

Appendix E

APPENDIX E

OVERVIEW OF SELECTED TAXES

Table Data Current Through 11/1/2001

This table provides an overview of some Utah taxes that are not major taxes, but which supplement state and local revenues. The table is not a comprehensive summary of all taxes imposed by statute. Except for premium assessments ("assessments") relating to the taxation of insurers and the brine shrimp royalty, this table does not address fees, assessments, royalties, or other similar charges. The table does not address withholding taxes. Property taxes, uniform fees on motor vehicles, individual income taxes, corporate franchise and income taxes, and gross receipts taxes are discussed in the body of the briefing paper and are not summarized in this table. Except for the municipal energy sales and use tax which is summarized in this table, state and local sales and use taxes are addressed in Appendix D.

Tax Category	Tax	Citation ¹	Brief Description ²	FY2001 Net Revenues (\$) ³
Tax on Property	Privilege Tax	59-4-101	The tax is imposed on real or personal property that is exempt from taxation if that property is used in connection with a business conducted for profit. Exemptions are provided by statute. This tax is assessed, collected, and distributed to taxing entities ⁴ in the same manner as the property tax.	Not Available ⁵
Tax on Sales or Uses	Municipal Energy Sales and Use Tax	10-1-304	A city or town may impose a tax of up to 6% of the delivered value of gas or electricity within the city or town. Exemptions are provided by statute. A city or town imposing the tax receives the revenues generated by the tax.	2,947,163
Taxes on Income	Inheritance Taxes	59-11-103 59-11-104	For decedents who are Utah residents, the tax is equal to the amount of the state death tax credit allowed under Section 2011, Internal Revenue Code ("Section 2011"). For nonresident decedents, the tax is a percentage of the Section 2011 state death tax credit, calculated on the basis of the value of the decedent's property located in the state. Exemptions and credits are provided by statute. Revenues generated by the taxes are deposited into the General Fund.	30,017,185
Fuel Taxes	Motor Fuel Tax	59-13-201	The tax is imposed at a rate of 24.5¢ per gallon on motor fuel that is sold, used, or received for sale or use in the state. Exemptions, reductions, and refunds are provided by statute. Revenues generated by the tax are deposited into the Transportation Fund and the General Fund.	229,410,348
	Special Fuel Tax	59-13-301	The tax is imposed at a rate of 24.5¢ per gallon on fuels that: are usable as fuel to operate or propel a motor vehicle on state highways; and are not taxed as aviation fuel or motor fuel. Exemptions, reductions, and refunds are provided by statute. Revenues generated by the tax are deposited into the Transportation Fund.	80,849,044
	Aviation Fuel Tax	59-13-401	Aviation fuel purchased for use by a federally certificated air carrier is subject to a 4¢ per gallon tax. All other aviation fuel is subject to a 9¢ per gallon tax. Refunds and credits are provided by statute. Revenues generated by the tax are deposited into the Transportation Fund's Restricted Revenue Account for aeronautical operations. These revenues are allocated to the airport where the aviation fuel was sold and to aeronautical operations of the Department of Transportation in accordance with a formula established by statute.	8,815,994

Tax Category	Tax	Citation¹	Brief Description²	FY2001 Net Revenues (\$) ³
Mineral Extraction Taxes	Oil and Gas Severance Tax	59-5-102	The tax is imposed on "the value, at the well, of oil or gas produced, saved, and sold or transported from the field where the substance was produced." The rates of the tax for oil are as follows: 3% of the value up to and including the first \$13 per barrel; and 5% of the value from \$13.01 and above per barrel. The rates of the tax for natural gas are as follows: 3% of the value up to and including the first \$1.50 per MCF; and 5% of the value from \$1.51 and above per MCF. ⁶ The tax rate is 4% of the taxable value for natural gas liquids. Exemptions, reductions, and credits are provided by statute. Certain revenues generated by the tax are deposited into the Uintah Basin Revitalization Fund and the Navajo Revitalization Fund as provided by statute, and the remainder of the revenues are deposited into the General Fund.	39,357,798
	Mining Severance Tax	59-5-202	The tax is imposed on a person engaged in the business of mining or extracting metalliferous minerals in the state at a rate of 2.6% of the taxable value of "all metals or metalliferous minerals sold or otherwise disposed of." Methods for determining "taxable value" are provided by statute, and the calculation of taxable value differs depending on the type of mineral. ⁷ Exemptions are provided by statute. Revenues generated by the tax are deposited into the General Fund.	6,203,714
Tobacco or Alcohol Taxes	Cigarette Tax	59-14-204	The tax is imposed on the sale, use, or storage of cigarettes in the state. The rates of the tax are as follows: 2.575¢ on each cigarette, for cigarettes weighing not more than three pounds per thousand cigarettes; and 3.175¢ on each cigarette, for cigarettes weighing in excess of three pounds per thousand cigarettes. For cigarettes weighing not more than three pounds per thousand cigarettes, the tax amounts to 51.5¢ per package of 20 cigarettes, and 64.375¢ per package of 25 cigarettes. Exemptions and refunds are provided by statute. The tax is generally paid by purchasing from the Tax Commission a stamp which is required by law to be affixed to packages or containers of cigarettes. A 4% discount is allowed for stamp purchases in excess of \$25. A portion of the revenues generated by the tax are deposited into the Cigarette Tax Restricted Account to be used by the Department of Health for a tobacco prevention and control media campaign targeted towards children. The remainder of the revenues are deposited into the General Fund.	42,859,511
	Tobacco Products Tax	59-14-302	The tax is imposed at a rate of 35% of the manufacturer's sales price on the sale, use, or storage of tobacco products, other than cigarettes, in the state. Exemptions, refunds, and credits are provided by statute. Revenues generated by the tax are deposited into the General Fund.	4,729,248
	Beer Tax	59-15-101	The tax is imposed at a rate of \$11 per 31-gallon barrel on all beer which is imported or manufactured for sale, use, or distribution in the state. Bottled and canned beer is converted to barrel equivalents on tax returns. ⁸ Exemptions and credits are provided by statute. Revenues generated by the tax are deposited into the General Fund.	10,320,329
	Wine and Liquor Tax	59-16-101	The tax is imposed on retail sales of wine and distilled liquors sold by the Department of Alcoholic Beverage Control at a rate of 13% of the retail purchase price. Revenues generated by the tax are deposited into the Uniform School Fund and used to support the school lunch program administered by the State Board of Education.	14,696,313

