

Representative Paul Ray proposes the following substitute bill:

**TAX CHANGES AND APPROPRIATIONS FOR
PREVENTIVE HEALTH ACTIVITIES**

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Paul Ray

Senate Sponsor: _____

7	Cosponsors:	Bradley G. Last	Jennifer M. Seelig
8	Rebecca Chavez-Houck	Steven R. Mascaro	Stephen H. Urquhart
9	Lynn N. Hemingway	Karen W. Morgan	R. Curt Webb
10	Neal B. Hendrickson	Carol Spackman Moss	

LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act and the Cigarette and Tobacco Tax and Licensing Act.

Highlighted Provisions:

This bill:

- ▶ reduces the state sales and use tax rate from 4.65% to 4.60%;
- ▶ increases the cigarette tax by an amount equivalent to 50 cents per pack of 20 cigarettes (from 69.5 cents to \$1.19½ per pack for cigarettes weighing not more than three pounds per thousand, and from 81.5 cents to \$1.31½ per pack for cigarettes weighing more than three pounds per thousand);
- ▶ specifies that the lesser of \$4,250,000 or the total amount of the tax increase shall be deposited annually in the Cigarette Tax Restricted Account and, as funds are available, appropriated to the Department of Health for cancer screening, the Gold Medal Schools Program, and tobacco prevention, reduction, cessation, and control



27 programs;

28 ▶ updates the formula for appropriating revenue remaining in the Cigarette Tax

29 Restricted Account at the end of the fiscal year; and

30 ▶ makes conforming and technical changes.

31 **Monies Appropriated in this Bill:**

32 None

33 **Other Special Clauses:**

34 This bill takes effect on July 1, 2008.

35 This bill coordinates with H.B. 17, Cancer Screening and Mortality Reduction Program,
36 by providing a superseding appropriation.

37 **Utah Code Sections Affected:**

38 AMENDS:

39 **59-12-103**, as last amended by Laws of Utah 2007, Chapters 9, 101, 126, 206, and 288

40 **59-12-902**, as last amended by Laws of Utah 2004, Chapter 18

41 **59-14-204**, as last amended by Laws of Utah 2007, Chapter 6



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

44 Section 1. Section **59-12-103** is amended to read:

45 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
46 **tax revenues.**

47 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
48 charged for the following transactions:

49 (a) retail sales of tangible personal property made within the state;

50 (b) amounts paid:

51 (i) to a:

52 (A) telephone service provider regardless of whether the telephone service provider is
53 municipally or privately owned; or

54 (B) telegraph corporation:

55 (I) as defined in Section 54-2-1; and

56 (II) regardless of whether the telegraph corporation is municipally or privately owned;

57 and

- 58 (ii) for:
- 59 (A) telephone service, other than mobile telecommunications service, that originates
- 60 and terminates within the boundaries of this state;
- 61 (B) mobile telecommunications service that originates and terminates within the
- 62 boundaries of one state only to the extent permitted by the Mobile Telecommunications
- 63 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
- 64 (C) telegraph service;
- 65 (c) sales of the following for commercial use:
- 66 (i) gas;
- 67 (ii) electricity;
- 68 (iii) heat;
- 69 (iv) coal;
- 70 (v) fuel oil; or
- 71 (vi) other fuels;
- 72 (d) sales of the following for residential use:
- 73 (i) gas;
- 74 (ii) electricity;
- 75 (iii) heat;
- 76 (iv) coal;
- 77 (v) fuel oil; or
- 78 (vi) other fuels;
- 79 (e) sales of prepared food;
- 80 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 81 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 82 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 83 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 84 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 85 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 86 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 87 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 88 exhibition, cultural, or athletic activity;

89 (g) amounts paid or charged for services for repairs or renovations of tangible personal
90 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

91 (i) the tangible personal property; and

92 (ii) parts used in the repairs or renovations of the tangible personal property described
93 in Subsection (1)(g)(i), whether or not any parts are actually used in the repairs or renovations
94 of that tangible personal property;

95 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
96 assisted cleaning or washing of tangible personal property;

97 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
98 accommodations and services that are regularly rented for less than 30 consecutive days;

99 (j) amounts paid or charged for laundry or dry cleaning services;

100 (k) amounts paid or charged for leases or rentals of tangible personal property if within
101 this state the tangible personal property is:

102 (i) stored;

103 (ii) used; or

104 (iii) otherwise consumed;

105 (l) amounts paid or charged for tangible personal property if within this state the
106 tangible personal property is:

107 (i) stored;

108 (ii) used; or

109 (iii) consumed; and

110 (m) amounts paid or charged for prepaid telephone calling cards.

