

**TRANSPORTATION FUNDING AMENDMENTS**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Johnny Anderson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies provisions relating to transportation funding.

**Highlighted Provisions:**

This bill:

- ▶ increases the state sales and use tax rates on certain transactions;
- ▶ requires the tax revenue generated by the increased state sales and use tax rates to be deposited into the Transportation Fund;
- ▶ reduces the cents per gallon tax rate imposed upon all motor fuel that is sold, used, or received for sale or use in the state;
- ▶ requires the State Tax Commission to increase the motor fuel tax rate annually by the amount, rounded to the nearest one-tenth of a cent, that equals the product of multiplying:
  - the tax rate in effect on April 30 of that year; and
  - the previous calendar year percentage growth in the highway maintenance costs index;
- ▶ provides that if there is a decline or no growth in the highway maintenance costs index, the tax rates shall remain unchanged;
- ▶ provides that any increase in the tax rates may not be greater than 2% of the tax rate effective in the previous year;
- ▶ provides that the adjusted tax rate shall take effect on July 1 of each year that the



28 motor fuel tax rate is required to be adjusted;

29 ▶ grants the State Tax Commission rulemaking authority to make rules to implement  
30 the provisions;

31 ▶ requires the Department of Transportation to annually:

32 • publish, by no later than April 30 of each year, the highway maintenance costs  
33 index; and

34 • report to the Transportation Interim Committee, by no later than June 30 of each  
35 year, the previous calendar year percentage growth in the highway maintenance

36 costs index;

37 ▶ provides that a portion of the revenue generated by the increased state sales and use  
38 tax rates shall be deposited into the class B and class C roads account;

39 ▶ repeals the provisions increasing the motor fuel tax rate annually by the previous  
40 calendar year growth in the highway maintenance costs index on July 1, 2021; and

41 ▶ makes technical corrections.

42 **Money Appropriated in this Bill:**

43 None

44 **Other Special Clauses:**

45 This bill takes effect on July 1, 2014.

46 **Utah Code Sections Affected:**

47 AMENDS:

48 **59-12-103 (Effective 07/01/14)**, as last amended by Laws of Utah 2013, Chapters 150  
49 and 227

50 **59-12-1201**, as last amended by Laws of Utah 2012, Chapter 121

51 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308

52 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259

53 **63I-1-259**, as last amended by Laws of Utah 2013, Chapter 462

54 **72-1-201**, as last amended by Laws of Utah 2013, Chapter 303

55 **72-2-107**, as last amended by Laws of Utah 2010, Chapter 391



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

58 Section 1. Section **59-12-103 (Effective 07/01/14)** is amended to read:

59           **59-12-103 (Effective 07/01/14). Sales and use tax base -- Rates -- Effective dates --**  
60 **Use of sales and use tax revenues.**

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

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

64           (b) amounts paid for:

65           (i) telecommunications service, other than mobile telecommunications service, that  
66 originates and terminates within the boundaries of this state;

67           (ii) mobile telecommunications service that originates and terminates within the  
68 boundaries of one state only to the extent permitted by the Mobile Telecommunications  
69 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

70           (iii) an ancillary service associated with a:

71           (A) telecommunications service described in Subsection (1)(b)(i); or

72           (B) mobile telecommunications service described in Subsection (1)(b)(ii);

73           (c) sales of the following for commercial use:

74           (i) gas;

75           (ii) electricity;

76           (iii) heat;

77           (iv) coal;

78           (v) fuel oil; or

79           (vi) other fuels;

80           (d) sales of the following for residential use:

81           (i) gas;

82           (ii) electricity;

83           (iii) heat;

84           (iv) coal;

85           (v) fuel oil; or

86           (vi) other fuels;

87           (e) sales of prepared food;

88           (f) except as provided in Section 59-12-104, amounts paid or charged as admission or  
89 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,

90 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,  
91 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit  
92 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf  
93 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,  
94 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,  
95 horseback rides, sports activities, or any other amusement, entertainment, recreation,  
96 exhibition, cultural, or athletic activity;

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

99 (i) the tangible personal property; and

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

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

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

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

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

110 (i) stored;

111 (ii) used; or

112 (iii) otherwise consumed;

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

115 (i) stored;

116 (ii) used; or

117 (iii) consumed; and

118 (m) amounts paid or charged for a sale:

