

SPECIAL REVENUE FUND

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: LeRay McAllister

AN ACT RELATING TO STATE AFFAIRS IN GENERAL; RECLASSIFYING THE CENTENNIAL HIGHWAY TRUST FUND AS A SPECIAL REVENUE FUND.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

41-1a-1201, as last amended by Chapters 262 and 384, Laws of Utah 1997

59-12-103, as last amended by Chapters 261 and 272, Laws of Utah 1997

63-38c-103, as last amended by Chapter 3, Laws of Utah 1997

63-49-22, as last amended by Chapters 261 and 262, Laws of Utah 1997

63-49-24, as enacted by Chapter 393, Laws of Utah 1997

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

Section 1. Section **41-1a-1201** is amended to read:

41-1a-1201. Disposition of fees.

(1) All fees received and collected under this part shall be transmitted daily to the state treasurer.

(2) Except as provided in Subsections (3), (4), and (6), and Subsection 41-1a-408(8), all fees collected under this part shall be deposited in the Transportation Fund.

(3) (a) Funds generated under Subsections 41-1a-1211(1)(a), (7)(a), and (8) and Section 41-1a-1212 may be used by the commission as a dedicated credit to cover the costs incurred in issuing license plates under Part 4, License Plates and Registration Indicia.

(b) Funds collected under Subsections 41-1a-1211(3), (5)(b), and (5)(c), less the actual cost incurred by the division in purchasing decals for special group license plates, shall be deposited in the Transportation Fund.

(c) Fees for statehood centennial license plates shall be collected and deposited in the Transportation Fund, less production and administrative costs incurred by the commission.

(d) Fees for Olympic special group license plates shall be collected and deposited as

provided under Section 41-1a-417.

(4) All funds available to the commission for purchase and distribution of license plates and decals are nonlapsing.

(5) Except as provided in Subsection (3) and Section 41-1a-1205, the expenses of the commission in enforcing and administering this part shall be provided for by legislative appropriation from the revenues of the Transportation Fund.

(6) The following portions of the registration fees imposed under Section 41-1a-1206 for each vehicle shall be deposited in the Centennial Highway [Trust] Fund created under Section 63-49-22:

(a) \$10 of the registration fees imposed under Subsections 41-1a-1206(1)(a), (1)(b), (2), and (5);

(b) \$1 of the registration fees imposed under Subsections 41-1a-1206(1)(c)(i), (1)(c)(ii), and (1)(d)(ii);

(c) \$2 of the registration fee imposed under Subsection 41-1a-1206(1)(e)(ii);

(d) \$3 of the registration fee imposed under Subsection 41-1a-1206(1)(d)(i); and

(e) \$4.50 of the registration fee imposed under Subsection 41-1a-1206(1)(e)(i).

Section 2. Section **59-12-103** is amended to read:

59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.

(1) There is levied a tax on the purchaser for the amount paid or charged for the following:

(a) retail sales of tangible personal property made within the state;

(b) amount paid to common carriers or to telephone or telegraph corporations, whether the corporations are municipally or privately owned, for:

(i) all transportation;

(ii) intrastate telephone service; or

(iii) telegraph service;

(c) gas, electricity, heat, coal, fuel oil, or other fuels sold for commercial use;

(d) gas, electricity, heat, coal, fuel oil, or other fuels sold for residential use;

(e) meals sold;

(f) (i) admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing and wrestling matches, closed circuit television broadcasts, billiard or pool parlors, bowling lanes, golf and miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;

(ii) the tax imposed on admission or user fees in Subsection (1)(f)(i) does not affect an entity's sales tax exempt status under Section 59-12-104.1;

(g) services for repairs or renovations of tangible personal property or services to install tangible personal property in connection with other tangible personal property;

(h) except as provided in Subsection 59-12-104(8), cleaning or washing of tangible personal property;

(i) tourist home, hotel, motel, or trailer court accommodations and services for less than 30 consecutive days;

(j) laundry and dry cleaning services;

(k) leases and rentals of tangible personal property if the property situs is in this state, if the lessee took possession in this state, or if the property is stored, used, or otherwise consumed in this state; and

(l) tangible personal property stored, used, or consumed in this state.