Tax Category	Tax	Citation ¹	Brief Description ²	FY2001 Net Revenues (\$) ³
Miscellaneous Taxes	Insurance Premium Taxes	59-9-101 59-9-101.3 59-9-103 59-9-105	Several taxes or assessments are imposed on the basis of insurance premiums, including: a tax of 2.25% of certain premiums from insurance covering property or risks located in the state; a premium assessment of between 1% and 8%, as determined by the Labor Commission, of certain workers' compensation premium income received by an insurer from workers' compensation insurance in the state; a tax of .45% of certain premiums for title insurance concerning property located in the state; a tax of .01% of certain premiums from policies covering motor vehicle risks in the state; and, for calendar years beginning on January 1, 2002, through December 31, 2004, an assessment of up to 2%, as determined by the Labor Commission, of certain workers' compensation premium income. ⁹ An insurer may be subject to one or a combination of these taxes or assessments. For certain other insurers that are not otherwise subject to taxation, a tax on the basis of administrative and claims expense is imposed, at a rate of 3.25% for insurers providing workers' compensation coverage on persons employed in the state, and 2.25% for other insurers. ¹⁰ Exemptions, reductions, and offsets are provided by statute. Revenues generated by these taxes are deposited into a variety of funds, including: the General Fund; the Employers' Reinsurance Fund; the Fire Academy Support Fund; the Fireman's Pension Fund; the Uninsured Employers' Fund; and the Workplace Safety Account. Revenues generated by the .01% tax on certain premiums from policies covering motor vehicle risks in the state are deposited into the General Fund but used as a dedicated credit to pay certain expenses of the Insurance Department.	83,408,113 ¹¹
	Illegal Drug Stamp Tax	59-19-103	The tax is imposed as follows: on each gram of marijuana, or each portion of a gram, \$3.50; on each gram of a controlled substance, or each portion of a gram, \$200; and on each 50 dosage unit of a controlled substance that it not sold by weight, or each portion of such a unit, \$2,000. A person who is lawfully in possession of marijuana or a controlled substance is not subject to the tax. ¹² The tax is paid by purchasing stamps from the Tax Commission. Revenues generated by the tax are deposited into the Drug Stamp Tax Fund as a dedicated credit and allocated as provided by statute for purposes including: the Tax Commission's "administrative costs of recovery;" and to enforce controlled substance laws. ¹³	(50) ¹⁴
	Brine Shrimp Royalty	59-23-4	The royalty is imposed at a rate of .035 of the value of unprocessed brine shrimp eggs. The Tax Commission annually determines the value of unprocessed brine shrimp eggs in accordance with a valuation methodology established by administrative rule. Revenues generated by the royalty are deposited into the Species Protection Account.	212,215
	Radioactive Waste Tax	59-24-103	The tax is imposed at the following rates: 12% of the gross receipts received from the disposal of containerized class A low-level radioactive waste; 10% of the gross receipts received from the disposal of processed class A low-level radioactive waste; 5% of the gross receipts received from the disposal of uncontainerized, unprocessed class A low-level radioactive waste; 10 cents per cubic foot of alternate feed material received at a radioactive waste facility for disposal or reprocessing; and 10 cents per cubic foot of byproduct material received at a radioactive waste facility for disposal. Exemptions are provided by statute. Revenues generated by the tax are deposited into the General Fund.	Not Available ¹⁵

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Source: Utah State Tax Commission