119 (i) (A) of a product transferred electronically; or

120 (B) of a repair or renovation of a product transferred electronically; and

- 121 (ii) regardless of whether the sale provides:
- 122 (A) a right of permanent use of the product; or
- 123 (B) a right to use the product that is less than a permanent use, including a right:
- 124 (I) for a definite or specified length of time; and
- 125 (II) that terminates upon the occurrence of a condition.
- 126 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 127 is imposed on a transaction described in Subsection (1) equal to the sum of:
- 128 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 129 (A) [~~4.70%~~] 4.96%; and
- 130 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
- 131 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 132 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
- 133 State Sales and Use Tax Act; and
- 134 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
- 135 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 136 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
- 137 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 138 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 139 transaction under this chapter other than this part.
- 140 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 141 on a transaction described in Subsection (1)(d) equal to the sum of:
- 142 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 143 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 144 transaction under this chapter other than this part.
- 145 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 146 on amounts paid or charged for food and food ingredients equal to the sum of:
- 147 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
- 148 a tax rate of [~~1.75%~~] 2.01%; and
- 149 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 150 amounts paid or charged for food and food ingredients under this chapter other than this part.
- 151 (d) (i) For a bundled transaction that is attributable to food and food ingredients and

152 tangible personal property other than food and food ingredients, a state tax and a local tax is  
153 imposed on the entire bundled transaction equal to the sum of:

154 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

155 (I) the tax rate described in Subsection (2)(a)(i)(A); and

156 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
157 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
158 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
159 Additional State Sales and Use Tax Act; and

160 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
161 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
162 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
163 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

166 (ii) If an optional computer software maintenance contract is a bundled transaction that  
167 consists of taxable and nontaxable products that are not separately itemized on an invoice or  
168 similar billing document, the purchase of the optional computer software maintenance contract  
169 is 40% taxable under this chapter and 60% nontaxable under this chapter.

170 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled  
171 transaction described in Subsection (2)(d)(i) or (ii):

172 (A) if the sales price of the bundled transaction is attributable to tangible personal  
173 property, a product, or a service that is subject to taxation under this chapter and tangible  
174 personal property, a product, or service that is not subject to taxation under this chapter, the  
175 entire bundled transaction is subject to taxation under this chapter unless:

176 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
177 personal property, product, or service that is not subject to taxation under this chapter from the  
178 books and records the seller keeps in the seller's regular course of business; or

179 (II) state or federal law provides otherwise; or

180 (B) if the sales price of a bundled transaction is attributable to two or more items of  
181 tangible personal property, products, or services that are subject to taxation under this chapter  
182 at different rates, the entire bundled transaction is subject to taxation under this chapter at the

183 higher tax rate unless:

184 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
185 personal property, product, or service that is subject to taxation under this chapter at the lower  
186 tax rate from the books and records the seller keeps in the seller's regular course of business; or

187 (II) state or federal law provides otherwise.

188 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the  
189 seller's regular course of business includes books and records the seller keeps in the regular  
190 course of business for nontax purposes.

191 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)  
192 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a  
193 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental  
194 of tangible personal property, other property, a product, or a service that is not subject to  
195 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless  
196 the seller, at the time of the transaction:

197 (A) separately states the portion of the transaction that is not subject to taxation under  
198 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

199 (B) is able to identify by reasonable and verifiable standards, from the books and  
200 records the seller keeps in the seller's regular course of business, the portion of the transaction  
201 that is not subject to taxation under this chapter.

202 (ii) A purchaser and a seller may correct the taxability of a transaction if:

203 (A) after the transaction occurs, the purchaser and the seller discover that the portion of  
204 the transaction that is not subject to taxation under this chapter was not separately stated on an  
205 invoice, bill of sale, or similar document provided to the purchaser because of an error or  
206 ignorance of the law; and

207 (B) the seller is able to identify by reasonable and verifiable standards, from the books  
208 and records the seller keeps in the seller's regular course of business, the portion of the  
209 transaction that is not subject to taxation under this chapter.

210 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps  
211 in the seller's regular course of business includes books and records the seller keeps in the  
212 regular course of business for nontax purposes.

213 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible

214 personal property, products, or services that are subject to taxation under this chapter at  
215 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate  
216 unless the seller, at the time of the transaction:

217 (A) separately states the items subject to taxation under this chapter at each of the  
218 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

219 (B) is able to identify by reasonable and verifiable standards the tangible personal  
220 property, product, or service that is subject to taxation under this chapter at the lower tax rate  
221 from the books and records the seller keeps in the seller's regular course of business.

222 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the  
223 seller's regular course of business includes books and records the seller keeps in the regular  
224 course of business for nontax purposes.

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

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

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

229 (iii) Subsection (2)(c)(i); or

230 (iv) Subsection (2)(d)(i)(A)(I).

231 (h) (i) A tax rate increase takes effect on the first day of the first billing period that  
232 begins on or after the effective date of the tax rate increase if the billing period for the  
233 transaction begins before the effective date of a tax rate increase imposed under:

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

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

236 (C) Subsection (2)(c)(i); or

237 (D) Subsection (2)(d)(i)(A)(I).

238 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing  
239 statement for the billing period is rendered on or after the effective date of the repeal of the tax  
240 or the tax rate decrease imposed under:

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

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

243 (C) Subsection (2)(c)(i); or

244 (D) Subsection (2)(d)(i)(A)(I).



