

1 **COUNTY OPTION SALES AND USE TAX FOR HIGHWAYS AND**
2 **PUBLIC TRANSIT AMENDMENTS**

3 2016 GENERAL SESSION

4 STATE OF UTAH

5
6 **LONG TITLE**

7 **General Description:**

8 This bill modifies the Sales and Use Tax Act by amending provisions relating to the
9 County Option Sales and Use Tax for Highways and Public Transit.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ amends the distribution of revenue collected from the local option sales and use tax
13 for highways and public transit; and
14 ▶ makes technical and conforming changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **51-2a-202**, as last amended by Laws of Utah 2015, Chapter 275

22 **59-12-2219**, as enacted by Laws of Utah 2015, Chapter 275

23 **63I-1-259**, as last amended by Laws of Utah 2015, Chapters 224, 275, and 467

24

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

26 Section 1. Section **51-2a-202** is amended to read:

27 **51-2a-202. Reporting requirements.**

28 (1) The governing board of each entity required to have an audit, review, compilation,
29 or fiscal report shall ensure that the audit, review, compilation, or fiscal report is:

30 (a) made at least annually; and

31 (b) filed with the state auditor within six months of the close of the fiscal year of the

32 entity.

33 (2) If the political subdivision, interlocal organization, or other local entity receives
34 federal funding, the audit, review, or compilation shall be performed in accordance with both
35 federal and state auditing requirements.

36 (3) If a political subdivision receives revenue from a sales and use tax imposed under
37 Section 59-12-2219, the political subdivision shall identify the amount of revenue the political
38 subdivision budgets for transportation and verify compliance with Subsection
39 59-12-2219[~~(10)~~](12) in the audit, review, compilation, or fiscal report.

40 Section 2. Section **59-12-2219** is amended to read:

41 **59-12-2219. County option sales and use tax for highways and public transit --**
42 **Base -- Rate -- Distribution and expenditure of revenue -- Revenue may not supplant**
43 **existing budgeted transportation revenue.**

44 (1) As used in this section:

45 (a) "Class B road" means the same as that term is defined in Section 72-3-103.

46 (b) "Class C road" means the same as that term is defined in Section 72-3-104.

47 (c) "Eligible political subdivision" means a political subdivision that:

48 (i) on May 12, 2015, provides public transit services;

49 (ii) is not a public transit district; and

50 (iii) is not annexed into a public transit district.

51 (d) "Public transit district" means a public transit district organized under Title 17B,
52 Chapter 2a, Part 8, Public Transit District Act.

53 (2) Subject to the other provisions of this part, a county legislative body may impose a
54 sales and use tax of .25% on the transactions described in Subsection 59-12-103(1) within the
55 county, including the cities and towns within the county.

56 (3) The commission shall distribute sales and use tax revenue collected under this
57 section as provided in Subsections (4) through [~~(7)~~] (9).

58 (4) If the entire boundary of a county that imposes a sales and use tax under this section
59 is annexed into a single public transit district, the commission shall distribute the sales and use
60 tax revenue collected within the county as follows:

61 (a) .10% shall be transferred to the public transit district in accordance with Section
62 59-12-2206;

63 (b) .10% shall be distributed as provided in Subsection [~~(6)~~] (7); and

64 (c) .05% shall be distributed to the county legislative body.

65 (5) If the entire boundary of a county of the first or second class that imposes a sales
66 and use tax under this section is not annexed into a single public transit district, or if there is
67 not a public transit district within the county, the commission shall distribute the sales and use
68 tax revenue collected within the county as follows:

69 (a) for a city or town within the county that is annexed into a single public transit
70 district, the commission shall distribute the sales and use tax revenue collected within that city
71 or town as follows:

72 (i) .10% shall be transferred to the public transit district in accordance with Section
73 59-12-2206;

74 (ii) .10% shall be distributed as provided in Subsection [~~(6)~~] (7); and

75 (iii) .05% shall be distributed to the county legislative body;

76 (b) for an eligible political subdivision within the county, the commission shall
77 distribute the sales and use tax revenue collected within that eligible political subdivision as
78 follows:

79 (i) .10% shall be transferred to the eligible political subdivision in accordance with
80 Section 59-12-2206;

81 (ii) .10% shall be distributed as provided in Subsection [~~(6)~~] (7); and

82 (iii) .05% shall be distributed to the county legislative body; and

83 (c) the commission shall distribute the sales and use tax revenue, except for the sales
84 and use tax revenue described in Subsections (5)(a) and (b), as follows:

85 (i) .10% shall be distributed as provided in Subsection [~~(6)~~] (7); and

86 (ii) .15% shall be distributed to the county legislative body.

