

FUEL EXCISE TAX AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John L. Valentine

House Sponsor: Johnny Anderson

LONG TITLE

General Description:

This bill modifies the Motor and Special Fuel Tax Act by amending provisions relating to motor and special fuel tax rates.

Highlighted Provisions:

This bill:

- ▶ reduces the cents per gallon tax rate that is imposed on motor fuels and special fuels;
- ▶ imposes a percentage tax per gallon on motor fuel and special fuel based on the previous calendar year statewide average rack price of a gallon of regular unleaded motor fuel;
- ▶ establishes procedures for the State Tax Commission to determine the previous calendar year statewide average rack price of a gallon of regular unleaded motor fuel;
- ▶ provides that the adjusted fuel tax rate shall take effect on July 1 of each year; and
- ▶ makes technical corrections.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2015.

Utah Code Sections Affected:



28 AMENDS:

29 **59-13-102**, as last amended by Laws of Utah 2012, Chapter 369

30 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308

31 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259



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

34 Section 1. Section **59-13-102** is amended to read:

35 **59-13-102. Definitions.**

36 As used in this chapter:

37 (1) "Aviation fuel" means fuel that is sold at airports and used exclusively for the
38 operation of aircraft.

39 (2) "Clean fuel" means:

40 (a) the following special fuels:

41 (i) propane;

42 (ii) compressed natural gas;

43 (iii) liquified natural gas; or

44 (iv) electricity; or

45 (b) any motor or special fuel that meets the clean fuel vehicle standards in the federal
46 Clean Air Act Amendments of 1990, Title II.

47 (3) "Commission" means the State Tax Commission.

48 (4) (a) "Diesel fuel" means any liquid that is commonly or commercially known,
49 offered for sale, or used as a fuel in diesel engines.

50 (b) "Diesel fuel" includes any combustible liquid, by whatever name the liquid may be
51 known or sold, when the liquid is used in an internal combustion engine for the generation of
52 power to operate a motor vehicle licensed to operate on the highway, except fuel that is subject
53 to the tax imposed in Part 2, Motor Fuel, and Part 4, Aviation Fuel, of this chapter.

54 (5) "Distributor" means any person in this state who:

55 (a) imports or causes to be imported motor fuel for use, distribution, or sale, whether at
56 retail or wholesale;

57 (b) produces, refines, manufactures, or compounds motor fuel in this state for use,
58 distribution, or sale in this state;

59 (c) is engaged in the business of purchasing motor fuel for resale in wholesale
60 quantities to retail dealers of motor fuel and who accounts for his own motor fuel tax liability;
61 or

62 (d) for purposes of Part 4, Aviation Fuel, only, makes retail sales of aviation fuel to:

- 63 (i) federally certificated air carriers; and
- 64 (ii) other persons.

65 (6) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C. Sec.
66 4082 or United States Environmental Protection Agency or Internal Revenue Service
67 regulations and that is considered destined for nontaxable off-highway use.

68 (7) "Exchange agreement" means an agreement between licensed suppliers where one
69 is a position holder in a terminal who agrees to deliver taxable special fuel to the other supplier
70 or the other supplier's customer at the loading rack of the terminal where the delivering supplier
71 holds an inventory position.

72 (8) "Federally certificated air carrier" means a person who holds a certificate issued by
73 the Federal Aviation Administration authorizing the person to conduct an all-cargo operation or
74 scheduled operation, as defined in 14 C.F.R. Sec. 110.2.

75 (9) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is
76 generally used in an engine or motor for the generation of power, including aviation fuel, clean
77 fuel, diesel fuel, motor fuel, and special fuel.

78 (10) "Highway" means every way or place, of whatever nature, generally open to the
79 use of the public for the purpose of vehicular travel notwithstanding that the way or place may
80 be temporarily closed for the purpose of construction, maintenance, or repair.

81 (11) "Motor fuel" means fuel that is commonly or commercially known or sold as
82 gasoline or gasohol and is used for any purpose, but does not include aviation fuel.

83 (12) "Motor fuels received" means:

84 (a) motor fuels that have been loaded at the refinery or other place into tank cars,
85 placed in any tank at the refinery from which any withdrawals are made directly into tank
86 trucks, tank wagons, or other types of transportation equipment, containers, or facilities other
87 than tank cars, or placed in any tank at the refinery from which any sales, uses, or deliveries not
88 involving transportation are made directly; or

89 (b) motor fuels that have been imported by any person into the state from any other

90 state or territory by tank car, tank truck, pipeline, or any other conveyance at the time when,
91 and the place where, the interstate transportation of the motor fuel is completed within the state
92 by the person who at the time of the delivery is the owner of the motor fuel.

93 (13) "Oil pricing service" means an organization that:

94 (a) publishes wholesale petroleum prices within the United States;

95 (b) publishes at least 25,000 rack prices on a daily basis; and

96 (c) receives daily gasoline and diesel prices from at least 100,000 retail outlets in the
97 United States and Canada.