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

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

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

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

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

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

253 (C) Subsection (2)(c)(i); or

254 (D) Subsection (2)(d)(i)(A)(I).

255 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
256 the commission may by rule define the term "catalogue sale."

257 (3) (a) The following state taxes shall be deposited into the General Fund:

258 (i) the tax imposed by Subsection (2)(a)(i)(A);

259 (ii) the tax imposed by Subsection (2)(b)(i);

260 (iii) the tax imposed by Subsection (2)(c)(i); or

261 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

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

264 (i) the tax imposed by Subsection (2)(a)(ii);

265 (ii) the tax imposed by Subsection (2)(b)(ii);

266 (iii) the tax imposed by Subsection (2)(c)(ii); and

267 (iv) the tax imposed by Subsection (2)(d)(i)(B).

268 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
269 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)  
270 through (g):

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

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

273 (B) for the fiscal year; or

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

275 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount

276 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the  
277 Department of Natural Resources to:

278 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to  
279 protect sensitive plant and animal species; or

280 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
281 act, to political subdivisions of the state to implement the measures described in Subsections  
282 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

294 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in  
295 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund  
296 created in Section 4-18-106.

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

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

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

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

306 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan

307 Program Subaccount created in Section 73-10c-5.

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

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

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

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

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

322 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described  
323 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount  
324 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

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

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

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

331 (iii) develop surface water sources.

332 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
333 2006, the difference between the following amounts shall be expended as provided in this  
334 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

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

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

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

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

359 (i) preconstruction costs:

360 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter  
361 26, Bear River Development Act; and

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

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

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

368 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and

369 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

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

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

377 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
378 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%  
379 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in  
380 the Transportation Fund created by Section 72-2-102.

381 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of  
382 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section  
383 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated  
384 by a 1/64% tax rate on the taxable transactions under Subsection (1).

385 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in  
386 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,  
387 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
388 created by Section 72-2-124:

389 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of  
390 the revenues collected from the following taxes, which represents a portion of the  
391 approximately 17% of sales and use tax revenues generated annually by the sales and use tax  
392 on vehicles and vehicle-related products:

393 (A) ~~H→ [the tax imposed by Subsection (2)(a)(i)(A)]~~ **a tax rate of 4.70% imposed on a**  
393a **transaction described in Subsection (1)** ←H ;

394 (B) the tax imposed by Subsection (2)(b)(i);

395 (C) ~~H→ [the tax imposed by Subsection (2)(c)(i)]~~ **except as provided in Subsection (2)(d)**  
395a **or (e), a tax rate of 1.75% on amounts paid or charged for food or food ingredients** ←H ; and

396 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

397 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the  
398 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through  
399 (D) that exceeds the amount collected from the sales and use taxes described in Subsections

400 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

401 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of  
402 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total  
403 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)  
404 generated in the current fiscal year than the total percentage of sales and use taxes deposited in  
405 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection  
406 (8)(a) equal to the product of:

407 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the  
408 previous fiscal year; and

409 (B) the total sales and use tax revenue generated by the taxes described in Subsections  
410 (8)(a)(i)(A) through (D) in the current fiscal year.

411 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under  
412 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes  
413 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of  
414 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in  
415 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

416 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected  
417 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited  
418 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues  
419 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the  
420 current fiscal year under Subsection (8)(a).

421 (9) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
422 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, the Division of  
423 Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes listed under  
424 Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section  
425 [72-2-124](#).

426 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year  
427 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund  
428 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

429 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),  
430 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July

431 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
432 created by Section 72-2-124 the amount of tax revenue generated by a .025% tax rate on the  
433 transactions described in Subsection (1).

434 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into  
435 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or  
436 charged for food and food ingredients, except for tax revenue generated by a bundled  
437 transaction attributable to food and food ingredients and tangible personal property other than  
438 food and food ingredients described in Subsection (2)(d).

439 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection  
440 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the  
441 Transportation Fund created by Section 72-2-102 the amount of tax revenue generated by a  
442 .025% tax rate on the transactions described in Subsection (1) to be expended to address  
443 chokepoints in construction management.

444 (b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into  
445 the Transportation Fund any tax revenue generated by amounts paid or charged for food and  
446 food ingredients, except for tax revenue generated by a bundled transaction attributable to food  
447 and food ingredients and tangible personal property other than food and food ingredients  
448 described in Subsection (2)(d).

449 (13) Notwithstanding Subsections (4) through (12), an amount required to be expended  
450 or deposited in accordance with Subsections (4) through (12) may not include an amount the  
451 Division of Finance deposits in accordance with Section 59-12-103.2.

