

1 **SALES AND USE TAX EXEMPTION FOR**
2 **SCHOOL ADMISSION CHARGES**

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Bradley T. Johnson**

6 AN ACT RELATING TO REVENUE AND TAXATION; EXPANDING THE DEFINITION OF
7 SALES RELATING TO SCHOOLS TO INCLUDE ADMISSION CHARGES FOR CERTAIN
8 SCHOOL-RELATED EVENTS OR SCHOOL-RELATED ACTIVITIES; MAKING
9 TECHNICAL CHANGES; AND PROVIDING AN EFFECTIVE DATE.

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

11 AMENDS:

12 **59-12-102**, as last amended by Chapters 270, 291 and 318, Laws of Utah 1998

13 **59-12-103**, as last amended by Chapters 12, 202, 210, 270, 291 and 318, Laws of Utah

14 1998

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

16 Section 1. Section **59-12-102** is amended to read:

17 **59-12-102. Definitions.**

18 As used in this chapter:

19 (1) (a) "Admission or user fees" includes season passes.

20 (b) "Admission or user fees" does not include annual membership dues to private
21 organizations.

22 (2) "Authorized carrier" means:

23 (a) in the case of vehicles operated over public highways, the holder of credentials
24 indicating that the vehicle is or will be operated pursuant to both the International Registration
25 Plan (IRP) and the International Fuel Tax Agreement (IFTA);

26 (b) in the case of aircraft, the holder of a Federal Aviation Administration (FAA) operating
27 certificate or air carrier's operating certificate; or

28 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling stock,
29 the holder of a certificate issued by the United States Interstate Commerce Commission.

30 (3) (a) For purposes of Subsection 59-12-104 (43), "coin-operated amusement device"
31 means:

- 32 (i) a coin-operated amusement, skill, or ride device;
- 33 (ii) that is not controlled through vendor-assisted, over-the-counter, sales of tokens; and
- 34 (iii) includes a music machine, pinball machine, billiard machine, video game machine,
35 arcade machine, and a mechanical or electronic skill game or ride.

36 (b) For purposes of Subsection 59-12-104 (43), "coin-operated amusement device" does
37 not mean a coin-operated amusement device possessing a coinage mechanism that:

- 38 (i) accepts and registers multiple denominations of coins; and
- 39 (ii) allows the vendor to collect the sales and use tax at the time an amusement device is
40 activated and operated by a person inserting coins into the device.

41 (4) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels
42 that does not constitute industrial use under Subsection (10) or residential use under Subsection
43 (18).

44 (5) (a) "Common carrier" means a person engaged in or transacting the business of
45 transporting passengers, freight, merchandise, or other property for hire within this state.

46 (b) (i) "Common carrier" does not include a person who, at the time the person is traveling
47 to or from that person's place of employment, transports a passenger to or from the passenger's
48 place of employment.

49 (ii) For purposes of Subsection (5)(b)(i), in accordance with Title 63, Chapter 46a, Utah
50 Administrative Rulemaking Act, the commission may make rules defining what constitutes a
51 person's place of employment.

52 (6) "Component part" includes:

- 53 (a) poultry, dairy, and other livestock feed, and their components;
- 54 (b) baling ties and twine used in the baling of hay and straw;
- 55 (c) fuel used for providing temperature control of orchards and commercial greenhouses
56 doing a majority of their business in wholesale sales, and for providing power for off-highway type
57 farm machinery; and
- 58 (d) feed, seeds, and seedlings.

59 (7) "Construction materials" means any tangible personal property that will be converted
60 into real property.

61 (8) (a) "Fundraising sales" means sales:

62 (i) (A) made by a public or private elementary or secondary school; or

63 (B) made by a public or private elementary or secondary school student, grades
64 kindergarten through 12;

65 (ii) that are for the purpose of raising funds for the school to purchase equipment,
66 materials, or provide transportation; and

67 (iii) that are part of an officially sanctioned school activity.

68 (b) For purposes of Subsection (8)(a)(iii), "officially sanctioned school activity" means a
69 school activity:

70 (i) that is conducted in accordance with a formal policy adopted by the school or school
71 district governing the authorization and supervision of fundraising activities;

72 (ii) that does not directly or indirectly compensate an individual teacher or other
73 educational personnel by direct payment, commissions, or payment in kind; and

74 (iii) the net or gross revenues from which are deposited in a dedicated account controlled
75 by the school or school district.

