

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 (4) (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 (5) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other fuels
42 that does not constitute industrial use under Subsection (13) or residential use under Subsection
43 (21).

44 (6) (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 (6)(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 (7) "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 (8) "Construction materials" means any tangible personal property that will be converted
60 into real property.

61 (9) (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 (9)(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 (10) (a) "Hearing aid" means:

77 (i) an instrument or device having an electronic component that is designed to:

78 (A) (I) improve impaired human hearing; or

79 (II) correct impaired human hearing; and

80 (B) (I) be worn in the human ear; or

81 (II) affixed behind the human ear;

82 (ii) an instrument or device that is surgically implanted into the cochlea; or

83 (iii) a telephone amplifying device.

84 (b) "Hearing aid" does not include:

85 (i) except as provided in Subsection (10)(a)(i)(B) or (10)(a)(ii), an instrument or device
86 having an electronic component that is designed to be worn on the body;

87 (ii) except as provided in Subsection (10)(a)(iii), an assistive listening device or system
88 designed to be used by one individual, including:

89 (A) a personal amplifying system;

- 90 (B) a personal FM system;
- 91 (C) a television listening system; or
- 92 (D) a device or system similar to a device or system described in Subsections
- 93 (10)(b)(ii)(A) through (C); or
- 94 (iii) an assistive listening device or system designed to be used by more than one
- 95 individual, including:
 - 96 (A) a device or system installed in:
 - 97 (I) an auditorium;
 - 98 (II) a church;
 - 99 (III) a conference room;
 - 100 (IV) a synagogue; or
 - 101 (V) a theater; or
 - 102 (B) a device or system similar to a device or system described in Subsections
- 103 (10)(b)(iii)(A)(I) through (V).
- 104 (11) (a) "Hearing aid accessory" means a hearing aid:
 - 105 (i) component;
 - 106 (ii) attachment; or
 - 107 (iii) accessory.
- 108 (b) "Hearing aid accessory" includes:
 - 109 (i) a hearing aid neck loop;
 - 110 (ii) a hearing aid cord;
 - 111 (iii) a hearing aid ear mold;
 - 112 (iv) hearing aid tubing;
 - 113 (v) a hearing aid ear hook; or
 - 114 (vi) a hearing aid remote control.
- 115 (c) "Hearing aid accessory" does not include:
 - 116 (i) a component, attachment, or accessory designed to be used only with an:
 - 117 (A) instrument or device described in Subsection (10)(b)(i); or
 - 118 (B) assistive listening device or system described in Subsection (10)(b)(ii) or (iii); or
 - 119 (ii) a hearing aid battery.
- 120 (12) (a) "Home medical equipment and supplies" means equipment and supplies that:

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

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

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

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

129 (i) equipment and supplies purchased by, for, or on behalf of any health care facility, as
130 defined in Subsection (12)(c), doctor, nurse, or other health care provider for use in their
131 professional practice;

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

133 (iii) hearing aids or hearing aid accessories.

134 (c) For purposes of Subsection (12)(b)(i), "health care facility" includes:

135 (i) a clinic;

136 (ii) a doctor's office; and

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

138 (13) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil, or other
139 fuels in:

140 (a) mining or extraction of minerals;

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

143 (i) commercial greenhouses;

144 (ii) irrigation pumps;

145 (iii) farm machinery;

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

148 (v) other farming activities; and

149 (c) manufacturing tangible personal property at an establishment described in SIC Codes
150 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal Executive Office
151 of the President, Office of Management and Budget.

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

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

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

158 (b) a scrap recycler if:

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

161 (A) iron;

162 (B) steel;

163 (C) nonferrous metal;

164 (D) paper;

165 (E) glass;

166 (F) plastic;

167 (G) textile; or

168 (H) rubber; and

169 (ii) the new products under Subsection (15)(b)(i) would otherwise be made with
170 nonrecycled materials.

171 (16) (a) "Medicine" means:

172 (i) insulin, syringes, and any medicine prescribed for the treatment of human ailments by
173 a person authorized to prescribe treatments and dispensed on prescription filled by a registered
174 pharmacist, or supplied to patients by a physician, surgeon, or podiatric physician;

175 (ii) any medicine dispensed to patients in a county or other licensed hospital if prescribed
176 for that patient and dispensed by a registered pharmacist or administered under the direction of a
177 physician; and

178 (iii) any oxygen or stoma supplies prescribed by a physician or administered under the
179 direction of a physician or paramedic.

180 (b) "Medicine" does not include:

181 (i) any auditory, prosthetic, ophthalmic, or ocular device or appliance; or

182 (ii) any alcoholic beverage.