452 (14) Notwithstanding Subsection (3)(a), beginning with fiscal year 2014-15, the  
453 Division of Finance shall deposit the amount of tax revenue generated by a 0.26% tax rate on  
454 the transactions described in Subsection (1), except for a transaction described in Subsection  
455 (1)(d), into the Transportation Fund created by Section 72-2-102.

456 Section 2. Section 59-12-1201 is amended to read:

457 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**  
458 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

459 (1) (a) Except as provided in Subsection (3), there is imposed a tax of 2.5% on all  
460 short-term leases and rentals of motor vehicles not exceeding 30 days.

461 (b) The tax imposed in this section is in addition to all other state, county, or municipal



462 fees and taxes imposed on rentals of motor vehicles.

463 (2) (a) Subject to Subsection (2)(b), a tax rate repeal or tax rate change for the tax  
464 imposed under Subsection (1) shall take effect on the first day of a calendar quarter.

465 (b) (i) For a transaction subject to a tax under Subsection (1), a tax rate increase shall  
466 take effect on the first day of the first billing period:

467 (A) that begins after the effective date of the tax rate increase; and

468 (B) if the billing period for the transaction begins before the effective date of a tax rate  
469 increase imposed under Subsection (1).

470 (ii) For a transaction subject to a tax under Subsection (1), the repeal of a tax or a tax  
471 rate decrease shall take effect on the first day of the last billing period:

472 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;  
473 and

474 (B) if the billing period for the transaction begins before the effective date of the repeal  
475 of the tax or the tax rate decrease imposed under Subsection (1).

476 (3) A motor vehicle is exempt from the tax imposed under Subsection (1) if:

477 (a) the motor vehicle is registered for a gross laden weight of 12,001 or more pounds;

478 (b) the motor vehicle is rented as a personal household goods moving van; or

479 (c) the lease or rental of the motor vehicle is made for the purpose of temporarily  
480 replacing a person's motor vehicle that is being repaired pursuant to a repair agreement or an  
481 insurance agreement.

482 (4) (a) (i) The tax authorized under this section shall be administered, collected, and  
483 enforced in accordance with:

484 (A) the same procedures used to administer, collect, and enforce the tax under Part 1,  
485 Tax Collection; and

486 (B) Chapter 1, General Taxation Policies.

487 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to  
488 Subsections 59-12-103(4) through [~~12~~] (14) or Section 59-12-107.1 or 59-12-123.

489 (b) The commission shall retain and deposit an administrative charge in accordance  
490 with Section 59-1-306 from the revenues the commission collects from a tax under this part.

491 (c) Except as provided under Subsection (4)(b), all revenue received by the  
492 commission under this section shall be deposited daily with the state treasurer and credited



493 monthly to the Marda Dillree Corridor Preservation Fund under Section [72-2-117](#).

494 Section 3. Section **59-13-201** is amended to read:

495 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**  
496 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**  
497 **in limited circumstances.**

498 (1) (a) Subject to the provisions of this section, a tax is imposed at the rate of [~~24-1/2~~]  
499 12.20 cents per gallon upon all motor fuel that is sold, used, or received for sale or used in this  
500 state.

501 (b) In lieu of the tax imposed under Subsection (1)(a) and subject to the provisions of  
502 this section, a tax is imposed at the rate of 3/19 of the rate imposed under Subsection (1)(a),  
503 rounded up to the nearest penny, upon all motor fuels that meet the definition of clean fuel in  
504 Section [59-13-102](#) and are sold, used, or received for sale or use in this state.

505 (c) (i) Beginning on July 1, 2014, the commission shall annually increase the rate  
506 imposed under Subsection (1)(a) by the amount, rounded to the nearest one-tenth of a cent, that  
507 equals the product of multiplying:

508 (A) the motor fuel tax rate in effect on April 30 of that year; and

509 (B) the previous calendar year percentage growth in the highway maintenance costs  
510 index.

511 (ii) The previous calendar year percentage growth in the highway maintenance costs  
512 index under Subsection (1)(c)(i)(B) shall be determined annually by the Department of  
513 Transportation by no later than April 30 of that year.

514 (iii) The Department of Transportation shall determine the highway maintenance costs  
515 index under Subsection (1)(c)(i)(B) by comparing the average of the following five price trend  
516 indices for the 12 months ending on the preceding December 31 to the average of the following  
517 five price indices for the prior 12 months for roadway maintenance activities:

518 (A) fuel;

519 (B) salt;

520 (C) metal products used in highway maintenance;

521 (D) asphalt products used in highway maintenance; and

522 (E) highway striping.

523 (iv) If there is a decline or no growth in the highway maintenance costs index, the

524 motor fuel tax rate shall remain unchanged.

525 (v) Any increase in the motor fuel tax rate under this Subsection (1)(c) may not be  
526 greater than 2% of the motor fuel tax rate effective in the previous year.