87 (6) If the entire boundary of a county of the third, fourth, fifth, or sixth class that
88 imposes a sales and use tax under this section is not annexed into a single public transit district,
89 or if there is not a public transit district within the county, the commission shall distribute the
90 sales and use tax revenue collected within the county as follows:

91 (a) for a city or town within the county that is annexed into a single public transit
92 district, the commission shall distribute the sales and use tax revenue collected within that city
93 or town as follows:

94 (i) .10% shall be distributed as provided in Subsection (7);
 95 (ii) .10% shall be distributed as provided in Subsection (8); and
 96 (iii) .05% shall be distributed to the county legislative body;
 97 (b) for an eligible political subdivision within the county, the commission shall
 98 distribute the sales and use tax revenue collected within that eligible political subdivision as
 99 follows:

100 (i) .10% shall be distributed as provided in Subsection (7);
 101 (ii) .10% shall be distributed as provided in Subsection (8); and
 102 (iii) .05% shall be distributed to the county legislative body; and
 103 (c) the commission shall distribute the sales and use tax revenue, except for the sales
 104 and use tax revenue described in Subsections (6)(a) and (b), as follows:

105 (i) .10% shall be distributed as provided in Subsection (7); and
 106 (ii) .15% shall be distributed to the county legislative body.

107 ~~[(6)]~~ (7) (a) Subject to Subsection (6)(b), the commission shall make the distributions
 108 required by Subsections (4)(b), (5)(a)(ii), (5)(b)(ii), ~~[and]~~ (5)(c)(i), (6)(a)(i), (6)(b)(i), (6)(c)(i),
 109 and (8)(c)(ii)(A) as follows:

110 (i) 50% of the total revenue collected under Subsections (4)(b), (5)(a)(ii), (5)(b)(ii),
 111 ~~[and]~~ (5)(c)(i), (6)(a)(i), (6)(b)(i), (6)(c)(i), and (8)(c)(ii)(A) within the counties that impose a
 112 tax under this section shall be distributed to the unincorporated areas, cities, and towns within
 113 those counties on the basis of the percentage that the population of each unincorporated area,
 114 city, or town bears to the total population of all of the counties that impose a tax under this
 115 section; and

116 (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(a)(ii), (5)(b)(ii),
 117 ~~[and]~~ (5)(c)(i), (6)(a)(i), (6)(b)(i), (6)(c)(i), and (8)(c)(ii)(A) within the counties that impose a
 118 tax under this section shall be distributed to the unincorporated areas, cities, and towns within
 119 those counties on the basis of the location of the transaction as determined under Sections
 120 59-12-211 through 59-12-215.

121 (b) (i) Population for purposes of this Subsection ~~[(6)]~~ (7) shall be determined on the
 122 basis of the most recent official census or census estimate of the United States Census Bureau.

123 (ii) If a needed population estimate is not available from the United States Census
 124 Bureau, population figures shall be derived from an estimate from the Utah Population

125 Estimates Committee created by executive order of the governor.

126 (8) (a) Subject to the requirement in Subsection (8)(b), a county legislative body shall
127 allocate the revenue under Subsection (6)(a)(ii) or (6)(b)(ii) by adopting a resolution specifying
128 the percentage of revenue under Subsection (6)(a)(ii) or (6)(b)(ii) that will be allocated to a
129 public transit district or an eligible political subdivision.

130 (b) A county legislative body shall allocate not less than 25% of the revenue under
131 Subsection (6)(a)(ii) or (6)(b)(ii) to:

132 (i) a public transit district for a city or town within the county that is annexed into a
133 single public transit district; or

134 (ii) an eligible political subdivision within the county.

135 (c) The commission shall make the distributions required by Subsection (6)(a)(ii) or
136 (6)(b)(ii) as follows:

137 (i) the percentage specified by a county legislative body shall be distributed in
138 accordance with a resolution adopted by a county legislative body under Subsection (8)(a) to an
139 eligible political subdivision or a public transit district within the county; and

140 (ii) if a county legislative body allocates less than 100% of the revenue under
141 Subsection (6)(a)(ii) or (6)(b)(ii) to a public transit district or an eligible political subdivision,
142 the remainder of the revenue under Subsection (6)(a)(ii) or (6)(b)(ii) not allocated by a county
143 legislative body through a resolution under Subsection (8)(a) shall be distributed as follows:

144 (A) 50% of the revenue as provided in Subsection (7); and

145 (B) 50% of the revenue to the county legislative body.