(2) Except for Subsection (1)(d), the rates of the tax levied under Subsection (1) shall be:

(a) 5% through June 30, 1994;

(b) 4.875% beginning on July 1, 1994 through June 30, 1997; and

(c) 4.75% beginning on July 1, 1997.

(3) The rates of the tax levied under Subsection (1)(d) shall be 2% from and after January 1, 1990.

(4) (a) From January 1, 1990, through December 31, 1999, there shall be deposited in an

Olympics special revenue fund or funds as determined by the Division of Finance under Section 51-5-4, for the use of the Utah Sports Authority created under Title 63A, Chapter 7, Utah Sports Authority Act:

(i) the amount of sales and use tax generated by a 1/64% tax rate on the taxable items and services under Subsection (1);

(ii) the amount of revenue generated by a 1/64% tax rate under Section 59-12-204 or Section 59-12-205 on the taxable items and services under Subsection (1); and

(iii) interest earned on the amounts under Subsections (4)(a)(i) and (ii).

(b) These funds shall be used:

(i) by the Utah Sports Authority as follows:

(A) to the extent funds are available, to transfer directly to a debt service fund or to otherwise reimburse to the state any amount expended on debt service or any other cost of any bonds issued by the state to construct any public sports facility as defined in Section 63A-7-103;

(B) to pay for the actual and necessary operating, administrative, legal, and other expenses of the Utah Sports Authority, but not including protocol expenses for seeking and obtaining the right to host the Winter Olympic Games; and

(C) the Utah Sports Authority may not expend, loan, or pledge in the aggregate more than \$59,000,000 of sales and use tax deposited into the Olympics special revenue fund under Subsection (4)(a) unless the Legislature appropriates additional funds from the Olympics special revenue fund to the Utah Sports Authority; or

(ii) to pay salary, benefits, or administrative costs associated with the State Olympic Coordinator under Subsection 63A-10-103(3), except that the salary, benefits, or administrative costs may not be paid from the sales and tax revenues generated by municipalities or counties and deposited under Subsection (4)(a)(ii).

(c) A payment of salary, benefits, or administrative costs under Subsection 63A-10-103(3) is not considered an expenditure of the Utah Sports Authority.

(d) If the Legislature appropriates additional funds under Subsection (4)(b)(i)(C), the authority may not expend, loan, pledge, or enter into any agreement to expend, loan, or pledge the

appropriated funds unless the authority:

(i) contracts in writing for the full reimbursement of the monies to the Olympics special revenue fund by a public sports entity or other person benefitting from the expenditure; and

(ii) obtains a security interest that secures payment or performance of the obligation to reimburse.

(e) A contract or agreement entered into in violation of Subsection (4)(d) is void.

(f) Any monies in the Olympics special revenue fund or funds as of October 1, 2002, shall be dispersed as follows:

(i) 50% shall be deposited into the General Fund; and

(ii) 50% to counties, cities, or towns in proportion to the sales and use taxes generated by the county, city, or town and deposited under Subsection (4)(a)(ii).

(5) (a) From July 1, 1997, the annual amount of sales and use tax generated by a 1/8% tax rate on the taxable items and services under Subsection (1) shall be used as follows:

(i) 50% shall be used for water and wastewater projects as provided in Subsections (5)(b) through (f); and

(ii) 50% shall be used for transportation projects as provided in Subsections (5)(g) through (h).

(b) Five hundred thousand dollars each year shall be transferred to the Agriculture Resource Development Fund created in Section 4-18-6.

