

**Senator Sheldon L. Killpack** proposes the following substitute bill:

**PROHIBITION ON SALES AND USE TAX**

**INCENTIVE PAYMENTS BY A**

**MUNICIPALITY**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Sheldon L. Killpack**

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**LONG TITLE**

**General Description:**

This bill amends the Utah Municipal Code.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ prohibits a municipality from making a sales and use tax incentive payment under an agreement entered into on or after July 1, 2004; and
- ▶ prohibits a municipality from entering into an agreement on or after July 1, 2004, to make a sales and use tax incentive payment.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect on July 1, 2004.

**Utah Code Sections Affected:**

ENACTS:

**10-1-501**, Utah Code Annotated 1953

**10-1-502**, Utah Code Annotated 1953



26 10-1-503, Utah Code Annotated 1953

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

29 Section 1. Section 10-1-501 is enacted to read:

30 **Part 5. Prohibition on Sales and Use Tax Incentive Payments Act**

31 **10-1-501. Title.**

32 This part is known as the "Prohibition on Sales and Use Tax Incentive Payments Act."

33 Section 2. Section 10-1-502 is enacted to read:

34 **10-1-502. Definitions.**

35 As used in this part:

36 (1) "Agreement" means an oral or written agreement between a municipality and a  
37 person.

38 (2) "Payment" includes:

39 (a) a payment;

40 (b) a rebate;

41 (c) a refund; or

42 (d) an amount similar to Subsections (2)(a) through (c).

43 (3) "Regional retail business" means a:

44 (a) retail business that occupies a floor area of more than 80,000 square feet;

45 (b) dealership as defined in Section 41-1a-102;

46 (c) retail shopping facility that has at least two anchor tenants if the total number of  
47 anchor tenants in the shopping facility occupy a total floor area of more than 150,000 square  
48 feet; or

49 (d) grocery store that occupies a floor area of more than 30,000 square feet.

50 (4) (a) "Sales and use tax" means a tax:

51 (i) imposed on transactions within a municipality; and

52 (ii) except as provided in Subsection (4)(b), authorized under Title 59, Chapter 12,

53 Sales and Use Tax Act.

54 (b) Notwithstanding Subsection (4)(a)(ii), "sales and use tax" does not include a tax  
55 authorized under:

56 (i) Subsection 59-12-103(2)(a)(i);

- 57           (ii) Subsection 59-12-103(2)(b)(i);
- 58           (iii) Section 59-12-301;
- 59           (iv) Section 59-12-352;
- 60           (v) Section 59-12-353;
- 61           (vi) Section 59-12-603; or
- 62           (vii) Section 59-12-1201.

63           (5) (a) "Sales and use tax incentive payment" means a payment of revenues:

- 64           (i) to a person;
- 65           (ii) by a municipality;
- 66           (iii) to induce the person to locate or relocate a regional retail business within the
- 67 municipality; and
- 68           (iv) that are derived from a sales and use tax.

69           (b) "Sales and use tax incentive payment" does not include funding for public

70 infrastructure.

71           Section 3. Section **10-1-503** is enacted to read:

72           **10-1-503. Prohibition on municipality making a sales and use tax incentive**

73 **payment or entering into an agreement to make a sales and use tax incentive payment.**

74           A municipality may not:

- 75           (1) make a sales and use tax incentive payment under an agreement entered into on or
- 76 after July 1, 2004; or
- 77           (2) enter into an agreement on or after July 1, 2004 to make a sales and use tax
- 78 incentive payment.

79           Section 4. **Effective date.**

80           This bill takes effect on July 1, 2004.