527 (vi) The adjusted motor fuel tax rate shall take effect on July 1 of each year that the  
528 motor fuel tax rate is required to be adjusted in accordance with this Subsection (1)(c).

529 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
530 the commission may make rules implementing the provisions of this Subsection (1)(c).

531 (2) Any increase or decrease in tax rate applies to motor fuel that is imported to the  
532 state or sold at refineries in the state on or after the effective date of the rate change.

533 (3) (a) No motor fuel tax is imposed upon:

534 (i) motor fuel that is brought into and sold in this state in original packages as purely  
535 interstate commerce sales;

536 (ii) motor fuel that is exported from this state if proof of actual exportation on forms  
537 prescribed by the commission is made within 180 days after exportation;

538 (iii) motor fuel or components of motor fuel that is sold and used in this state and  
539 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in  
540 this state; or

541 (iv) motor fuel that is sold to the United States government, this state, or the political  
542 subdivisions of this state.

543 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
544 commission shall make rules governing the procedures for administering the tax exemption  
545 provided under Subsection (3)(a)(iv).

546 (4) The commission may either collect no tax on motor fuel exported from the state or,  
547 upon application, refund the tax paid.

548 (5) (a) All revenue received by the commission under this part shall be deposited daily  
549 with the state treasurer and credited to the Transportation Fund.

550 (b) An appropriation from the Transportation Fund shall be made to the commission to  
551 cover expenses incurred in the administration and enforcement of this part and the collection of  
552 the motor fuel tax.

553 (6) (a) The commission shall determine what amount of motor fuel tax revenue is  
554 received from the sale or use of motor fuel used in motorboats registered under the provisions

555 of the State Boating Act, and this amount shall be deposited in a restricted revenue account in  
556 the General Fund of the state.

557 (b) The funds from this account shall be used for the construction, improvement,  
558 operation, and maintenance of state-owned boating facilities and for the payment of the costs  
559 and expenses of the Division of Parks and Recreation in administering and enforcing the State  
560 Boating Act.

561 (7) (a) The United States government or any of its instrumentalities, this state, or a  
562 political subdivision of this state that has purchased motor fuel from a licensed distributor or  
563 from a retail dealer of motor fuel and has paid the tax on the motor fuel as provided in this  
564 section is entitled to a refund of the tax and may file with the commission for a quarterly  
565 refund.

566 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
567 commission shall make rules governing the application and refund provided for in Subsection  
568 (7)(a).

569 (8) (a) The commission shall refund annually into the Off-Highway Vehicle Account in  
570 the General Fund an amount equal to the lesser of the following:

- 571 (i) .5% of the motor fuel tax revenues collected under this section; or
- 572 (ii) \$1,050,000.

573 (b) This amount shall be used as provided in Section [41-22-19](#).

574 (9) (a) Beginning on April 1, 2001, a tax imposed under this section on motor fuel that  
575 is sold, used, or received for sale or use in this state is reduced to the extent provided in  
576 Subsection (9)(b) if:

577 (i) a tax imposed on the basis of the sale, use, or receipt for sale or use of the motor  
578 fuel is paid to the Navajo Nation;

579 (ii) the tax described in Subsection (9)(a)(i) is imposed without regard to whether or  
580 not the person required to pay the tax is an enrolled member of the Navajo Nation; and

581 (iii) the commission and the Navajo Nation execute and maintain an agreement as  
582 provided in this Subsection (9) for the administration of the reduction of tax.

583 (b) (i) If but for Subsection (9)(a) the motor fuel is subject to a tax imposed by this  
584 section:

585 (A) the state shall be paid the difference described in Subsection (9)(b)(ii) if that

586 difference is greater than \$0; and

587 (B) a person may not require the state to provide a refund, a credit, or similar tax relief  
588 if the difference described in Subsection (9)(b)(ii) is less than or equal to \$0.

589 (ii) The difference described in Subsection (9)(b)(i) is equal to the difference between:

590 (A) the amount of tax imposed on the motor fuel by this section; less

591 (B) the tax imposed and collected by the Navajo Nation on the motor fuel.

592 (c) For purposes of Subsections (9)(a) and (b), the tax paid to the Navajo Nation under  
593 a tax imposed by the Navajo Nation on the basis of the sale, use, or receipt for sale or use of  
594 motor fuel does not include any interest or penalties a taxpayer may be required to pay to the  
595 Navajo Nation.

596 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
597 commission shall make rules governing the procedures for administering the reduction of tax  
598 provided under this Subsection (9).

