

RAIL FUEL SALES TAX AMENDMENTS

2020 THIRD SPECIAL SESSION

STATE OF UTAH

Chief Sponsor: Joel Ferry

Senate Sponsor: Scott D. Sandall

LONG TITLE

General Description:

This bill modifies provisions related to railroads.

Highlighted Provisions:

This bill:

- ▶ repeals the state sales and use tax exemption for sales of fuel to a rail carrier for use in a locomotive engine and deposits the resulting revenue into the General Fund;
- ▶ creates the Rail Transportation Restricted Account;
- ▶ provides the purposes for which the Department of Transportation may use money in the account; and
- ▶ addresses the permissible uses of funds in the account.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2021:

- ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted Account, as an ongoing appropriation:
 - from the General Fund, \$3,660,000;
- ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted Account, as a one-time appropriation:
 - from the General Fund, (\$2,135,000);
- ▶ to Transportation -- Railroad Crossing Safety Grants, as an ongoing appropriation:
 - from Rail Transportation Restricted Account, \$366,000; and



- 28 ▶ to Transportation -- Railroad Crossing Safety Grants, as a one-time appropriation:
- 29 • from Rail Transportation Restricted Account, (\$213,500).

30 **Other Special Clauses:**

31 This bill provides a special effective date.

32 **Utah Code Sections Affected:**

33 ENACTS:

34 **59-12-103.3**, Utah Code Annotated 1953

35 **72-2-131**, Utah Code Annotated 1953



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

38 Section 1. Section **59-12-103.3** is enacted to read:

39 **59-12-103.3. Sales and use tax base -- Rate for locomotive fuel.**

40 (1) (a) Notwithstanding Section 59-12-104 and except as provided in Subsection
41 59-12-103(2)(d) or (e), a state tax at a rate of 4.85% is imposed on amounts paid or charged for
42 fuel to a common carrier that is a railroad for use in a locomotive engine.

43 (b) The state tax imposed by Subsection (1)(a) shall be deposited into the General
44 Fund.

45 (2) Except for the tax imposed by Subsection (1), in accordance with Section
46 59-12-104, sales of fuel to a common carrier that is a railroad for use in a locomotive engine
47 are exempt from the taxes imposed by this chapter.

48 (3) For purposes of Subsection 11-41-102(5), "sales and use tax" does not include a tax
49 imposed under Subsection (1).

50 (4) For purposes of Subsection 59-12-102(7), "agreement sales and use tax" includes a
51 tax imposed under Subsection (1).

52 Section 2. Section **72-2-131** is enacted to read:

53 **72-2-131. Rail Transportation Restricted Account -- Railroad Crossing Safety**
54 **Grant Program.**

55 (1) There is created in the Transit Transportation Investment Fund, created in Section
56 72-2-124, the Rail Transportation Restricted Account.

57 (2) The account shall be funded by:

58 (a) appropriations to the account by the Legislature;

- 59 (b) private contributions;
- 60 (c) donations or grants from public or private entities; and
- 61 (d) interest earned on money in the account.
- 62 (3) Upon appropriation, the department shall:
- 63 (a) use an amount equal to 10% of the money deposited into the account to provide
- 64 grants in accordance with Subsection (4);
- 65 (b) use an amount equal to 10% of the money deposited into the account to pay the
- 66 costs of performing environmental impact studies in connection with construction,
- 67 reconstruction, or renovation projects related to railroad crossings on class B or class C roads;
- 68 or
- 69 (c) use the remaining money deposited into the account to pay:
- 70 (i) the costs of construction, reconstruction, or renovation projects related to railroad
- 71 crossings on class B or class C roads; or
- 72 (ii) debt service related to a project described in Subsection (3)(b).
- 73 (4) (a) The department may award grants to persons for the purpose of improving
- 74 safety at railroad crossings on class B or class C roads.
- 75 (b) A person may use grant money for any expense related to improving safety at
- 76 railroad crossings on class B or class C roads, including:
- 77 (i) signage;
- 78 (ii) safety enhancements to a railroad crossing; and
- 79 (iii) promotional material.
- 80 (c) The department shall prioritize, in the following order, grants to applicants that
- 81 propose projects impacting railroad crossings that:
- 82 (i) have demonstrated safety concerns; and
- 83 (ii) have high levels of vehicular and pedestrian traffic.

Section 3. **Appropriation.**

85 The following sums of money are appropriated for the fiscal year beginning July 1,
 86 2020, and ending June 30, 2021. These are additions to amounts previously appropriated for
 87 fiscal year 2021. The Legislature authorizes the State Division of Finance to transfer the
 88 following amounts between the following funds or accounts as indicated. Expenditures and
 89 outlays from the funds or accounts to which the money is transferred must be authorized by an

90 appropriation.

91 ITEM 1

92 To Transit Transportation Investment Fund - Rail Transportation Restricted Account

93 From General Fund \$3,660,000

94 From General Fund, One-time (\$2,135,000)

95 Schedule of Programs:

96 Rail Transportation Restricted Account \$1,525,000

97 ITEM 2

98 To Transportation -- Railroad Crossing Safety Grants

99 From Rail Transportation Restricted Account \$366,000

100 From Rail Transportation Restricted Account, One-Time (\$213,500)

101 Schedule of Programs:

102 Railroad Crossing Safety Grants \$152,500

103 **Section 4. Effective date.**

104 This bill takes effect on January 1, 2021.