

Representative J. Stuart Adams proposes the following substitute bill:

PROHIBITION ON SALES AND USE TAX

INCENTIVE PAYMENTS BY A

COUNTY OR MUNICIPALITY

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Sheldon L. Killpack

LONG TITLE

General Description:

This bill amends the Cities, Counties, and Local Taxing Units title.

Highlighted Provisions:

This bill:

- ▶ creates the Prohibition on Sales and Use Tax Incentive Payments Act;
- ▶ defines terms;
- ▶ prohibits a county or municipality from making a sales and use tax incentive

payment under an agreement entered into on or after July 1, 2004; and

- ▶ prohibits a county or 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:

11-41-101, Utah Code Annotated 1953



26 11-41-102, Utah Code Annotated 1953
27 11-41-103, Utah Code Annotated 1953



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

30 Section 1. Section 11-41-101 is enacted to read:

31 **CHAPTER 41. Prohibition on Sales and Use Tax Incentive Payments Act**

32 **11-41-101. Title.**

33 This chapter is known as the "Prohibition on Sales and Use Tax Incentive Payments
34 Act."

35 Section 2. Section 11-41-102 is enacted to read:

36 **11-41-102. Definitions.**

37 As used in this chapter:

38 (1) "Agreement" means an oral or written agreement between a:

39 (a) (i) county; or

40 (ii) municipality; and

41 (b) person.

42 (2) "Municipality" means a:

43 (a) city; or

44 (b) town.

45 (3) "Payment" includes:

46 (a) a payment;

47 (b) a rebate;

48 (c) a refund; or

49 (d) an amount similar to Subsections (3)(a) through (c).

50 (4) "Regional retail business" means a:

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

52 (b) dealer as defined in Section 41-1a-102;

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

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

57 (5) (a) "Sales and use tax" means a tax:
58 (i) imposed on transactions within a:
59 (A) county; or
60 (B) municipality; and
61 (ii) except as provided in Subsection (5)(b), authorized under Title 59, Chapter 12,
62 Sales and Use Tax Act.

63 (b) Notwithstanding Subsection (5)(a)(ii), "sales and use tax" does not include a tax
64 authorized under:

- 65 (i) Subsection 59-12-103(2)(a)(i);
- 66 (ii) Subsection 59-12-103(2)(b)(i);
- 67 (iii) Section 59-12-301;
- 68 (iv) Section 59-12-352;
- 69 (v) Section 59-12-353;
- 70 (vi) Section 59-12-603; or
- 71 (vii) Section 59-12-1201.

72 (6) (a) "Sales and use tax incentive payment" means a payment of revenues:
73 (i) to a person;
74 (ii) by a:
75 (A) county; or
76 (B) municipality;
77 (iii) to induce the person to locate or relocate a regional retail business within the:
78 (A) county; or
79 (B) municipality; and
80 (iv) that are derived from a sales and use tax.

81 (b) "Sales and use tax incentive payment" does not include funding for public
82 infrastructure.

83 Section 3. Section **11-41-103** is enacted to read:

84 **11-41-103. Prohibition on a county or municipality making a sales and use tax**
85 **incentive payment or entering into an agreement to make a sales and use tax incentive**
86 **payment.**

87 A county or municipality may not:

88 (1) make a sales and use tax incentive payment under an agreement entered into on or
89 after July 1, 2004; or

90 (2) enter into an agreement on or after July 1, 2004 to make a sales and use tax
91 incentive payment.

92 Section 4. **Effective date.**

93 This bill takes effect on July 1, 2004.