98 ~~[(13)]~~ (14) (a) "Qualified motor vehicle" means a special fuel-powered motor vehicle
99 used, designed, or maintained for transportation of persons or property which:

100 (i) has a gross vehicle weight or registered gross vehicle weight exceeding 26,000
101 pounds;

102 (ii) has three or more axles regardless of weight; or

103 (iii) is used in a combination of vehicles when the weight of the combination of
104 vehicles exceeds 26,000 pounds gross vehicle weight.

105 (b) "Qualified motor vehicle" does not include a recreational vehicle not used in
106 connection with any business activity.

107 ~~[(14)]~~ (15) "Rack," as used in Part 3, Special Fuel, means a deck, platform, or open bay
108 which consists of a series of metered pipes and hoses for the delivery or removal of diesel fuel
109 from a refinery or terminal into a motor vehicle, rail car, or vessel.

110 ~~[(15)]~~ (16) "Removal," as used in Part 3, Special Fuel, means the physical transfer of
111 diesel fuel from a production, manufacturing, terminal, or refinery facility and includes use of
112 diesel fuel. Removal does not include:

113 (a) loss by evaporation or destruction; or

114 (b) transfers between refineries, racks, or terminals.

115 ~~[(16)]~~ (17) (a) "Special fuel" means any fuel regardless of name or character that:

116 (i) is usable as fuel to operate or propel a motor vehicle upon the public highways of
117 the state; and

118 (ii) is not taxed under the category of aviation or motor fuel.

119 (b) Special fuel includes:

120 (i) fuels that are not conveniently measurable on a gallonage basis; and

121 (ii) diesel fuel.

122 [~~(17)~~] (18) "Supplier," as used in Part 3, Special Fuel, means a person who:

123 (a) imports or acquires immediately upon importation into this state diesel fuel from
124 within or without a state, territory, or possession of the United States or the District of
125 Columbia;

126 (b) produces, manufactures, refines, or blends diesel fuel in this state;

127 (c) otherwise acquires for distribution or sale in this state, diesel fuel with respect to
128 which there has been no previous taxable sale or use; or

129 (d) is in a two party exchange where the receiving party is deemed to be the supplier.

130 [~~(18)~~] (19) "Terminal," as used in Part 3, Special Fuel, means a facility for the storage
131 of diesel fuel which is supplied by a motor vehicle, pipeline, or vessel and from which diesel
132 fuel is removed for distribution at a rack.

133 [~~(19)~~] (20) "Two party exchange" means a transaction in which special fuel is
134 transferred between licensed suppliers pursuant to an exchange agreement.

135 [~~(20)~~] (21) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing
136 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental
137 Protection Agency or Internal Revenue Service regulations.

138 [~~(21)~~] (22) "Use," as used in Part 3, Special Fuel, means the consumption of special
139 fuel for the operation or propulsion of a motor vehicle upon the public highways of the state
140 and includes the reception of special fuel into the fuel supply tank of a motor vehicle.

141 [~~(22)~~] (23) "User," as used in Part 3, Special Fuel, means any person who uses special
142 fuel within this state in an engine or motor for the generation of power to operate or propel a
143 motor vehicle upon the public highways of the state.

144 [~~(23)~~] (24) "Ute tribal member" means an enrolled member of the Ute tribe.

145 [~~(24)~~] (25) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray
146 Reservation.

147 [~~(25)~~] (26) "Ute trust land" means the lands:

148 (a) of the Uintah and Ouray Reservation that are held in trust by the United States for
149 the benefit of:

150 (i) the Ute tribe;

151 (ii) an individual; or

152 (iii) a group of individuals; or
 153 (b) specified as trust land by agreement between the governor and the Ute tribe meeting
 154 the requirements of Subsections 59-13-201.5(3) and 59-13-301.5(3).

155 Section 2. Section **59-13-201** is amended to read:

156 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**
 157 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**
 158 **in limited circumstances.**

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

162 (i) until June 30, 2015, 24-1/2 cents per gallon; and

163 (ii) beginning on July 1, 2015, 14 cents per gallon.

164 (b) (i) Beginning on July 1, 2015, and in addition to the rate imposed under Subsection
 165 (1)(a), a tax is imposed at the rate of 3.69% of the statewide average rack price of a gallon of
 166 motor fuel per gallon upon all motor fuel that is sold, used, or received for sale or used in this
 167 state.

168 (ii) Subject to the requirement under Subsection (1)(b)(iii), the statewide average rack
 169 price of a gallon of motor fuel under Subsection (1)(b)(i) shall be determined by calculating the
 170 previous calendar year statewide average rack price of a gallon of regular unleaded motor fuel,
 171 excluding federal and state excise taxes, for the 12 months ending on the preceding December
 172 31 as published by an oil pricing service.

173 (iii) The statewide average rack price of a gallon of motor fuel determined under
 174 Subsection (1)(b)(ii) may not be less than \$2.84 per gallon.