1. This column lists only the section in UTAH CODE ANN. 1953, as amended through the 2001 Second Special Session, imposing the tax. In addition to the section imposing the tax, the tax may be addressed in other sections of UTAH CODE ANN. that are not referenced in this column.
2. This column does not include in the description of a tax a credit or refund that may be allowed by statute for the overpayment of a tax.
3. The amounts shown in this column are net revenues collected by the Tax Commission after making certain subtractions such as refunding amounts to taxpayers. The amounts shown in this column do not include amounts that are collected by an entity other than the Tax Commission.
4. UTAH CODE ANN. § 59-2-102 (Supp. 2001) defines "taxing entity" as "any county, city, town, school district, special taxing district, or any other political subdivision of the state with the authority to levy a tax on property." Although this definition applies to the property tax and not the privilege tax, UTAH CODE ANN. § 59-4-101(4) (2000) provides that, subject to some exceptions, the privilege tax is assessed "on the same forms, and collected and distributed at the same time and in the same manner, as taxes assessed owners, possessors, or other claimants of property which is subject to ad valorem property taxation."
5. The Tax Commission does not have data on privilege tax collections.
6. "MCF" is not defined in statute or Tax Commission administrative rule, but is a commonly understood industry term that means "one thousand cubic feet." ENERGY INFO. ADMIN., DEP'T OF ENERGY, ELECTRICITY TERMS, at <http://www.eia.doe.gov/cneaf/electricity/epav1/html/Glossary.htm> (last visited Oct. 29, 2001).
7. For example, UTAH CODE ANN. § 59-5-203 (2000) provides that: for all metals except beryllium, taxable value equals 30% "of the gross proceeds received for the metals sold or otherwise disposed of by the producer of the metal"; for beryllium, taxable value equals 20% "of the gross proceeds received for the beryllium sold or otherwise disposed of by the producer"; and for metalliferous minerals shipped out of state in the form of ore, taxable value equals "80% of the gross proceeds."
8. 1999-2000 UTAH STATE TAX COMM'N ANN. REP. 93 (Jan. 2001).
9. UTAH CODE ANN. § 59-9-101.3 (Supp. 2001) provides that certain self-insured employers that are allowed to pay workers' compensation direct pay the assessment on the basis of an amount that is equivalent to the total workers' compensation premium income.
10. There are a variety of taxes or other tax-related provisions in titles other than Title 59, Chapter 9, Taxation of Admitted Insurers ("Chapter 9"), that are not discussed in this table. Examples of these taxes or tax-related provisions include: taxes similar to the taxes imposed by Chapter 9, that are imposed on insurers not subject to taxation under Chapter 9; subject to some exceptions, provisions subjecting an insurer of another state or country doing business in Utah to taxes, fees, licenses, or other requirements that the insurer's state or country imposes on Utah insurers in excess of the taxes, fees, licenses, or other requirements the state or country imposes on similar insurers of that state or country; and provisions increasing the tax rate applicable under Chapter 9 if an insurance transaction violates certain statutes. See, e.g., UTAH CODE ANN. §§ 31A-3-302, 31A-3-401, -402 (Supp. 2001); UTAH CODE ANN. § 34A-2-202 (Supp. 2001).
11. The Tax Commission is not collecting the assessment provided for in UTAH CODE ANN. § 59-9-101.3 because the authorization to impose the assessment takes effect on January 1, 2002. In addition, the Tax Commission is not collecting a tax on certain other insurers that are not otherwise subject to taxation provided for in UTAH CODE ANN. § 59-9-103 (2000). The Tax Commission confirmed in a telephone conversation that the amount listed as FY2001 net revenues collected for the insurance premium taxes are the net revenues collected for the taxes or assessments provided for in UTAH CODE ANN. §§ 59-9-101, -105. Telephone Conversation with Lynn Solarczyk, Administrative Officer, Tax Commission (Nov. 1, 2001).
12. UTAH CODE ANN. § 59-19-107 (2000).
13. "Administrative costs of recovery" is not defined in Title 59, Chapter 19, Illegal Drug Stamp Tax Act. Additionally, it should be noted that in 1997 the Utah Supreme Court ruled that "when imposed in connection with but separate from related criminal proceedings, [the Illegal Drug Stamp Tax is punitive and] violates the Double Jeopardy Clause of the United States Constitution." *Brunner v. Collection Div. of the Utah State Tax Comm'n*, 945 P.2d 687, 691 (Utah 1997).
14. The Tax Commission is not collecting this tax and the \$50 net revenue loss for FY2001 is for costs incurred to pay court filing fees. Conversation with Lynn Solarczyk, Administrative Officer, Tax Commission (Nov. 2, 2001).
15. The Tax Commission stated in a telephone conversation that confidentiality statutes do not permit the Tax Commission to release collection data for this tax directly to the Office of Legislative Research and General Counsel. Telephone Conversation with Lynn Solarczyk, Administrative Officer, Tax Commission (Nov. 1, 2001).

