal to 30% of an amount which the director of finance shall compute in the
815 following manner: The total revenue deposited into the Transportation Fund during the fiscal
816 year [~~from state highway-user taxes and fees~~], minus:

817 (a) those amounts appropriated or transferred from the Transportation Fund during the
818 same fiscal year to:

819 (i) the Department of Public Safety;

820 (ii) the State Tax Commission;

821 (iii) the Division of Finance; and

822 (iv) the Utah Travel Council; [~~and~~]

823 [~~(v)~~] (b) any other amounts appropriated or transferred for any other state agencies not
824 a part of the department; and

825 [~~(b)~~] (c) the amount of sales and use tax revenue deposited in the Transportation Fund
826 in accordance with [~~Section~~] Subsections 59-12-103(6) and (12).

827 (2) (a) Except as provided in Subsection (2)(b), all of this money shall be placed in an
828 account to be known as the class B and class C roads account to be used as provided in this
829 title.

830 (b) The director of finance shall annually transfer \$500,000 of the amount calculated
831 under Subsection (1) to the department as dedicated credits for the State Park Access Highways
832 Improvement Program created in Section 72-3-207.

833 (3) Each quarter of every year the director of finance shall make the necessary

834 accounting entries to transfer the money appropriated under this section to the class B and class
835 C roads account.

836 (4) The funds in the class B and class C roads account shall be expended under the
837 direction of the department as the Legislature shall provide.

838 Section 8. **Repealer.**

839 This bill repeals:

840 Section **59-13-104, Tax rate decals -- Posted on pump.**

841 Section 9. **Effective date.**

842 This bill takes effect on October 1, 2015.

Legislative Review Note
as of 3-5-15 10:07 AM

Office of Legislative Research and General Counsel