599 (e) The agreement required under Subsection (9)(a):

600 (i) may not:

601 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

602 (B) provide a reduction of taxes greater than or different from the reduction described  
603 in this Subsection (9); or

604 (C) affect the power of the state to establish rates of taxation;

605 (ii) shall:

606 (A) be in writing;

607 (B) be signed by:

608 (I) the chair of the commission or the chair's designee; and

609 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;

610 (C) be conditioned on obtaining any approval required by federal law;

611 (D) state the effective date of the agreement; and

612 (E) state any accommodation the Navajo Nation makes related to the construction and  
613 maintenance of state highways and other infrastructure within the Utah portion of the Navajo  
614 Nation; and

615 (iii) may:

616 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the

617 Navajo Nation information that is:

618 (I) contained in a document filed with the commission; and

619 (II) related to the tax imposed under this section;

620 (B) provide for maintaining records by the commission or the Navajo Nation; or

621 (C) provide for inspections or audits of distributors, carriers, or retailers located or  
622 doing business within the Utah portion of the Navajo Nation.

623 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax  
624 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a  
625 result of the change in the tax rate is not effective until the first day of the calendar quarter after  
626 a 60-day period beginning on the date the commission receives notice:

627 (A) from the Navajo Nation; and

628 (B) meeting the requirements of Subsection (9)(f)(ii).

629 (ii) The notice described in Subsection (9)(f)(i) shall state:

630 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on  
631 motor fuel;

632 (B) the effective date of the rate change of the tax described in Subsection (9)(f)(ii)(A);  
633 and

634 (C) the new rate of the tax described in Subsection (9)(f)(ii)(A).

635 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not  
636 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a  
637 30-day period beginning on the day the agreement terminates.

638 (h) If there is a conflict between this Subsection (9) and the agreement required by  
639 Subsection (9)(a), this Subsection (9) governs.

640 Section 4. Section **59-13-301** is amended to read:

641 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**  
642 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

643 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section  
644 **59-13-304**, a tax is imposed at the [~~same rate imposed under Subsection 59-13-201(1)(a)~~] rate  
645 of 24-1/2 cents per gallon on the:

646 (i) removal of undyed diesel fuel from any refinery;

647 (ii) removal of undyed diesel fuel from any terminal;

648 (iii) entry into the state of any undyed diesel fuel for consumption, use, sale, or  
649 warehousing;

650 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under  
651 this part unless the tax has been collected under this section;

652 (v) the use of any untaxed special fuel blended with undyed diesel fuel; or

653 (vi) use of untaxed special fuel other than propane or electricity.

654 (b) The tax imposed under this section shall only be imposed once upon any special  
655 fuel.

656 (2) (a) No special fuel tax is imposed or collected upon dyed diesel fuel which:

657 (i) is sold or used for any purpose other than to operate or propel a motor vehicle upon  
658 the public highways of the state, but this exemption applies only in those cases where the  
659 purchasers or the users of special fuel establish to the satisfaction of the commission that the  
660 special fuel was used for purposes other than to operate a motor vehicle upon the public  
661 highways of the state; or

662 (ii) is sold to this state or any of its political subdivisions.

663 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:

664 (i) sold to the United States government or any of its instrumentalities or to this state or  
665 any of its political subdivisions;

666 (ii) exported from this state if proof of actual exportation on forms prescribed by the  
667 commission is made within 180 days after exportation;

668 (iii) used in a vehicle off-highway;

669 (iv) used to operate a power take-off unit of a vehicle;

670 (v) used for off-highway agricultural uses;

671 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle  
672 upon the highways of the state; or

673 (vii) used in machinery and equipment not registered and not required to be registered  
674 for highway use.

675 (3) No tax is imposed or collected on special fuel if it is:

676 (a) (i) purchased for business use in machinery and equipment not registered and not  
677 required to be registered for highway use; and

678 (ii) used pursuant to the conditions of a state implementation plan approved under Title

679 19, Chapter 2, Air Conservation Act; or

680 (b) propane or electricity.

681 (4) Upon request of a buyer meeting the requirements under Subsection (3), the

682 Division of Air Quality shall issue an exemption certificate that may be shown to a seller.

683 (5) The special fuel tax shall be paid by the supplier.

684 (6) (a) The special fuel tax shall be paid by every user who is required by Sections

685 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

686 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases

687 which are delivered into vehicles and for which special fuel tax liability is reported.

688 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the

689 commission from taxes and license fees under this part shall be deposited daily with the state

690 treasurer and credited to the Transportation Fund.

691 (b) An appropriation from the Transportation Fund shall be made to the commission to

692 cover expenses incurred in the administration and enforcement of this part and the collection of

693 the special fuel tax.

694 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303

695 may be used by the commission as a dedicated credit to cover the costs of electronic

696 credentialing as provided in Section 41-1a-303.

697 (8) The commission may either collect no tax on special fuel exported from the state

698 or, upon application, refund the tax paid.

699 (9) (a) The United States government or any of its instrumentalities, this state, or a

700 political subdivision of this state that has purchased special fuel from a supplier or from a retail

701 dealer of special fuel and has paid the tax on the special fuel as provided in this section is

702 entitled to a refund of the tax and may file with the commission for a quarterly refund in a

703 manner prescribed by the commission.