76 (9) (a) "Home medical equipment and supplies" means equipment and supplies that:

77 (i) a licensed physician prescribes or authorizes in writing as necessary for the treatment
78 of a medical illness or injury or as necessary to mitigate an impairment resulting from illness or
79 injury;

80 (ii) are used exclusively by the person for whom they are prescribed to serve a medical
81 purpose; and

82 (iii) are listed as eligible for payment under Title 18 of the federal Social Security Act or
83 under the state plan for medical assistance under Title 19 of the federal Social Security Act.

84 (b) "Home medical equipment and supplies" does not include:

85 (i) equipment and supplies purchased by, for, or on behalf of any health care facility, as
86 defined in Subsection (9)(c), doctor, nurse, or other health care provider for use in their
87 professional practice;

88 (ii) eyeglasses, contact lenses, or equipment to correct impaired vision; or

89 (iii) hearing aids or hearing aid accessories.

90 (c) For purposes of Subsection (9)(b)(i), "health care facility" includes:

91 (i) a clinic;

92 (ii) a doctor's office; and

93 (iii) a health care facility as defined in Section 26-21-2.

94 (10) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other
95 fuels in:

96 (a) mining or extraction of minerals;

97 (b) agricultural operations to produce an agricultural product up to the time of harvest or
98 placing the agricultural product into a storage facility, including:

99 (i) commercial greenhouses;

100 (ii) irrigation pumps;

101 (iii) farm machinery;

102 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not
103 registered under Title 41, Chapter 1a, Part 2, Registration; and

104 (v) other farming activities; and

105 (c) manufacturing tangible personal property at an establishment described in SIC Codes
106 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office
107 of the President, Office of Management and Budget.

108 (11) "Manufactured home" means any manufactured home or mobile home as defined in
109 Title 58, Chapter 56, Utah Uniform Building Standards Act.

110 (12) For purposes of Subsection 59-12-104 (14), "manufacturing facility" means:

111 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard Industrial
112 Classification Manual of the federal Executive Office of the President, Office of Management and
113 Budget; or

114 (b) a scrap recycler if:

115 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process one
116 or more of the following items into prepared grades of processed materials for use in new products:

117 (A) iron;

118 (B) steel;

119 (C) nonferrous metal;

120 (D) paper;

- 121 (E) glass;
- 122 (F) plastic;
- 123 (G) textile; or
- 124 (H) rubber; and
- 125 (ii) the new products under Subsection (12)(b)(i) would otherwise be made with
- 126 nonrecycled materials.
- 127 (13) (a) "Medicine" means:
- 128 (i) insulin, syringes, and any medicine prescribed for the treatment of human ailments by
- 129 a person authorized to prescribe treatments and dispensed on prescription filled by a registered
- 130 pharmacist, or supplied to patients by a physician, surgeon, or podiatric physician;
- 131 (ii) any medicine dispensed to patients in a county or other licensed hospital if prescribed
- 132 for that patient and dispensed by a registered pharmacist or administered under the direction of a
- 133 physician; and
- 134 (iii) any oxygen or stoma supplies prescribed by a physician or administered under the
- 135 direction of a physician or paramedic.
- 136 (b) "Medicine" does not include:
- 137 (i) any auditory, prosthetic, ophthalmic, or ocular device or appliance; or
- 138 (ii) any alcoholic beverage.
- 139 (14) "Olympic merchandise" means tangible personal property bearing an Olympic
- 140 designation, emblem, insignia, mark, logo, service mark, symbol, terminology, trademark, or other
- 141 copyrighted or protected material, including:
- 142 (a) one or more of the following terms:
- 143 (i) "Olympic;"
- 144 (ii) "Olympiad;" or
- 145 (iii) "Citius Altius Fortius;"
- 146 (b) the symbol of the International Olympic Committee, consisting of five interlocking
- 147 rings;
- 148 (c) the emblem of the International Olympic Committee Corporation;
- 149 (d) a United States Olympic Committee designation, emblem, insignia, mark, logo, service
- 150 mark, symbol, terminology, trademark, or other copyrighted or protected material;
- 151 (e) any emblem of the Winter Olympic Games of 2002 that is officially designated by the

152 Salt Lake Organizing Committee of the Winter Olympic Games of 2002; or

153 (f) the mascot of the Winter Olympic Games of 2002.

154 (15) (a) "Other fuels" means products that burn independently to produce heat or energy.

155 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible personal
156 property.

157 (16) "Person" includes any individual, firm, partnership, joint venture, association,
158 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
159 municipality, district, or other local governmental entity of the state, or any group or combination
160 acting as a unit.

