

Senator Wayne L. Niederhauser proposes the following substitute bill:

SEVERANCE TAX AMENDMENTS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: Wayne L. Niederhauser

LONG TITLE

General Description:

This bill provides for the disposition of certain revenues from severance taxes.

Highlighted Provisions:

This bill:

- ▶ provides that certain severance tax revenues that exceed a base amount are deposited into the permanent state trust fund or Severance Tax Holding Account;
- ▶ provides that certain interest earnings be deposited into the Infrastructure and Economic Diversification Investment Account;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

This bill coordinates with H.B. 63, Recodification of Title 63 State Affairs in General, changing technical cross references.

Utah Code Sections Affected:

AMENDS:



- 26 **59-5-115**, as last amended by Laws of Utah 1996, Chapter 135
- 27 **59-5-215**, as enacted by Laws of Utah 1988, Chapter 4
- 28 **63-97a-102**, as enacted by Laws of Utah 2007, Chapter 384
- 29 **63-97a-201**, as enacted by Laws of Utah 2007, Chapter 384
- 30 **63-97a-202**, as enacted by Laws of Utah 2007, Chapter 384

31 ENACTS:

32 **63-97a-301**, Utah Code Annotated 1953



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

35 Section 1. Section **59-5-115** is amended to read:

36 **59-5-115. Disposition of taxes collected -- Credit to General Fund.**

37 All taxes imposed and collected under Section 59-5-102 shall be paid to the
38 commission, [~~and~~] promptly remitted to the state treasurer, and except those taxes otherwise
39 allocated under Section 59-5-116, [~~or~~] 59-5-119, or 63-97a-301, credited to the General Fund.

40 Section 2. Section **59-5-215** is amended to read:

41 **59-5-215. Disposition of taxes collected -- Credit to General Fund.**

42 All taxes imposed and collected under Section 59-5-202 shall be paid to the
43 commission, [~~and~~] promptly remitted to the state treasurer, [~~to be~~] and except those taxes
44 otherwise allocated under Section 63-97a-301, credited to the General Fund.

45 Section 3. Section **63-97a-102** is amended to read:

46 **63-97a-102. Definitions.**

47 As used in this chapter:

48 (1) "Infrastructure and Economic Diversification Investment Account" means the
49 Infrastructure and Economic Diversification Investment Account created in Section
50 63-97a-201.

51 (2) "Mining base amount" means:

52 (a) \$27,600,000 for fiscal year 2008-09; and

53 (b) for each fiscal year beginning on or after July 1, 2009, the amount determined by
54 the Division of Finance as described in Section 63-97a-103.

55 (3) "Oil and gas base amount" means:

56 (a) \$71,000,000 for fiscal year 2008-09; and

57 (b) for each year beginning on or after July 1, 2009, the amount determined by the
58 Division of Finance as described in Section 63-97a-103.

59 [~~(2)~~] (4) "Permanent state trust fund" means the permanent state trust fund created
60 under Utah Constitution Article XXII, Section 4.

61 [~~(3)~~] (5) "Severance Tax Holding Account" means the Severance Tax Holding Account
62 created in Section 63-97a-202.

63 Section 4. Section **63-97a-201** is amended to read:

64 **63-97a-201. Creation of Infrastructure and Economic Diversification Investment**
65 **Account.**

66 (1) (a) There is created a restricted account within the General Fund known as the
67 "Infrastructure and Economic Diversification Investment Account."

68 (b) The Infrastructure and Economic Diversification Investment Account shall consist
69 of:

70 (i) all monies credited to the account under Section [~~63-97a-202~~] 63-97a-301;

71 (ii) appropriations from the Legislature;

72 (iii) grants from private foundations; and

73 (iv) interest and investment earnings on account monies.

74 (2) (a) The Infrastructure and Economic Diversification Investment Account shall earn
75 interest.

76 (b) All interest earned on monies in the Infrastructure and Economic Diversification
77 Investment Account shall be deposited into the Infrastructure and Economic Diversification
78 Investment Account.

79 (3) The Legislature may appropriate monies from the Infrastructure and Economic
80 Diversification Investment Account for infrastructure and economic diversification investment
81 projects.

82 (4) At least 25% of the monies appropriated in accordance with Subsection (3) shall be
83 used for the following projects within areas of the state that produced the severance tax
84 revenues:

85 (a) capital and infrastructure development; and

86 (b) economic diversification investment.

87 Section 5. Section **63-97a-202** is amended to read:

88 **63-97a-202. Creation of Severance Tax Holding Account -- Distribution of funds**
89 **in the account.**

90 (1) (a) There is created a restricted account within the General Fund known as the
91 "Severance Tax Holding Account."

92 (b) The Severance Tax Holding Account shall consist of:

93 (i) appropriations from the Legislature;

94 (ii) grants from private foundations; [~~and~~]

95 (iii) interest and investment earnings on Severance Tax Holding Account monies[-];

96 and

97 (iv) all monies credited to the Severance Tax Holding Account under Section
98 63-97a-301.

99 (2) (a) The Severance Tax Holding Account shall earn interest.

100 (b) All interest earned on monies in the Severance Tax Holding Account shall be
101 deposited into the Severance Tax Holding Account.

102 (3) If authorized by law the Division of Finance shall deposit all of the monies in the
103 Severance Tax Holding Account as of June 30, 2009, into the permanent state trust fund.

104 ~~[(4) The state treasurer shall invest and separately account for the earnings on funds~~
105 ~~that are deposited into the permanent state trust fund under this section.]~~

106 ~~[(5)(a) In accordance with Utah Constitution Article XXII, Section 4, the interest and~~
107 ~~dividends earned annually on revenue from severance taxes that are deposited into the~~
108 ~~permanent state trust fund shall be deposited in the General Fund.]~~

109 ~~[(b) Interest and dividends earned on revenue from severance taxes that are deposited~~
110 ~~in the General Fund pursuant to Subsection (5)(a) shall be credited to the Infrastructure and~~
111 ~~Economic Diversification Investment Account created in Section 63-97a-201.]~~

112 Section 6. Section **63-97a-301** is enacted to read:

113 **63-97a-301. Crediting of certain severance tax revenues to the permanent state**
114 **trust fund.**

115 (1) (a) After making the distributions of oil and gas severance tax revenues as required
116 under Sections 59-5-116 and 59-5-119, the Division of Finance shall make the distributions
117 required under Subsections (2) through (5).

118 (b) For purposes of this section, revenue collected from severance taxes on oil and gas

119 imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining, does not include
120 revenue that is distributed under Section 59-5-116 or 59-5-119.

121 (2) Beginning with fiscal year 2008-09, if authorized by law, the Division of Finance
122 shall credit to the permanent state trust fund all revenue collected in a fiscal year from
123 severance taxes on oil and gas imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas,
124 and Mining, that exceed the oil and gas base amount.

125 (3) Beginning with fiscal year 2008-09, if authorized by law, the Division of Finance
126 shall credit to the permanent state trust fund all revenue collected in a fiscal year from
127 severance taxes on mining imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and
128 Mining, that exceed the mining base amount.

129 (4) The state treasurer shall invest and separately account for the earnings on funds that
130 are deposited into the permanent state trust fund under this section.

131 (5) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and
132 dividends earned annually on revenue from severance taxes that are deposited into the
133 permanent state trust fund shall be deposited in the General Fund.

134 (b) Interest and dividends earned on revenue from severance taxes that are deposited in
135 the General Fund pursuant to Subsection (5)(a) shall be credited to the Infrastructure and
136 Economic Diversification Investment Account created in Section 63-97a-201.

137 **Section 7. Effective date.**

138 This bill takes effect on July 1, 2008.

139 **Section 8. Coordinating H.B. 58 with H.B. 63 -- Technical renumbering.**

140 If this H.B. 58 and H.B. 63, Recodification of Title 63 State Affairs in General, both
141 pass, it is the intent of the Legislature that the Office of Legislative Research and General
142 Counsel, in preparing the Utah Code database for publication:

143 (1) renumber Section 63-97a-301 in this H.B. 58 to Section 51-9-305; and

144 (2) change all internal cross references.