704 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

705 commission shall make rules governing the application and refund provided for in Subsection

706 (9)(a).

707 (10) (a) The purchaser shall pay the tax on diesel fuel or clean fuel purchased for uses

708 under Subsections (2)(b)(i), (iii), (iv), (v), (vi), and (vii) and apply for a refund for the tax paid

709 as provided in Subsection (9) and this Subsection (10).

710 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
711 commission shall make rules governing the application and refund for off-highway and  
712 nonhighway uses provided under Subsections (2)(b)(iii), (iv), (vi), and (vii).

713 (c) A refund of tax paid under this part on diesel fuel used for nonhighway agricultural  
714 uses shall be made in accordance with the tax return procedures under Section 59-13-202.

715 (11) (a) Beginning on April 1, 2001, a tax imposed under this section on special fuel is  
716 reduced to the extent provided in Subsection (11)(b) if:

717 (i) the Navajo Nation imposes a tax on the special fuel;

718 (ii) the tax described in Subsection (11)(a)(i) is imposed without regard to whether the  
719 person required to pay the tax is an enrolled member of the Navajo Nation; and

720 (iii) the commission and the Navajo Nation execute and maintain an agreement as  
721 provided in this Subsection (11) for the administration of the reduction of tax.

722 (b) (i) If but for Subsection (11)(a) the special fuel is subject to a tax imposed by this  
723 section:

724 (A) the state shall be paid the difference described in Subsection (11)(b)(ii) if that  
725 difference is greater than \$0; and

726 (B) a person may not require the state to provide a refund, a credit, or similar tax relief  
727 if the difference described in Subsection (11)(b)(ii) is less than or equal to \$0.

728 (ii) The difference described in Subsection (11)(b)(i) is equal to the difference  
729 between:

730 (A) the amount of tax imposed on the special fuel by this section; less

731 (B) the tax imposed and collected by the Navajo Nation on the special fuel.

732 (c) For purposes of Subsections (11)(a) and (b), the tax paid to the Navajo Nation on  
733 the special fuel does not include any interest or penalties a taxpayer may be required to pay to  
734 the Navajo Nation.

735 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
736 commission shall make rules governing the procedures for administering the reduction of tax  
737 provided under this Subsection (11).

738 (e) The agreement required under Subsection (11)(a):

739 (i) may not:

740 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;



- 741 (B) provide a reduction of taxes greater than or different from the reduction described  
742 in this Subsection (11); or
- 743 (C) affect the power of the state to establish rates of taxation;
- 744 (ii) shall:
- 745 (A) be in writing;
- 746 (B) be signed by:
- 747 (I) the chair of the commission or the chair's designee; and
- 748 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
- 749 (C) be conditioned on obtaining any approval required by federal law;
- 750 (D) state the effective date of the agreement; and
- 751 (E) state any accommodation the Navajo Nation makes related to the construction and  
752 maintenance of state highways and other infrastructure within the Utah portion of the Navajo  
753 Nation; and
- 754 (iii) may:
- 755 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the  
756 Navajo Nation information that is:
- 757 (I) contained in a document filed with the commission; and
- 758 (II) related to the tax imposed under this section;
- 759 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 760 (C) provide for inspections or audits of suppliers, distributors, carriers, or retailers  
761 located or doing business within the Utah portion of the Navajo Nation.
- 762 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax  
763 imposed on special fuel, any change in the amount of the reduction of taxes under this  
764 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the  
765 calendar quarter after a 60-day period beginning on the date the commission receives notice:
- 766 (A) from the Navajo Nation; and
- 767 (B) meeting the requirements of Subsection (11)(f)(ii).
- 768 (ii) The notice described in Subsection (11)(f)(i) shall state:
- 769 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on  
770 special fuel;
- 771 (B) the effective date of the rate change of the tax described in Subsection

772 (11)(f)(ii)(A); and

773 (C) the new rate of the tax described in Subsection (11)(f)(ii)(A).

774 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not  
775 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a  
776 30-day period beginning on the day the agreement terminates.

777 (h) If there is a conflict between this Subsection (11) and the agreement required by  
778 Subsection (11)(a), this Subsection (11) governs.

779 (12) (a) Beginning on January 1, 2009, a tax imposed under this section on compressed  
780 natural gas is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be  
781 increased [~~or decreased~~] proportionately with any increase [~~or decrease~~] in the rate in  
782 Subsection [59-13-201](#)(1)(a).

783 (b) Beginning on July 1, 2011, a tax imposed under this section on liquified natural gas  
784 is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be increased [~~or~~  
785 ~~decreased~~] proportionately with any increase [~~or decrease~~] in the rate in Subsection  
786 [59-13-201](#)(1)(a).