161 (17) "Purchase price" means the amount paid or charged for tangible personal property or
162 any other taxable item or service under Subsection 59-12-103(1), excluding only cash discounts
163 taken or any excise tax imposed on the purchase price by the federal government.

164 (18) "Residential use" means the use in or around a home, apartment building, sleeping
165 quarters, and similar facilities or accommodations.

166 (19) (a) "Retail sale" means any sale within the state of tangible personal property or any
167 other taxable item or service under Subsection 59-12-103(1), other than resale of such property,
168 item, or service by a retailer or wholesaler to a user or consumer.

169 (b) "Retail sale" includes sales by any farmer or other agricultural producer of poultry,
170 eggs, or dairy products to consumers if the sales have an average monthly sales value of \$125 or
171 more.

172 (c) "Retail sale" does not include, and no additional sales or use tax shall be assessed
173 against, those transactions where a purchaser of tangible personal property pays applicable sales
174 or use taxes on its initial nonexempt purchases of property and then enters into a sale-leaseback
175 transaction by which title to such property is transferred by the purchaser-lessee to a lessor for
176 consideration, provided:

177 (i) the transaction is intended as a form of financing for the property to the
178 purchaser-lessee; and

179 (ii) pursuant to generally accepted accounting principles, the purchaser-lessee is required
180 to capitalize the subject property for financial reporting purposes, and account for the lease
181 payments as payments made under a financing arrangement.

182 (20) (a) "Retailer" means any person engaged in a regularly organized retail business in

183 tangible personal property or any other taxable item or service under Subsection 59-12-103(1), and
184 who is selling to the user or consumer and not for resale.

185 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly
186 engaged in the business of selling to users or consumers within the state.

187 (c) "Retailer" includes any person who engages in regular or systematic solicitation of a
188 consumer market in this state by the distribution of catalogs, periodicals, advertising flyers, or
189 other advertising, or by means of print, radio or television media, by mail, telegraphy, telephone,
190 computer data base, cable, optic, microwave, or other communication system.

191 (d) "Retailer" does not include farmers, gardeners, stockmen, poultrymen, or other growers
192 or agricultural producers producing and doing business on their own premises, except those who
193 are regularly engaged in the business of buying or selling for a profit.

194 (e) For purposes of this chapter the commission may regard as retailers the following if
195 they determine it is necessary for the efficient administration of this chapter: salesmen,
196 representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors, or
197 employers under whom they operate or from whom they obtain the tangible personal property sold
198 by them, irrespective of whether they are making sales on their own behalf or on behalf of these
199 dealers, distributors, supervisors, or employers, except that:

200 (i) a printer's facility with which a retailer has contracted for printing shall not be
201 considered to be a salesman, representative, peddler, canvasser, or agent of the retailer; and

202 (ii) the ownership of property that is located at the premises of a printer's facility with
203 which the retailer has contracted for printing and that consists of the final printed product, property
204 that becomes a part of the final printed product, or copy from which the printed product is
205 produced, shall not result in the retailer being deemed to have or maintain an office, distribution
206 house, sales house, warehouse, service enterprise, or other place of business, or to maintain a stock
207 of goods, within this state.

208 (21) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise, in any
209 manner, of tangible personal property or any other taxable item or service under Subsection
210 59-12-103(1), for a consideration. It includes:

211 (a) installment and credit sales;

212 (b) any closed transaction constituting a sale;

213 (c) any sale of electrical energy, gas, services, or entertainment taxable under this chapter;

214 (d) any transaction if the possession of property is transferred but the seller retains the title
215 as security for the payment of the price; and

216 (e) any transaction under which right to possession, operation, or use of any article of
217 tangible personal property is granted under a lease or contract and the transfer of possession would
218 be taxable if an outright sale were made.

219 (22) (a) "Sales relating to schools" means the following sales or admission charges by a
220 public school district or public or private elementary or secondary school, grades kindergarten
221 through 12~~[, that]~~:

222 (i) sales that are directly related to the school's or school district's educational functions
223 or activities ~~[and include]~~, including:

224 [(i)] (A) the sale of:

225 (I) textbooks~~[,]~~;

226 (II) textbook fees~~[,]~~;

227 (III) laboratory fees~~[,]~~;

228 (IV) laboratory supplies~~[, and]~~; or

229 (V) safety equipment;

230 [(ii)] (B) the sale of clothing that:

231 [(A)] (I) a student is specifically required to wear as a condition of participation in a
232 school-related event or school-related activity; and