111 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
112 is imposed on a transaction described in Subsection (1) equal to the sum of:

113 (i) a state tax imposed on the transaction at a tax rate of [~~4.65%~~] 4.60%; and

114 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
115 transaction under this chapter other than this part.

116 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
117 on a transaction described in Subsection (1)(d) equal to the sum of:

118 (i) a state tax imposed on the transaction at a tax rate of 2%; and

119 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

120 transaction under this chapter other than this part.

121 (c) Except as provided in Subsection (2)(d) or (e), beginning on January 1, 2007, a
122 state tax and a local tax is imposed on amounts paid or charged for food and food ingredients
123 equal to the sum of:

124 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
125 a tax rate of 1.75%; and

126 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
127 amounts paid or charged for food and food ingredients under this chapter other than this part.

128 (d) Except as provided in Subsection (2)(e), if a seller collects a tax in accordance with
129 Subsection 59-12-107(1)(b) on a transaction described in Subsection (1), a state tax and a local
130 tax is imposed on the transaction equal to the sum of:

131 (i) a state tax imposed on the transaction at a tax rate of:

132 (A) [~~4.65%~~ 4.60%] for a transaction other than a transaction described in Subsection
133 (2)(d)(i)(B) or (2)(d)(i)(C);

134 (B) 2% for a transaction described in Subsection (1)(d); or

135 (C) beginning on January 1, 2007, 1.75% on the amounts paid or charged for food and
136 food ingredients; and

137 (ii) a local tax imposed on the transaction at a tax rate equal to the sum of the following
138 tax rates:

139 (A) the tax rate authorized by Section 59-12-204, but only if all of the counties, cities,
140 and towns in the state impose the tax authorized by Section 59-12-204; and

141 (B) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the
142 state impose the tax authorized by Section 59-12-1102.

143 (e) (i) A state tax and a local tax is imposed on an entire bundled transaction as
144 provided in this Subsection (2)(e) if the bundled transaction is attributable to food and food
145 ingredients and tangible personal property other than food and food ingredients.

146 (ii) If the tax on a bundled transaction described in Subsection (2)(e)(i) is collected by a
147 seller other than a seller that collects a tax in accordance with Subsection 59-12-107(1)(b),
148 beginning on January 1, 2007, a state tax and a local tax is imposed on the entire bundled
149 transaction equal to the sum of:

150 (A) a state tax imposed on the entire bundled transaction at the tax rate described in

151 Subsection (2)(a)(i); and

152 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
153 described in Subsection (2)(a)(ii).

154 (iii) If the tax on a bundled transaction described in Subsection (2)(e)(i) is collected by
155 a seller in accordance with Subsection 59-12-107(1)(b), beginning on January 1, 2007, a state
156 tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

157 (A) a state tax imposed on the entire bundled transaction at the tax rate described in
158 Subsection (2)(d)(i)(A); and

159 (B) a local tax imposed on the entire bundled transaction at a tax rate equal to the sum
160 of the following tax rates:

161 (I) the tax rate authorized by Section 59-12-204, but only if all of the counties, cities,
162 and towns in the state impose the tax authorized by Section 59-12-204; and

163 (II) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the
164 state impose the tax authorized by Section 59-12-1102.

165 (f) Subject to Subsections (2)(g) and (h), a tax rate repeal or tax rate change for a tax
166 rate imposed under the following shall take effect on the first day of a calendar quarter:

167 (i) Subsection (2)(a)(i);

168 (ii) Subsection (2)(b)(i);

169 (iii) Subsection (2)(c)(i);

170 (iv) Subsection (2)(d)(i);

171 (v) Subsection (2)(e)(ii)(A); or

172 (vi) Subsection (2)(e)(iii)(A).