787 Section 5. Section **63I-1-259** is amended to read:

788 **63I-1-259. Repeal dates, Title 59.**

789 (1) Sections [59-1-801.5](#) and [59-1-808](#) are repealed on June 30, 2014.

790 (2) Subsection [59-2-924](#)(3)(g) is repealed on December 31, 2016.

791 (3) Section [59-2-924.3](#) is repealed on December 31, 2016.

792 (4) Section [59-9-102.5](#) is repealed December 31, 2020.

793 (5) Subsection [59-13-201](#)(1)(c) is repealed July 1, 2021.

794 Section 6. Section **72-1-201** is amended to read:

795 **72-1-201. Creation of Department of Transportation -- Functions, powers, duties,**  
796 **rights, and responsibilities.**

797 (1) There is created the Department of Transportation which shall:

798 (a) have the general responsibility for planning, research, design, construction,  
799 maintenance, security, and safety of state transportation systems;

800 (b) provide administration for state transportation systems and programs;

801 (c) implement the transportation policies of the state;

802 (d) plan, develop, construct, and maintain state transportation systems that are safe,

803 reliable, environmentally sensitive, and serve the needs of the traveling public, commerce, and  
804 industry;

805 (e) establish standards and procedures regarding the technical details of administration  
806 of the state transportation systems as established by statute and administrative rule;

807 (f) advise the governor and the Legislature about state transportation systems needs;

808 (g) coordinate with utility companies for the reasonable, efficient, and cost-effective  
809 installation, maintenance, operation, relocation, and upgrade of utilities within state highway  
810 rights-of-way;

811 (h) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
812 make policy and rules for the administration of the department, state transportation systems,  
813 and programs; ~~and~~

814 (i) annually report to:

815 (i) the Transportation Interim Committee, by November 30 of each year, as to the  
816 operation and maintenance needs for highways; and

817 (ii) an appropriate legislative committee as designated by the Legislative Management  
818 Committee the transfers that need to be made between all transportation-related funds to  
819 maintain the state highway construction program as prioritized by the commission[-]; and

820 (j) (i) annually publish, by no later than April 30 of each year, the highway  
821 maintenance costs index based on the requirements in Subsection 59-13-201(1)(c); and

822 (ii) annually report to the Transportation Interim Committee, by no later than June 30  
823 of each year, the previous calendar year percentage growth in the highway maintenance costs  
824 index as determined in accordance with Subsection 59-13-201(1)(c).

825 (2) (a) The department shall exercise reasonable care in designing, constructing, and  
826 maintaining a state highway in a reasonably safe condition for travel.

827 (b) Nothing in this section shall be construed as:

828 (i) creating a private right of action; or

829 (ii) expanding or changing the department's common law duty as described in  
830 Subsection (2)(a) for liability purposes.

831 Section 7. Section **72-2-107** is amended to read:

832 **72-2-107. Appropriation from Transportation Fund -- Deposit into class B and**  
833 **class C roads account.**

834 (1) There is appropriated to the department from the Transportation Fund annually an  
835 amount equal to 30% of an amount which the director of finance shall compute in the  
836 following manner: The total revenue deposited into the Transportation Fund during the fiscal  
837 year from state highway-user taxes and fees ~~Ĥ~~→ **and from the amount of sales and use tax**  
837a **revenues deposited in accordance with Section 59-12-103** ←Ĥ , minus:

838 (a) those amounts appropriated or transferred from the Transportation Fund during the  
839 same fiscal year to:

840 (i) the Department of Public Safety;

841 (ii) the State Tax Commission;

842 (iii) the Division of Finance;

843 (iv) the Utah Travel Council; and

844 (v) any other amounts appropriated or transferred for any other state agencies not a part  
845 of the department; and

846 (b) the amount of sales and use tax revenue deposited in the Transportation Fund in  
847 accordance with [~~Section 59-12-103~~] Subsections 59-12-103(6) and (12).

848 (2) (a) Except as provided in Subsection (2)(b), all of this money shall be placed in an  
849 account to be known as the class B and class C roads account to be used as provided in this  
850 title.

851 (b) The director of finance shall annually transfer \$500,000 of the amount calculated  
852 under Subsection (1) to the department as dedicated credits for the State Park Access Highways  
853 Improvement Program created in Section 72-3-207.

854 (3) Each quarter of every year the director of finance shall make the necessary  
855 accounting entries to transfer the money appropriated under this section to the class B and class  
856 C roads account.

857 (4) The funds in the class B and class C roads account shall be expended under the  
858 direction of the department as the Legislature shall provide.

859 Section 8. **Effective date.**

860 This bill takes effect on July 1, 2014.

**Legislative Review Note**  
as of 2-4-14 5:56 PM

**Office of Legislative Research and General Counsel**