

SALES AND USE TAX AMENDMENTS

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: John W. Hickman

This act modifies the Sales and Use Tax Act to expand the uses of a sales and use tax that may be imposed by a city or town for certain highway purposes to include funding a system for public transit. The act provides that a city or town that has obtained voter approval to impose the sales and use tax is not required to obtain additional voter approval to expand the uses of the sales and use tax. The act makes technical changes. This act takes effect on July 1, 2002.

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

AMENDS:

59-12-1001, as last amended by Chapters 253 and 319, Laws of Utah 2000

59-12-1002, as enacted by Chapter 305, Laws of Utah 1997

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

Section 1. Section **59-12-1001** is amended to read:

Part 10. Highways or Public Transit System Tax

59-12-1001. Authority to impose tax for highways or to fund a system for public transit -- Ordinance requirements -- Voter approval requirements -- Election requirements -- Notice of election requirements -- Exceptions to voter approval requirements.

(1) (a) Except as provided in Subsection (1)(b), a [~~municipality~~] city or town in which the transactions described in Subsection 59-12-103(1) are not subject to a sales and use tax under Section 59-12-501 may as provided in this part impose a sales and use tax of 1/4% on the transactions described in Subsection 59-12-103(1).

(b) Notwithstanding Subsection (1)(a), a [~~municipality~~] city or town may not impose a tax under this section on:

(i) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104; and

(ii) any amounts paid or charged by a vendor that collects a tax under Subsection

59-12-107(1)(b).

(2) (a) A city or town imposing a tax [~~imposed~~] under this part [~~by a municipality shall be used~~] may use the revenues generated by the tax:

(i) for the construction and maintenance of highways under the jurisdiction of the [~~municipality~~] city or town imposing the tax[-];

(ii) subject to Subsection (2)(b), to fund a system for public transit; or

(iii) for a combination of the purposes described in Subsections (2)(a)(i) and (ii).

(b) (i) For purposes of Subsection (2)(a)(ii) and except as provided in Subsection (2)(b)(ii), "public transit" is as defined in Section 17A-2-1004.

(ii) Notwithstanding Subsection (2)(b)(i), "public transit" does not include a fixed guideway system.

(3) To impose a [~~highways~~] tax under this part, the governing body of the [~~municipality~~] city or town shall:

(a) pass an ordinance approving the tax; and

(b) except as provided in Subsection (7), obtain voter approval for the tax as provided in Subsection (4).

(4) To obtain voter approval for a [~~highways~~] tax under Subsection (3)(b), a [~~municipality~~] city or town shall:

(a) hold [~~the highways tax~~] an election during:

(i) a regular general election; or

(ii) a municipal general election; and

(b) publish notice of the election:

(i) 15 days or more before the day on which the election is held; and

(ii) in a newspaper of general circulation in the [~~municipality~~] city or town.

(5) An ordinance approving a [~~highways~~] tax under this part shall provide an effective date for the tax as provided in Subsection (6).

(6) (a) For purposes of this Subsection (6):

(i) "Annexation" means an annexation to a city or town under Title 10, Chapter 2, Part 4,

Annexation.

(ii) "Annexing area" means an area that is annexed into a city or town.

(b) (i) If, on or after May 1, 2000, a city or town enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal, or change shall take effect:

(A) on the first day of a calendar quarter; and

(B) after a 75-day period beginning on the date the commission receives notice meeting the requirements of Subsection (6)(b)(ii) from the city or town.

(ii) The notice described in Subsection (6)(b)(i)(B) shall state:

(A) that the city or town will enact or repeal a tax or change the rate of a tax under this part;

(B) the statutory authority for the tax described in Subsection (6)(b)(ii)(A);

(C) the effective date of the tax described in Subsection (6)(b)(ii)(A); and

(D) if the city or town enacts the tax or changes the rate of the tax described in Subsection (6)(b)(ii)(A), the new rate of the tax.

(c) (i) If, for an annexation that occurs on or after May 1, 2000, the annexation will result in a change in the rate of a tax under this part for an annexing area, the change shall take effect:

(A) on the first day of a calendar quarter; and

(B) after a 75-day period beginning on the date the commission receives notice meeting the requirements of Subsection (6)(c)(ii) from the city or town that annexes the annexing area.

(ii) The notice described in Subsection (6)(c)(i)(B) shall state:

(A) that the annexation described in Subsection (6)(c)(i) will result in a change in the rate of a tax under this part for the annexing area;

(B) the statutory authority for the tax described in Subsection (6)(c)(ii)(A);

(C) the effective date of the tax described in Subsection (6)(c)(ii)(A); and

(D) the new rate of the tax described in Subsection (6)(c)(ii)(A).

(7) (a) Except as provided in Subsection (7)(b), a [~~municipality~~] city or town is not subject to the voter approval requirements of Subsection (3)(b) if[-];

(i) on or before January 1, 1996, the [~~municipality~~] city or town imposed a [~~licensee~~] license fee or tax on businesses based on gross receipts pursuant to Section 10-1-203[-]; or

(ii) the city or town:

(A) on or before June 30, 2002, obtained voter approval in accordance with Subsection (3)(b) to impose a tax under this part for a purpose described in Subsection (2)(a)(i); and

(B) on or after July 1, 2002, uses the revenues generated by a tax under this part for a purpose described in Subsection (2)(a).

(b) [~~The~~] Notwithstanding Subsection (7)(a), the exception from the voter approval requirements in Subsection (7)(a)(i) does not apply to a [municipality] city or town that, on or before January 1, 1996, imposed a license fee or tax on only one class of businesses based on gross receipts pursuant to Section 10-1-203.

Section 2. Section **59-12-1002** is amended to read:

59-12-1002. Collection of taxes by commission -- Charge for service.

(1) The commission shall:

(a) collect the [~~highways~~] tax imposed by a [municipality] city or town under this part; and

(b) subject to the limitations of Subsection (2), transmit to the [municipality] city or town monthly by electronic funds transfer the revenues generated by the [~~highways~~] tax imposed by the [municipality] city or town.

(2) (a) The commission shall charge a [municipality] city or town imposing a [~~highways~~] tax under this part a fee for administering the tax as provided in Subsections (2)(b) and (c).

(b) The fee shall be in an amount equal to the costs of administering the [~~highways~~] tax under this part, except that the fee may not exceed 1-1/2% of the revenues generated in the [municipality] city or town by the tax under this part.

(c) Fees under this Subsection (2) shall be:

(i) placed in the Sales and Use Tax Administrative Fees Account; and

(ii) used for sales tax administration as provided in Subsection 59-12-206(2).

Section 3. Effective date.

This act takes effect on July 1, 2002.