(c) Fifty percent of the remaining amount generated by 50% of the 1/8% tax rate shall be transferred to the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund under Section 73-10-24, the fund may also be used to:

(i) provide a portion of the local cost share, not to exceed in any fiscal year 50% of the funds made available to the Division of Water Resources under this section, of potential project features of the Central Utah Project;

(ii) conduct hydrologic and geotechnical investigations by the Department of Natural Resources in a cooperative effort with other state, federal, or local entities, for the purpose of

quantifying surface and ground water resources and describing the hydrologic systems of an area in sufficient detail so as to enable local and state resource managers to plan for and accommodate growth in water use without jeopardizing the resource;

(iii) fund state required dam safety improvements; and

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

(d) Twenty-five percent of the remaining amount generated by 50% of the 1/8% tax rate shall be transferred to the Utah Wastewater Loan Program subaccount created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects as defined in Section 73-10b-2.

(e) Twenty-five percent of the remaining amount generated by 50% of the 1/8% tax rate shall be transferred to the Drinking Water Loan Program subaccount created in Section 73-10c-5 for use by the Division of Drinking Water to:

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

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

(iii) develop surface water sources.

(f) Notwithstanding Subsections (5)(b), (c), (d), and (e), \$100,000 of the remaining amount generated by 50% of the 1/8% tax rate each year shall be transferred as dedicated credits to the Division of Water Rights to cover the costs incurred in hiring legal and other technical staff for the adjudication of water rights. Any remaining balance at the end of each fiscal year shall lapse back to the contributing funds on a prorated basis.

(g) Fifty percent of the 1/8% tax rate shall be transferred to the class B and class C roads account to be expended as provided in Title 27, Chapter 12, Article 11, Finances, except as provided in Subsection (5)(h).

(h) (i) If H.B. 53, "Transportation Corridor Preservation," passes in the 1996 General Session, \$500,000 each year shall be transferred to the Transportation Corridor Preservation Revolving Loan Fund, and if H.B. 121, "State Park Access Roads," passes in the 1996 General Session, from July 1, 1997, through June 30, 2006, \$500,000 shall be transferred to the Department

of Transportation for the State Park Access Highways Improvement Program. The remaining amount generated by 50% of the 1/8% tax rate shall be transferred to the class B and class C roads account.

(ii) At least 50% of the money transferred to the Transportation Corridor Preservation Revolving Loan Fund under Subsection (5)(h)(i) shall be used to fund loan applications made by the Department of Transportation at the request of local governments.

(6) (a) Beginning on January 1, 2000, the Division of Finance shall deposit into the Centennial Highway [Trust] Fund created in Section 63-49-22 a portion of the state sales and use tax under Subsections (2) and (3) equal to the revenues generated by a 1/64% tax rate on the taxable items and services under Subsection (1).

(b) Beginning on January 1, 2000, the revenues generated by the 1/64% tax rate:

(i) retained under Subsection 59-12-204(7)(a) shall be retained by the counties, cities, or towns as provided in Section 59-12-204; and

(ii) retained under Subsection 59-12-205(4)(a) shall be distributed to each county, city, and town as provided in Section 59-12-205.

Section 3. Section **63-38c-103** is amended to read:

63-38c-103. Definitions.

As used in this chapter:

(1) (a) "Appropriations" means actual unrestricted capital and operating appropriations from unrestricted General Fund, Uniform School Fund, and Transportation Fund sources as presented in the governor's executive budgets.

(b) "Appropriation" includes appropriations that are contingent upon available surpluses in the General Fund, Uniform School Fund, or Transportation Fund.

(c) "Appropriations" does not mean:

(i) debt service expenditures;

(ii) emergency expenditures;

(iii) expenditures from all other fund or subfund sources presented in the executive budgets;

(iv) transfers into, or appropriations made to, the Budgetary Reserve Account established

in Section 63-38-2.5;

(v) monies appropriated to fund the total one-time project costs for the construction of capital developments as defined in Section 63A-5-104; or

(vi) appropriations made to the Centennial Highway [Trust] Fund created by Section 63-49-22.

(2) "Base year real per capita appropriations" means the result obtained for the state by dividing the fiscal year 1985 actual appropriations of the state less debt monies, less \$55 million appropriated for flooding and less \$14.2 million appropriated for capital projects in Section 3 of Chapter 265, Laws of Utah 1985 General Session, by:

(a) the state's July 1, 1983 population; and

(b) the fiscal year 1983 inflation index divided by 100.