146 (d) If a county legislative body seeks to change an allocation specified in a resolution
147 under Subsection (8)(a), the county legislative body may change the allocation by:

148 (i) adopting a resolution in accordance with Subsection (8)(a) specifying the percentage
149 of revenue under Subsection (6)(a)(ii) or (6)(b)(ii) that will be allocated to a public transit
150 district or an eligible political subdivision; and

151 (ii) obtaining approval to change the allocation of the sales and use tax by a majority of
152 all the members of the county legislative body.

153 (e) (i) If a county makes an allocation by adopting a resolution under Subsection (8)(a)
154 or changes an allocation by adopting a resolution under Subsection (8)(d), the allocation shall
155 take effect on the first distribution the commission makes under this section after a 90-day

156 period that begins on the date the commission receives written notice meeting the requirements
 157 of Subsection (8)(e)(ii) from the county.

158 (ii) The notice described in Subsection (8)(e)(i) shall state:

159 (A) that the county will make or change the percentage of an allocation under
 160 Subsection (8)(a) or (d); and

161 (B) the percentage of revenue under Subsection (6)(a)(ii) or (6)(b)(ii) that will be
 162 allocated to a public transit district or an eligible political subdivision.

163 ~~(7)~~ (9) (a) If a public transit district is organized after the date a county legislative
 164 body first imposes a tax under this section, a change in a distribution required by this section
 165 may not take effect until the first distribution the commission makes under this section after a
 166 90-day period that begins on the date the commission receives written notice from the public
 167 transit district of the organization of the public transit district.

168 (b) If an eligible political subdivision intends to provide public transit service within a
 169 county after the date a county legislative body first imposes a tax under this section, a change
 170 in a distribution required by this section may not take effect until the first distribution the
 171 commission makes under this section after a 90-day period that begins on the date the
 172 commission receives written notice from the eligible political subdivision stating that the
 173 eligible political subdivision intends to provide public transit service within the county.

174 ~~(8)~~ (10) A county, city, or town may expend revenue collected from a tax under this
 175 section, except for revenue the commission distributes in accordance with Subsection (4)(a),
 176 (5)(a)(i), ~~(5)(b)(i)~~, or (8)(c)(i) for:

177 (a) a class B road;

178 (b) a class C road;

179 (c) traffic and pedestrian safety, including for a class B road or class C road, for:

180 (i) a sidewalk;

181 (ii) curb and gutter;

182 (iii) a safety feature;

183 (iv) a traffic sign;

184 (v) a traffic signal;

185 (vi) street lighting; or

186 (vii) a combination of Subsections ~~(8)~~ (10)(c)(i) through (vi);

187 (d) the construction, maintenance, or operation of an active transportation facility that
 188 is for nonmotorized vehicles and multimodal transportation and connects an origin with a
 189 destination;

190 (e) public transit system services; or

191 (f) a combination of Subsections ~~[(8)]~~ (10)(a) through (e).

192 ~~[(9)]~~ (11) A public transit district or an eligible political subdivision may expend
 193 revenue the commission distributes in accordance with Subsection (4)(a), (5)(a)(i), ~~[or]~~
 194 (5)(b)(i), or (8)(c)(i) for capital expenses and service delivery expenses of the public transit
 195 district or eligible political subdivision.

196 ~~[(10)]~~ (12) (a) Revenue collected from a sales and use tax under this section may not be
 197 used to supplant existing general fund appropriations that a county, city, or town has budgeted
 198 for transportation as of the date the tax becomes effective for a county, city, or town.

199 (b) The limitation under Subsection ~~[(10)]~~ (12)(a) does not apply to a designated
 200 transportation capital or reserve account a county, city, or town may have established prior to
 201 the date the tax becomes effective.

202 Section 3. Section **63I-1-259** is amended to read:

203 **63I-1-259. Repeal dates, Title 59.**

204 (1) Subsection 59-2-924(3)(g) is repealed on December 31, 2016.

205 (2) Subsection 59-2-924.2(9) is repealed on December 31, 2017.

206 (3) Section 59-2-924.3 is repealed on December 31, 2016.

207 (4) Section 59-7-618 is repealed July 1, 2020.

208 (5) Section 59-9-102.5 is repealed December 31, 2020.

209 (6) Section 59-10-1033 is repealed July 1, 2020.

210 (7) Subsection 59-12-2219~~[(10)]~~(12) is repealed on June 30, 2020.