233 [(B)] (II) is not readily adaptable to general or continued usage to the extent that it takes
234 the place of ordinary clothing;

235 [(iii)] (C) sales of food if the net or gross revenues generated by the food sales are
236 deposited into a school district fund or school fund dedicated to school meals; ~~[and]~~ or

237 [(iv)] (D) transportation charges for official school activities~~[,]~~; or

238 (ii) admission charges for a school-related event or school-related activity:

239 (A) that takes place on the school's property; and

240 (B) including:

241 (I) a concert;

242 (II) a sports event;

243 (III) a sports activity;

244 (IV) a play;

245 (V) a dance; or
246 (VI) an event or activity similar to an event or activity described in Subsection
247 (22)(a)(ii)(B)(I) through (V).
248 (b) "Sales relating to schools" does not include:
249 ~~[(i) gate receipts;]~~
250 ~~[(ii) special event admission fees;]~~
251 ~~[(iii) (i) bookstore sales of items that are not educational materials or supplies; [and] or~~
252 ~~[(iv) (ii) except as provided in Subsection (22)(a)[(ii) (i)(B), clothing.~~
253 (23) "State" means the state of Utah, its departments, and agencies.
254 (24) "Storage" means any keeping or retention of tangible personal property or any other
255 taxable item or service under Subsection 59-12-103(1), in this state for any purpose except sale
256 in the regular course of business.
257 (25) (a) "Tangible personal property" means:
258 (i) all goods, wares, merchandise, produce, and commodities;
259 (ii) all tangible or corporeal things and substances which are dealt in or capable of being
260 possessed or exchanged;
261 (iii) water in bottles, tanks, or other containers; and
262 (iv) all other physically existing articles or things, including property severed from real
263 estate.
264 (b) "Tangible personal property" does not include:
265 (i) real estate or any interest or improvements in real estate;
266 (ii) bank accounts, stocks, bonds, mortgages, notes, and other evidence of debt;
267 (iii) insurance certificates or policies;
268 (iv) personal or governmental licenses;
269 (v) water in pipes, conduits, ditches, or reservoirs;
270 (vi) currency and coinage constituting legal tender of the United States or of a foreign
271 nation; and
272 (vii) all gold, silver, or platinum ingots, bars, medallions, or decorative coins, not
273 constituting legal tender of any nation, with a gold, silver, or platinum content of not less than
274 80%.
275 (26) (a) "Use" means the exercise of any right or power over tangible personal property

276 under Subsection 59-12-103(1), incident to the ownership or the leasing of that property, item, or
277 service.

278 (b) "Use" does not include the sale, display, demonstration, or trial of that property in the
279 regular course of business and held for resale.

280 (27) "Vehicle" means any aircraft, as defined in Section 72-10-102; any vehicle, as defined
281 in Section 41-1a-102; any off-highway vehicle, as defined in Section 41-22-2; and any vessel, as
282 defined in Section 41-1a-102; that is required to be titled, registered, or both. "Vehicle" for
283 purposes of Subsection 59-12-104 (36) only, also includes any locomotive, freight car, railroad
284 work equipment, or other railroad rolling stock.

285 (28) "Vehicle dealer" means a person engaged in the business of buying, selling, or
286 exchanging vehicles as defined in Subsection (27).

287 (29) (a) "Vendor" means:

288 (i) any person receiving any payment or consideration upon a sale of tangible personal
289 property or any other taxable item or service under Subsection 59-12-103(1), or to whom such
290 payment or consideration is payable; and

291 (ii) any person who engages in regular or systematic solicitation of a consumer market in
292 this state by the distribution of catalogs, periodicals, advertising flyers, or other advertising, or by
293 means of print, radio or television media, by mail, telegraphy, telephone, computer data base,
294 cable, optic, microwave, or other communication system.

295 (b) "Vendor" does not mean a printer's facility described in Subsection (20)(e).