(3) "Calendar year" means the time period beginning on January 1 of any given year and ending on December 31 of the same year.

(4) "Fiscal emergency" means an extraordinary occurrence requiring immediate expenditures and includes the settlement under Chapter 4, Laws of Utah 1988, Fourth Special Session.

(5) "Fiscal year" means the time period beginning on July 1 of any given year and ending on June 30 of the subsequent year.

(6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual capital and operations appropriations from general, uniform school, and transportation fund sources, less debt monies, less \$55 million appropriated for flooding, and less \$14.2 million appropriated for capital projects in Section 3, Chapter 265, Laws of Utah 1985.

(7) "Inflation index" means the change in the general price level of goods and services as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic Analysis, U.S. Department of Commerce calculated as provided in Section 63-38c-202.

(8) (a) "Maximum allowable appropriations limit" means the appropriations that could be, or could have been, spent in any given year under the limitations of this chapter.

(b) "Maximum allowable appropriations limit" does not mean actual appropriations spent or actual expenditures.

(9) "Most recent fiscal year's inflation index" means the fiscal year inflation index two fiscal years previous to the fiscal year for which the maximum allowable inflation and population appropriations limit is being computed under this chapter.

(10) "Most recent fiscal year's personal income" means the fiscal year personal income two fiscal years previous to the fiscal year for which the maximum allowable personal income appropriations limit is being computed under this chapter.

(11) "Most recent fiscal year's population" means the fiscal year population two fiscal years previous to the fiscal year for which the maximum allowable inflation and population appropriations limit is being computed under this chapter.

(12) "Personal income" means the total personal income of the state as calculated by the Office of Planning and Budget according to the procedures and requirements of Section 63-38c-202.

(13) "Population" means the number of residents of the state as of July 1 of each year as calculated by the Office of Planning and Budget according to the procedures and requirements of Section 63-38c-202.

(14) "Revenues" means the revenues of the state from every tax, penalty, receipt, and other monetary exaction and interest connected with it that are recorded as unrestricted revenue of the General Fund, Uniform School Fund, and Transportation Fund, except as specifically exempted by this chapter.

(15) "Security" means any bond, note, warrant, or other evidence of indebtedness, whether or not the bond, note, warrant, or other evidence of indebtedness is or constitutes an "indebtedness" within the meaning of any provision of the constitution or laws of this state.

Section 4. Section **63-49-22** is amended to read:

63-49-22. Centennial Highway Fund.

(1) There is created [~~an expendable trust~~] a special revenue fund entitled the Centennial Highway [~~Trust~~] Fund.

(2) The fund consists of monies generated from the following revenue sources:

(a) any voluntary contributions received for the construction, major reconstruction, or major renovation of state or federal highways;

- (b) appropriations made to the fund by the Legislature;
- (c) registration fees designated under Subsection 41-1a-1201(6); and
- (d) the sales and use tax amounts provided for in Subsection 59-12-103(6).

(3) (a) The fund shall earn interest.

(b) All interest earned on fund monies shall be deposited into the fund.

(4) The executive director may use fund monies, as prioritized by the Transportation Commission, only to pay the costs of construction, major reconstruction, or major renovation to state and federal highways.

Section 5. Section **63-49-24** is amended to read:

63-49-24. Growth impact highway grants.

(1) Notwithstanding the restrictions on the use of Centennial Highway [Trust] Fund monies under Subsection 63-49-22(4), the commission may issue one grant annually of up to \$1,000,000 from the Centennial Highway [Trust] Fund to a county for county highway improvement projects needed because of significant impacts on local infrastructure resulting from large business development within the county which adds more than 15% to the total locally assessed value of taxable property in the county.

(2) A county recipient must provide matching funds from any available public or private sources having a value that is at least 150% of the grant funds received from the commission under this section.