183 (17) "Olympic merchandise" means tangible personal property bearing an Olympic
184 designation, emblem, insignia, mark, logo, service mark, symbol, terminology, trademark, or other
185 copyrighted or protected material, including:

186 (a) one or more of the following terms:

187 (i) "Olympic;"

188 (ii) "Olympiad;" or

189 (iii) "Citius Altius Fortius;"

190 (b) the symbol of the International Olympic Committee, consisting of five interlocking
191 rings;

192 (c) the emblem of the International Olympic Committee Corporation;

193 (d) a United States Olympic Committee designation, emblem, insignia, mark, logo, service
194 mark, symbol, terminology, trademark, or other copyrighted or protected material;

195 (e) any emblem of the Winter Olympic Games of 2002 that is officially designated by the
196 Salt Lake Organizing Committee of the Winter Olympic Games of 2002; or

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

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

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

201 (19) "Person" includes any individual, firm, partnership, joint venture, association,
202 corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city,
203 municipality, district, or other local governmental entity of the state, or any group or combination
204 acting as a unit.

205 (20) "Purchase price" means the amount paid or charged for tangible personal property or
206 any other taxable ~~[item or service]~~ transaction under Subsection 59-12-103(1), excluding only cash
207 discounts taken or any excise tax imposed on the purchase price by the federal government.

208 (21) "Residential use" means the use in or around a home, apartment building, sleeping
209 quarters, and similar facilities or accommodations.

210 (22) (a) "Retail sale" means any sale within the state of tangible personal property or any
211 other taxable ~~[item or service]~~ transaction under Subsection 59-12-103(1), other than resale of such
212 property, item, or service by a retailer or wholesaler to a user or consumer.

213 (b) "Retail sale" includes sales by any farmer or other agricultural producer of poultry,

214 eggs, or dairy products to consumers if the sales have an average monthly sales value of \$125 or
215 more.

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

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

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

226 (23) (a) "Retailer" means any person engaged in a regularly organized retail business in
227 tangible personal property or any other taxable ~~[item or service]~~ transaction under Subsection
228 59-12-103(1), and who is selling to the user or consumer and not for resale.

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

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

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

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

244 (i) a printer's facility with which a retailer has contracted for printing shall not be

245 considered to be a salesman, representative, peddler, canvasser, or agent of the retailer; and

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

252 (24) "Sale" means any transfer of title, exchange, or barter, conditional or otherwise, in any
 253 manner, of tangible personal property or any other taxable [~~item or service~~] transaction under
 254 Subsection 59-12-103(1), for [~~a~~] consideration. It includes:

255 (a) installment and credit sales;

256 (b) any closed transaction constituting a sale;

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

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

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

263 (25) (a) "Sales relating to schools" means the following sales or amounts paid ~~h~~ TO ~~h~~ or
 263a charged

264 by a public school district or public or private elementary or secondary school, grades kindergarten
 265 through 12~~[-that]~~;

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

268 [~~(i)~~] (A) the sale of:

269 (I) textbooks~~[-]~~;

270 (II) textbook fees~~[-]~~;

271 (III) laboratory fees~~[-]~~;

272 (IV) laboratory supplies~~[-and]~~; or

273 (V) safety equipment;

274 [~~(i)~~] (B) the sale of clothing that:

275 [~~(A)~~] (I) a student is specifically required to wear as a condition of participation in a

276 school-related event or activity; and

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

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

281 ~~[(iv)]~~ (D) transportation charges for official school activities[-];

282 (ii) amounts paid or charged for admission to a school-related event or school-related
283 activity ^h ~~[-, including:~~

284 ~~—— (A) a concert;~~

285 ~~—— (B) a sports event;~~

286 ~~—— (C) a sports activity;~~

287 ~~—— (D) a play;~~

288 ~~—— (E) a dance; or~~

289 ~~—— (F) a school-related event or school-related activity similar to Subsections (25)(a)(ii)(A)~~

290 ~~through (E);~~ , EXCEPT FOR AMOUNTS PAID OR CHARGED FOR ADMISSION TO A

290a SCHOOL-RELATED EVENT OR SCHOOL-RELATED ACTIVITY IF THE AMOUNTS PAID OR CHARGED

290b ARE PASSED THROUGH TO A PERSON:

290c (A) OTHER THAN A:

290d (I) SCHOOL;

290e (II) SCHOOL DISTRICT;

290f (III) NONPROFIT ORGANIZATION AUTHORIZED BY A SCHOOL BOARD OR A GOVERNING

290g BODY OF A PRIVATE SCHOOL TO ORGANIZE AND DIRECT A COMPETITIVE SECONDARY SCHOOL

290h ACTIVITY; OR

290i (IV) NONPROFIT ASSOCIATION AUTHORIZED BY A SCHOOL BOARD OR A GOVERNING

290j BODY OF A PRIVATE SCHOOL TO ORGANIZE AND DIRECT A COMPETITIVE SECONDARY SCHOOL

290k ACTIVITY; AND

290l (B) THAT IS REQUIRED TO COLLECT SALES AND USE TAXES UNDER THIS CHAPTER. ^h

291 (b) "Sales relating to schools" does not include:

292 ~~[(i) gate receipts;]~~

293 ~~[(ii) special event admission fees;]~~

294 ~~[(iii)]~~ (i) bookstore sales of items that are not educational materials or supplies; ~~[and]~~ or

295 ~~[(iv)]~~ (ii) except as provided in Subsection (25)(a)~~[(ii)]~~ (i)(B), clothing.

295a ^h (c) IN ACCORDANCE WITH TITLE 63, CHAPTER 46a, UTAH ADMINISTRATIVE RULEMAKING

295b ACT, THE COMMISSION MAY MAKE RULES DEFINING THE TERM "PASSED THROUGH". ^h

296 (26) "Senior citizen center" means a facility having the primary purpose of providing

297 services to the aged as defined in Section 62A-3-101.

298 (27) "State" means the state of Utah, its departments, and agencies.

299 (28) "Storage" means any keeping or retention of tangible personal property or any other
300 taxable ~~[item or service]~~ transaction under Subsection 59-12-103(1), in this state for any purpose
301 except sale in the regular course of business.

302 (29) (a) "Tangible personal property" means:

303 (i) all goods, wares, merchandise, produce, and commodities;

304 (ii) all tangible or corporeal things and substances which are dealt in or capable of being
305 possessed or exchanged;

306 (iii) water in bottles, tanks, or other containers; and

307 (iv) all other physically existing articles or things, including property severed from real
308 estate.

309 (b) "Tangible personal property" does not include:

310 (i) real estate or any interest or improvements in real estate;

311 (ii) bank accounts, stocks, bonds, mortgages, notes, and other evidence of debt;

312 (iii) insurance certificates or policies;

313 (iv) personal or governmental licenses;

314 (v) water in pipes, conduits, ditches, or reservoirs;

315 (vi) currency and coinage constituting legal tender of the United States or of a foreign
316 nation; and

317 (vii) all gold, silver, or platinum ingots, bars, medallions, or decorative coins, not
318 constituting legal tender of any nation, with a gold, silver, or platinum content of not less than
319 80%.

320 (30) (a) "Use" means the exercise of any right or power over tangible personal property
321 under Subsection 59-12-103(1), incident to the ownership or the leasing of that property, item, or
322 service.

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

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

330 (32) "Vehicle dealer" means a person engaged in the business of buying, selling, or
331 exchanging vehicles as defined in Subsection (31).

332 (33) (a) "Vendor" means:

333 (i) any person receiving any payment or consideration upon a sale of tangible personal
334 property or any other taxable ~~[item or service]~~ transaction under Subsection 59-12-103(1), or to
335 whom such payment or consideration is payable; and

336 (ii) any person who engages in regular or systematic solicitation of a consumer market in
337 this state by the distribution of catalogs, periodicals, advertising flyers, or other advertising, or by

338 means of print, radio or television media, by mail, telegraphy, telephone, computer data base,
339 cable, optic, microwave, or other communication system.

340 (b) "Vendor" does not mean a printer's facility described in Subsection (23)(e).

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

342 **59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.**

343 (1) ~~[There is levied a]~~ A tax is imposed on the purchaser as provided in this part for ~~[the~~
344 ~~amount]~~ amounts paid or charged for the following transactions:

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

346 (b) ~~[amount]~~ amounts paid to common carriers or to telephone or telegraph corporations,
347 whether the corporations are municipally or privately owned, for:

348 (i) all transportation;

349 (ii) intrastate telephone service; or

350 (iii) telegraph service;

351 (c) sales of the following for commercial use:

352 (i) gas[;];

353 (ii) electricity[;];

354 (iii) heat[;];

355 (iv) coal[;];

356 (v) fuel oil[;]; or

357 (vi) other fuels ~~[sold for commercial use]~~;

358 (d) sales of the following for residential use:

359 (i) gas[;];

360 (ii) electricity[;];

361 (iii) heat[;];

362 (iv) coal[;];

363 (v) fuel oil[;]; or

364 (vi) other fuels ~~[sold for residential use]~~;

365 (e) sales of meals ~~[sold]~~;

366 (f) except as provided in Subsection 59-12-104(38), amounts paid or charged as admission
367 or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
368 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs,

369 races, contests, sporting events, dances, boxing matches, [~~and~~] wrestling matches, closed circuit
 370 television broadcasts, billiard [~~or~~] parlors, pool parlors, bowling lanes, golf [~~and~~], miniature golf,
 371 golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
 372 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
 373 horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition,
 374 cultural, or athletic activity;

375 (g) amounts paid or charged for services;

376 (i) for repairs or renovations of tangible personal property; or [~~services~~]

377 (ii) to install tangible personal property in connection with other tangible personal property;

378 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for cleaning
 379 or washing of tangible personal property;

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

382 (j) amounts paid or charged for laundry [~~and~~] or dry cleaning services;

383 (k) amounts paid or charged for leases [~~and~~] or rentals of tangible personal property if [~~the~~
 384 property];

385 (i) the tangible personal property's situs is in this state[~~, if~~];

386 (ii) the lessee took possession of the tangible personal property in this state[~~;~~]; or [~~if~~]

387 (iii) within this state the property is;

388 (A) stored[~~;~~];

389 (B) used[~~;~~]; or

390 (C) otherwise consumed [~~in this state~~];

391 (l) amounts paid or charged for tangible personal property if within this state the tangible
 392 personal property is;

393 (i) stored[~~;~~];

394 (ii) used[~~;~~]; or

395 (iii) consumed [~~in this state~~]; and

396 (m) amounts paid or charged for prepaid telephone calling cards.

397 (2) Except [~~for~~] as provided in Subsection [(1)(d)] (3), the [~~rates of the~~] tax [~~levied under~~]
 398 rates imposed on a transaction described in Subsection (1) [~~shall be~~] are as follows:

399 [(a) 5% through June 30, 1994;]

400 ~~[(b) 4.875%]~~ (a) beginning on July 1, 1994 through June 30, 1997, the tax rate is 4.875%;
401 and

402 ~~[(c) 4.75%]~~ (b) beginning on July 1, 1997, the tax rate is 4.75%.

403 (3) ~~[The rates of the]~~ Notwithstanding Subsection (2), beginning on January 1, 1990, the
404 tax [levied under] rate imposed on a transaction described in Subsection (1)(d) [shall be] is 2%
405 [from and after January 1, 1990].

406 (4) (a) There shall be deposited in an Olympics special revenue fund or funds as determined
407 by the Division of Finance under Section 51-5-4, for the use of the Utah Sports Authority created
408 under Title 63A, Chapter 7, Utah Sports Authority Act:

409 (i) from January 1, 1990, through December 31, 1999, the amount of sales and use tax
410 generated by a 1/64% tax rate on the taxable ~~[items and services]~~ transactions under Subsection
411 (1);

412 (ii) from January 1, 1990, through June 30, 1999, the amount of revenue generated by a
413 1/64% tax rate under Section 59-12-204 or Section 59-12-205 on the taxable ~~[items and services]~~
414 transactions under Subsection (1); and

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

416 (b) These funds shall be used:

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

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

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

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

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

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

430 (III) the revenues deposited into the Olympics Special Revenue Fund that are not sales and

431 use taxes deposited under Subsection (4)(a) or interest on the sales and use taxes;

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

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

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

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

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

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

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

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

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

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

454 (c) Fifty percent of the remaining amount generated by 50% of the 1/8% tax rate shall be
455 transferred to the Water Resources Conservation and Development Fund created in Section
456 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund
457 under Section 73-10-24, the fund may also be used to:

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

461 (ii) conduct hydrologic and geotechnical investigations by the Department of Natural

462 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
463 quantifying surface and ground water resources and describing the hydrologic systems of an area
464 in sufficient detail so as to enable local and state resource managers to plan for and accommodate
465 growth in water use without jeopardizing the resource;

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

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

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

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

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

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

478 (iii) develop surface water sources.

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

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

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

493 account.

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

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

501 (b) Except for sales and use taxes deposited under Subsection (7), beginning on July 1,
502 1999, the revenues generated by the 1/64% tax rate:

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

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

507 (7) Beginning on July 1, 1999, the commission shall deposit into the Airport to University
508 of Utah Light Rail Restricted Account created in Section 17A-2-1064 the portion of the sales and
509 use tax under Sections 59-12-204 and 59-12-205 that is:

510 (a) generated by a city or town that will have constructed within its boundaries the Airport
511 to University of Utah Light Rail described in the Transportation Equity Act for the 21st Century,
512 Pub. L. No. 105-178, Sec. 3030(c)(2)(B)(i)(II), 112 Stat. 107; and

513 (b) equal to the revenues generated by a 1/64% tax rate on the taxable items and services
514 under Subsection (1).

515 Section 3. **Effective date.**

516 This act takes effect on July 1, 2000.

Legislative Review Note
as of 1-3-00 3:06 PM

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

Office of Legislative Research and General Counsel