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

297 **59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.**

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

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

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

302 (i) all transportation;

303 (ii) intrastate telephone service; or

304 (iii) telegraph service;

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

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

- 307 (e) meals sold;
- 308 (f) except as provided in Subsections 59-12-102(22) and 59-12-104(38), admission or user
309 fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions,
310 concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests,
311 sporting events, dances, boxing and wrestling matches, closed circuit television broadcasts, billiard
312 or pool parlors, bowling lanes, golf and miniature golf, golf driving ranges, batting cages, skating
313 rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides,
314 river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other
315 amusement, entertainment, recreation, exhibition, cultural, or athletic activity;
- 316 (g) services for repairs or renovations of tangible personal property or services to install
317 tangible personal property in connection with other tangible personal property;
- 318 (h) except as provided in Subsection 59-12-104(7), cleaning or washing of tangible
319 personal property;
- 320 (i) tourist home, hotel, motel, or trailer court accommodations and services for less than
321 30 consecutive days;
- 322 (j) laundry and dry cleaning services;
- 323 (k) leases and rentals of tangible personal property if the property situs is in this state, if
324 the lessee took possession in this state, or if the property is stored, used, or otherwise consumed
325 in this state;
- 326 (l) tangible personal property stored, used, or consumed in this state; and
- 327 (m) prepaid telephone calling cards.
- 328 (2) Except for Subsection (1)(d), the rates of the tax levied under Subsection (1) shall be:
- 329 (a) 5% through June 30, 1994;
- 330 (b) 4.875% beginning on July 1, 1994 through June 30, 1997; and
- 331 (c) 4.75% beginning on July 1, 1997.
- 332 (3) The rates of the tax levied under Subsection (1)(d) shall be 2% from and after January
333 1, 1990.
- 334 (4) (a) From January 1, 1990, through December 31, 1999, there shall be deposited in an
335 Olympics special revenue fund or funds as determined by the Division of Finance under Section
336 51-5-4, for the use of the Utah Sports Authority created under Title 63A, Chapter 7, Utah Sports
337 Authority Act:

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

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

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

343 (b) These funds shall be used:

344 (i) by the Utah Sports Authority as follows:

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

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

351 (C) unless the Legislature appropriates additional funds from the Olympics Special
352 Revenue Fund to the Utah Sports Authority, the Utah Sports Authority may not expend, loan, or
353 pledge in the aggregate more than:

354 (I) \$59,000,000 of sales and use tax deposited into the Olympics special revenue fund
355 under Subsection (4)(a);

356 (II) the interest earned on the amount described in Subsection (4)(b)(i)(C)(I); and

357 (III) the revenues deposited into the Olympics Special Revenue Fund that are not sales and
358 use taxes deposited under Subsection (4)(a) or interest on the sales and use taxes;

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

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

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

368 (i) contracts in writing for the full reimbursement of the monies to the Olympics special

369 revenue fund by a public sports entity or other person benefitting from the expenditure; and

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

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

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

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

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

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

381 (c) Fifty percent of the remaining amount generated by 50% of the 1/8% tax rate shall be
382 transferred to the Water Resources Conservation and Development Fund created in Section
383 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund
384 under Section 73-10-24, the fund may also be used to:

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

388 (ii) conduct hydrologic and geotechnical investigations by the Department of Natural
389 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
390 quantifying surface and ground water resources and describing the hydrologic systems of an area
391 in sufficient detail so as to enable local and state resource managers to plan for and accommodate
392 growth in water use without jeopardizing the resource;

393 (iii) fund state required dam safety improvements; and

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

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

399 (e) Twenty-five percent of the remaining amount generated by 50% of the 1/8% tax rate

400 shall be transferred to the Drinking Water Loan Program subaccount created in Section 73-10c-5
401 for use by the Division of Drinking Water to:

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

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

405 (iii) develop surface water sources.

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

411 (g) Fifty percent of the 1/8% tax rate shall be transferred to the class B and class C roads
412 account to be expended as provided in Title 72, Chapter 2, Transportation Finances, for the use
413 of class B and C road funds except as provided in Subsection (5)(h).

414 (h) (i) If H.B. 53, "Transportation Corridor Preservation," passes in the 1996 General
415 Session, \$500,000 each year shall be transferred to the Transportation Corridor Preservation
416 Revolving Loan Fund, and if H.B. 121, "State Park Access Roads," passes in the 1996 General
417 Session, from July 1, 1997, through June 30, 2006, \$500,000 shall be transferred to the Department
418 of Transportation for the State Park Access Highways Improvement Program. The remaining
419 amount generated by 50% of the 1/8% tax rate shall be transferred to the class B and class C roads
420 account.

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

424 (6) (a) Beginning on January 1, 2000, the Division of Finance shall deposit into the
425 Centennial Highway Fund created in Section 72-2-118 a portion of the state sales and use tax
426 under Subsections (2) and (3) equal to the revenues generated by a 1/64% tax rate on the taxable
427 items and services under Subsection (1).

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

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

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

433 Section 3. **Effective date.**

434 This act takes effect on July 1, 1999.

Legislative Review Note
as of 1-13-99 12:57 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel