

1 **SALES AND USE TAX AMENDMENTS**

2 2002 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: John W. Hickman**

5 **This act modifies the Sales and Use Tax Act to expand the uses of a sales and use tax that**
6 **may be imposed by a city or town for certain highway purposes to include funding a system**
7 **for public transit. The act creates an exemption from the requirement that a city or town**
8 **obtain voter approval to impose the tax. The act makes technical changes. This act takes**
9 **effect on July 1, 2002.**

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

11 AMENDS:

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

13 **59-12-1002**, as enacted by Chapter 305, Laws of Utah 1997

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

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

16 **Part 10. Highways or Public Transportation Systems Tax**

17 **59-12-1001. Authority to impose tax for highways or public transportation systems**
18 **-- Ordinance requirements -- Voter approval requirements -- Election requirements -- Notice**
19 **requirements -- Exceptions to voter approval requirements.**

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

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

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



28 (ii) any amounts paid or charged by a vendor that collects a tax under Subsection
29 59-12-107(1)(b).

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

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

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

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

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

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

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

42 (a) pass an ordinance approving the tax; and

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

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

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

48 (i) a regular general election; or

49 (ii) a municipal general election; and

50 (b) publish notice of the election:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

86 (ii) the city or town:

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

89 (B) on or after July 1, 2002, uses the revenues generated by a tax under this part for a

90 purpose described in Subsection (2)(a).

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

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

96 **59-12-1002. Collection of taxes by commission -- Charge for service.**

97 (1) The commission shall:

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

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

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

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

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

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

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

110 Section 3. **Effective date.**

111 This act takes effect on July 1, 2002.

Legislative Review Note
as of 2-21-02 7:42 AM

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

Office of Legislative Research and General Counsel