173 (g) (i) For a transaction described in Subsection (2)(g)(iii), a tax rate increase shall take
174 effect on the first day of the first billing period that begins after the effective date of the tax rate
175 increase if the billing period for the transaction begins before the effective date of a tax rate
176 increase imposed under:

177 (A) Subsection (2)(a)(i);

178 (B) Subsection (2)(b)(i);

179 (C) Subsection (2)(c)(i);

180 (D) Subsection (2)(d)(i);

181 (E) Subsection (2)(e)(ii)(A); or

182 (F) Subsection (2)(e)(iii)(A).

183 (ii) For a transaction described in Subsection (2)(g)(iii), the repeal of a tax or a tax rate
184 decrease shall take effect on the first day of the last billing period that began before the
185 effective date of the repeal of the tax or the tax rate decrease if the billing period for the
186 transaction begins before the effective date of the repeal of the tax or the tax rate decrease
187 imposed under:

188 (A) Subsection (2)(a)(i);

189 (B) Subsection (2)(b)(i);

190 (C) Subsection (2)(c)(i);

191 (D) Subsection (2)(d)(i);

192 (E) Subsection (2)(e)(ii)(A); or

193 (F) Subsection (2)(e)(iii)(A).

194 (iii) Subsections (2)(g)(i) and (ii) apply to transactions subject to a tax under:

195 (A) Subsection (1)(b);

196 (B) Subsection (1)(c);

197 (C) Subsection (1)(d);

198 (D) Subsection (1)(e);

199 (E) Subsection (1)(f);

200 (F) Subsection (1)(g);

201 (G) Subsection (1)(h);

202 (H) Subsection (1)(i);

203 (I) Subsection (1)(j); or

204 (J) Subsection (1)(k).

205 (h) (i) For a tax rate described in Subsection (2)(h)(ii), if a tax due on a catalogue sale
206 is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal
207 or change in a tax rate takes effect:

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

209 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

210 (ii) Subsection (2)(h)(i) applies to the tax rates described in the following:

211 (A) Subsection (2)(a)(i);

212 (B) Subsection (2)(b)(i);

213 (C) Subsection (2)(c)(i);
214 (D) Subsection (2)(d)(i);
215 (E) Subsection (2)(e)(ii)(A); or
216 (F) Subsection (2)(e)(iii)(A).
217 (iii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
218 the commission may by rule define the term "catalogue sale."

219 (3) (a) Except as provided in Subsections (4) through (10), the following state taxes
220 shall be deposited into the General Fund:

- 221 (i) the tax imposed by Subsection (2)(a)(i);
- 222 (ii) the tax imposed by Subsection (2)(b)(i);
- 223 (iii) the tax imposed by Subsection (2)(c)(i);
- 224 (iv) the tax imposed by Subsection (2) (d)(i);
- 225 (v) the tax imposed by Subsection (2)(e)(ii)(A); and
- 226 (vi) the tax imposed by Subsection (2)(e)(iii)(A).

227 (b) The following local taxes shall be distributed to a county, city, or town as provided
228 in this chapter:

- 229 (i) the tax imposed by Subsection (2)(a)(ii);
- 230 (ii) the tax imposed by Subsection (2)(b)(ii);
- 231 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 232 (iv) the tax imposed by Subsection (2)(e)(ii)(B).

233 (c) (i) Notwithstanding any provision of this chapter, each county, city, or town in the
234 state shall receive the county's, city's, or town's proportionate share of the revenues generated
235 by the following local taxes as provided in Subsection (3)(c)(ii):

- 236 (A) the local tax described in Subsection (2)(d)(ii); and
- 237 (B) the local tax described in Subsection (2)(e)(iii)(B).

238 (ii) For revenues generated by a tax described in Subsection (3)(c)(i), the commission
239 shall determine a county's, city's, or town's proportionate share of the revenues by:

240 (A) calculating an amount equal to the population of the unincorporated area of the
241 county, city, or town divided by the total population of the state; and

242 (B) multiplying the amount determined under Subsection (3)(c)(ii)(A) by the total
243 amount of revenues generated by the taxes described in Subsection (3)(c)(i) for all counties,

244 cities, and towns.

245 (iii) (A) Except as provided in Subsection (3)(c)(iii)(B), population figures for
246 purposes of this section shall be derived from the most recent official census or census estimate
247 of the United States Census Bureau.

248 (B) If a needed population estimate is not available from the United States Census
249 Bureau, population figures shall be derived from the estimate from the Utah Population
250 Estimates Committee created by executive order of the governor.

251 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
252 2003, the lesser of the following amounts shall be used as provided in Subsections (4)(b)
253 through (g):

254 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

255 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

256 (B) for the fiscal year; or

257 (ii) \$17,500,000.

258 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
259 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
260 Department of Natural Resources to:

261 (A) implement the measures described in Subsections 63-34-14(4)(a) through (d) to
262 protect sensitive plant and animal species; or

263 (B) award grants, up to the amount authorized by the Legislature in an appropriations
264 act, to political subdivisions of the state to implement the measures described in Subsections
265 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

266 (ii) Money transferred to the Department of Natural Resources under Subsection
267 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
268 person to list or attempt to have listed a species as threatened or endangered under the
269 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

270 (iii) At the end of each fiscal year:

271 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
272 Conservation and Development Fund created in Section 73-10-24;

273 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
274 Program Subaccount created in Section 73-10c-5; and

275 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
276 Program Subaccount created in Section 73-10c-5.

277 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
278 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund
279 created in Section 4-18-6.

280 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
281 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
282 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
283 water rights.

284 (ii) At the end of each fiscal year:

285 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
286 Conservation and Development Fund created in Section 73-10-24;

287 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
288 Program Subaccount created in Section 73-10c-5; and

289 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
290 Program Subaccount created in Section 73-10c-5.

291 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
292 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development
293 Fund created in Section 73-10-24 for use by the Division of Water Resources.

294 (ii) In addition to the uses allowed of the Water Resources Conservation and
295 Development Fund under Section 73-10-24, the Water Resources Conservation and
296 Development Fund may also be used to:

297 (A) conduct hydrologic and geotechnical investigations by the Division of Water
298 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
299 quantifying surface and ground water resources and describing the hydrologic systems of an
300 area in sufficient detail so as to enable local and state resource managers to plan for and
301 accommodate growth in water use without jeopardizing the resource;

302 (B) fund state required dam safety improvements; and

303 (C) protect the state's interest in interstate water compact allocations, including the
304 hiring of technical and legal staff.

305 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described

306 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
307 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

308 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
309 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
310 created in Section 73-10c-5 for use by the Division of Drinking Water to:

311 (i) provide for the installation and repair of collection, treatment, storage, and
312 distribution facilities for any public water system, as defined in Section 19-4-102;

313 (ii) develop underground sources of water, including springs and wells; and

314 (iii) develop surface water sources.

315 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
316 2006, the difference between the following amounts shall be expended as provided in this
317 Subsection (5), if that difference is greater than \$1:

318 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
319 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

320 (ii) \$17,500,000.

321 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

322 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
323 credits; and

324 (B) expended by the Department of Natural Resources for watershed rehabilitation or
325 restoration.

326 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
327 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
328 created in Section 73-10-24.

329 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
330 remaining difference described in Subsection (5)(a) shall be:

331 (A) transferred each fiscal year to the Division of Water Resources as dedicated
332 credits; and

333 (B) expended by the Division of Water Resources for cloud-seeding projects
334 authorized by Title 73, Chapter 15, Modification of Weather.

335 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
336 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund

337 created in Section 73-10-24.

338 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
339 remaining difference described in Subsection (5)(a) shall be deposited into the Water
340 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
341 Division of Water Resources for:

342 (i) preconstruction costs:

343 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
344 26, Bear River Development Act; and

345 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
346 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

347 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
348 Chapter 26, Bear River Development Act;

349 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
350 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

351 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and
352 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

353 (e) Any unexpended monies described in Subsection (5)(d) that remain in the Water
354 Resources Conservation and Development Fund at the end of the fiscal year are nonlapsing.

355 (f) After making the transfers required by Subsections (5)(b) and (c) and subject to
356 Subsection (5)(g), 6% of the remaining difference described in Subsection (5)(a) shall be
357 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
358 incurred for employing additional technical staff for the administration of water rights.

359 (g) At the end of each fiscal year, any unexpended dedicated credits described in
360 Subsection (5)(f) over \$150,000 lapse to the Water Resources Conservation and Development
361 Fund created in Section 73-10-24.

362 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
363 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
364 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
365 the Transportation Fund created by Section 72-2-102.

366 (7) (a) Notwithstanding Subsection (3)(a) and until Subsection (7)(b) applies,
367 beginning on January 1, 2000, the Division of Finance shall deposit into the Centennial

368 Highway Fund Restricted Account created in Section 72-2-118 a portion of the taxes listed
369 under Subsection (3)(a) equal to the revenues generated by a 1/64% tax rate on the taxable
370 transactions under Subsection (1).

371 (b) Notwithstanding Subsection (3)(a), when the highway general obligation bonds
372 have been paid off and the highway projects completed that are intended to be paid from
373 revenues deposited in the Centennial Highway Fund Restricted Account as determined by the
374 Executive Appropriations Committee under Subsection 72-2-118(6)(d), the Division of
375 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
376 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
377 by a 1/64% tax rate on the taxable transactions under Subsection (1).

378 (8) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal
379 year 2004-05, the commission shall each year on or before the September 30 immediately
380 following the last day of the fiscal year deposit the difference described in Subsection (8)(b)
381 into the Remote Sales Restricted Account created in Section 59-12-103.2 if that difference is
382 greater than \$0.

383 (b) The difference described in Subsection (8)(a) is equal to the difference between:

384 (i) the total amount of the revenues the commission received from sellers collecting the
385 taxes described in Subsections (2)(d)(i) and (2)(e)(iii)(A) for the fiscal year immediately
386 preceding the September 30 described in Subsection (8)(a); and

387 (ii) \$7,279,673.

388 (9) (a) Notwithstanding Subsection (3)(a), in addition to the amount deposited in
389 Subsection (7)(a), and until Subsection (9)(b) applies, for a fiscal year beginning on or after
390 July 1, 2007, the Division of Finance shall deposit into the Centennial Highway Fund
391 Restricted Account created by Section 72-2-118 a portion of the taxes listed under Subsection
392 (3)(a) equal to 8.3% of the revenues collected from the following taxes, which represents a
393 portion of the approximately 17% of sales and use tax revenues generated annually by the sales
394 and use tax on vehicles and vehicle-related products:

- 395 (i) the tax imposed by Subsection (2)(a)(i);
396 (ii) the tax imposed by Subsection (2)(b)(i);
397 (iii) the tax imposed by Subsection (2)(c)(i); and
398 (iv) the tax imposed by Subsection (2)(e)(ii)(A).

399 (b) Notwithstanding Subsection (3)(a) and in addition to the amounts deposited under
400 Subsection (7)(b), when the highway general obligation bonds have been paid off and the
401 highway projects completed that are intended to be paid from revenues deposited in the
402 Centennial Highway Fund Restricted Account as determined by the Executive Appropriations
403 Committee under Subsection 72-2-118(6)(d), the Division of Finance shall deposit into the
404 Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes
405 listed under Subsection (3)(a) equal to 8.3% of the revenues collected from the following taxes,
406 which represents a portion of the approximately 17% of sales and use tax revenues generated
407 annually by the sales and use tax on vehicles and vehicle-related products:

- 408 (i) the tax imposed by Subsection (2)(a)(i);
- 409 (ii) the tax imposed by Subsection (2)(b)(i);
- 410 (iii) the tax imposed by Subsection (2)(c)(i); and
- 411 (iv) the tax imposed by Subsection (2)(e)(ii)(A).

412 (10) (a) Notwithstanding Subsection (3)(a) and until Subsection (10)(b) applies, the
413 Division of Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes
414 listed under Subsection (3)(a) into the Critical Highway Needs Fund created by Section
415 72-2-125.

416 (b) Notwithstanding Subsection (3)(a) and in addition to any amounts deposited under
417 Subsections (7) and (9), when the general obligation bonds authorized by Section 63B-16-101
418 have been paid off and the highway projects completed that are included in the prioritized
419 project list under Subsection 72-2-125(4) as determined in accordance with Subsection
420 72-2-125(6), the Division of Finance shall annually deposit \$90,000,000 of the revenues
421 generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund
422 of 2005 created by Section 72-2-124.

423 Section 2. Section **59-12-902** is amended to read:

424 **59-12-902. Sales tax refund for qualified emergency food agencies -- Use of**
425 **amounts received as refund -- Administration -- Rulemaking authority.**

426 (1) Beginning on January 1, 1998, a qualified emergency food agency may claim a
427 sales tax refund as provided in this section on the pounds of food and food ingredients donated
428 to the qualified emergency food agency.

429 (2) (a) Subject to the adjustments provided for in Subsection (2)(b), a qualified

430 emergency food agency may claim a refund in an amount equal to the pounds of food and food
431 ingredients donated to the qualified emergency food agency multiplied by:

432 (i) \$1.70; and

433 (ii) the sum of:

434 (A) [~~4.75%~~] 4.60%; and

435 (B) the sum of the tax rates provided for in Subsection (2)(b).

436 (b) Tax rates authorized under the following apply to Subsection (2)(a)(ii)(B):

437 (i) the tax rate authorized by Section 59-12-204;

438 (ii) the tax rate authorized by Section 59-12-501 or Section 59-12-1001, but only if all
439 of the counties, cities, and towns in the state impose the tax:

440 (A) under Section 59-12-501; or

441 (B) under Section 59-12-1001;

442 (iii) the tax rate authorized by Section 59-12-502, but only if all of the counties, cities,
443 and towns in the state impose the tax under Section 59-12-502;

444 (iv) the tax rate authorized by Section 59-12-703, but only if all of the counties in the
445 state impose the tax under Section 59-12-703; and

446 (v) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the
447 state impose the tax under Section 59-12-1102.

448 (c) Beginning on January 1, 1999, the commission shall annually adjust on or before
449 the second Monday of February the \$1.70 provided in Subsection (2)(a)(i) by a percentage
450 equal to the percentage difference between the food at home category of the Consumer Price
451 Index for:

452 (i) the preceding calendar year; and

453 (ii) calendar year 1997.

454 (3) To claim a sales tax refund under this section, a qualified emergency food agency
455 shall file an application with the commission.

456 (4) A qualified emergency food agency may use amounts received as a sales tax refund
457 under this section only for a purpose related to:

458 (a) warehousing and distributing food and food ingredients to other agencies and
459 organizations providing food and food ingredients to low-income persons; or

460 (b) providing food and food ingredients directly to low-income persons.

461 (5) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
462 commission may make rules providing procedures for implementing the sales tax refund under
463 this section, including:

- 464 (a) standards for determining and verifying the amount of the sales tax refund; and
- 465 (b) procedures for a qualified emergency food agency to apply for a sales tax refund,
466 including the frequency with which a qualified emergency food agency may apply for a sales
467 tax refund.

468 (6) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
469 Division of Housing and Community Development may establish rules providing for the
470 certification of emergency food agencies to claim a refund under this part.

471 Section 3. Section **59-14-204** is amended to read:

472 **59-14-204. Tax basis -- Rate -- Future increase -- Restricted account -- Use of**
473 **revenues.**

474 (1) Except for cigarettes described under Subsection 59-14-210(3), there is levied a tax
475 upon the sale, use, storage, or distribution of cigarettes in the state.

476 (2) The rates of the tax levied under Subsection (1) are:

477 (a) [~~3.475~~] 5.975 cents on each cigarette, for all cigarettes weighing not more than
478 three pounds per thousand cigarettes; and

479 (b) [~~4.075~~] 6.575 cents on each cigarette, for all cigarettes weighing in excess of three
480 pounds per thousand cigarettes.

481 (3) Except as otherwise provided under this chapter, the tax levied under Subsection
482 (1) shall be paid by any person who is the manufacturer, jobber, importer, distributor,
483 wholesaler, retailer, user, or consumer.

484 (4) The tax rates specified in this section shall be increased by the commission by the
485 same amount as any future reduction in the federal excise tax on cigarettes.

486 (5) (a) There is created within the General Fund a restricted account known as the
487 "Cigarette Tax Restricted Account."

488 (b) (i) Beginning on July 1, 1998, \$250,000 of the revenues generated by the increase
489 in the cigarette tax under this section enacted during the 1997 Annual General Session shall be
490 [~~annually~~] deposited [~~into~~] annually in the account.

491 [~~(c)~~] (ii) The Department of Health shall expend the funds deposited in the account

492 under Subsection (5)(b)(i) for a tobacco prevention and control media campaign targeted
493 towards children.

494 ~~[(d)]~~ (c) (i) The following revenue generated from the tax increase imposed under
495 ~~[Subsection (1)]~~ this section during the 2002 Annual General Session shall be deposited
496 annually in the Cigarette Tax Restricted Account:

497 ~~[(i)]~~ (A) 22% of the revenue, to be annually appropriated to the Department of Health
498 for tobacco prevention, reduction, cessation, and control programs;

499 ~~[(ii)]~~ (B) 15% of the revenue, to be annually appropriated to the University of Utah
500 Health Sciences Center for the Huntsman Cancer Institute for cancer research; and

501 ~~[(iii)]~~ (C) 21% of the revenue, to be annually appropriated to the University of Utah
502 Health Sciences Center for medical education at the University of Utah School of Medicine.

503 (ii) The Legislature shall give particular consideration to appropriating any revenue
504 generated from the tax increase imposed under this section during the 2002 Annual General
505 Session and not otherwise appropriated pursuant to Subsection (5)(c)(i) to enhance Medicaid
506 provider reimbursement rates and medical coverage for the uninsured.

507 (d) Beginning July 1, 2008, the lesser of \$4,250,000 or the total amount of the revenue
508 generated by the increase in cigarette tax rates under Subsection (2) adopted during the 2008
509 Annual General Session shall be deposited annually in the Cigarette Tax Restricted Account
510 and, as funds are available, appropriated according to the following order:

511 (i) \$2,000,000 shall be appropriated annually to the Department of Health for cancer
512 screening by the Cancer Screening and Mortality Reduction Program created under Section
513 26-21a-301;

514 (ii) \$400,000 shall be appropriated annually to the Department of Health for the Gold
515 Medal Schools Program; and

516 (iii) \$1,850,000 shall be appropriated annually to the Department of Health for tobacco
517 prevention, reduction, cessation, and control programs.

518 (e) Any balance remaining in the Cigarette Tax Restricted Account at the end of the
519 fiscal year shall be appropriated during the next fiscal year for the purposes set forth in
520 ~~[Subsections (5)(d)(i) through (5)(d)(iii)]~~ this Subsection (5) in proportion to the amount of
521 revenue deposited into the account for each purpose.

522 ~~[(f) The Legislature shall give particular consideration to appropriating any revenues~~

523 resulting from the change in tax rates under Subsection (2) adopted during the 2002 Annual
524 General Session and not otherwise appropriated pursuant to Subsection (5)(d) to enhance
525 Medicaid provider reimbursement rates and medical coverage for the uninsured.]

526 [~~(g)~~] (f) Any program or entity that receives funding under Subsection [~~(5)(d)~~] (5)(c)(i)
527 shall provide an annual report to the Health and Human Services Interim Committee no later
528 than September 1 of each year. The report shall include:

529 (i) the amount funded;

530 (ii) the amount expended;

531 (iii) a description of the effectiveness of the program; and

532 (iv) if the program is a tobacco cessation program, the report required in Section
533 63-97-401.

534 Section 4. **Effective date.**

535 This bill takes effect on July 1, 2008.

536 Section 5. **Coordinating H.B. 355 with H.B. 17 -- Superseding appropriation.**

537 If this H.B. 355 and H.B. 17, Cancer Screening and Mortality Reduction Program, both
538 pass, it is the intent of the Legislature that the appropriation in Section 59-14-204 of this H.B.
539 355 to the Department of Health for cancer screening by the Cancer Screening and Mortality
540 Reduction Program supersede the appropriation in Section 6 of H.B. 17 to the Department of
541 Health to fund subsidies for cancer screening within the Cancer Screening and Mortality
542 Reduction Program.