175 (iv) The commission shall annually:

176 (A) determine the statewide average rack price of a gallon of motor fuel in accordance
 177 with Subsection (1)(b)(ii); ~~and~~

178 (B) adjust the fuel tax imposed under Subsection (1)(b)(i), rounded to the nearest
 179 one-tenth of a cent, based on the determination under Subsection (1)(b)(ii) ~~and~~

179a (C) **post or otherwise make public the adjusted fuel tax rate as determined in**
 179b **Subsection (1)(b)(iv)(B) no later than 60 days prior to the annual effective date under**
 179c **Subsection (1)(b)(v) ~~and~~**

180 (v) The fuel tax rate imposed under this Subsection (1)(b) and adjusted as required
 181 under Subsection (1)(b)(iv) shall take effect on July 1 of each year.

182 (c) In lieu of the [~~tax~~] taxes imposed under [~~Subsection~~] Subsections (1)(a) and

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

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

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

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

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

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

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

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

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

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

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

209 (6) (a) The commission shall determine what amount of motor fuel tax revenue is
210 received from the sale or use of motor fuel used in motorboats registered under the provisions
211 of the State Boating Act, and this amount shall be deposited in a restricted revenue account in
212 the General Fund of the state.

213 (b) The funds from this account shall be used for the construction, improvement,

214 operation, and maintenance of state-owned boating facilities and for the payment of the costs
215 and expenses of the Division of Parks and Recreation in administering and enforcing the State
216 Boating Act.

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

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

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

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

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

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

- 233 (i) a tax imposed on the basis of the sale, use, or receipt for sale or use of the motor
234 fuel is paid to the Navajo Nation;
- 235 (ii) the tax described in Subsection (9)(a)(i) is imposed without regard to whether or
236 not the person required to pay the tax is an enrolled member of the Navajo Nation; and
- 237 (iii) the commission and the Navajo Nation execute and maintain an agreement as
238 provided in this Subsection (9) for the administration of the reduction of tax.

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

241 (A) the state shall be paid the difference described in Subsection (9)(b)(ii) if that
242 difference is greater than \$0; and

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

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

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

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

248 (c) For purposes of Subsections (9)(a) and (b), the tax paid to the Navajo Nation under

249 a tax imposed by the Navajo Nation on the basis of the sale, use, or receipt for sale or use of

250 motor fuel does not include any interest or penalties a taxpayer may be required to pay to the

251 Navajo Nation.

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

253 commission shall make rules governing the procedures for administering the reduction of tax

254 provided under this Subsection (9).

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

256 (i) may not:

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

258 (B) provide a reduction of taxes greater than or different from the reduction described

259 in this Subsection (9); or

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

261 (ii) shall:

262 (A) be in writing;

263 (B) be signed by:

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

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

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

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

268 (E) state any accommodation the Navajo Nation makes related to the construction and

269 maintenance of state highways and other infrastructure within the Utah portion of the Navajo

270 Nation; and

271 (iii) may:

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

273 Navajo Nation information that is:

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

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

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

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

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

283 (A) from the Navajo Nation; and

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

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

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

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

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

291 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not
292 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a
293 30-day period beginning on the day the agreement terminates.

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

296 Section 3. Section **59-13-301** is amended to read:

297 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
298 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

299 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section
300 [59-13-304](#), a tax is imposed at the same ~~[rate]~~ rates imposed under ~~[Subsection]~~ Subsections
301 [59-13-201](#)(1)(a) and (b) on the:

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

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

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

306 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under

307 this part unless the tax has been collected under this section;

308 (v) any untaxed special fuel blended with undyed diesel fuel; or

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

310 (b) The tax imposed under this section shall only be imposed once upon any special

311 fuel.

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

313 (i) is sold or used for any purpose other than to operate or propel a motor vehicle upon

314 the public highways of the state, but this exemption applies only in those cases where the

315 purchasers or the users of special fuel establish to the satisfaction of the commission that the

316 special fuel was used for purposes other than to operate a motor vehicle upon the public

317 highways of the state; or

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

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

320 (i) sold to the United States government or any of its instrumentalities or to this state or

321 any of its political subdivisions;

322 (ii) exported from this state if proof of actual exportation on forms prescribed by the

323 commission is made within 180 days after exportation;

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

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

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

327 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle

328 upon the highways of the state; or

329 (vii) used in machinery and equipment not registered and not required to be registered

330 for highway use.

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

332 (a) (i) purchased for business use in machinery and equipment not registered and not

333 required to be registered for highway use; and

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

335 19, Chapter 2, Air Conservation Act; or

336 (b) propane or electricity.

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

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

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

340 (6) (a) The special fuel tax shall be paid by every user who is required by Sections
341 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

342 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
343 which are delivered into vehicles and for which special fuel tax liability is reported.

344 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
345 commission from taxes and license fees under this part shall be deposited daily with the state
346 treasurer and credited to the Transportation Fund.

347 (b) An appropriation from the Transportation Fund shall be made to the commission to
348 cover expenses incurred in the administration and enforcement of this part and the collection of
349 the special fuel tax.

350 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303
351 may be used by the commission as a dedicated credit to cover the costs of electronic
352 credentialing as provided in Section 41-1a-303.

353 (8) The commission may either collect no tax on special fuel exported from the state
354 or, upon application, refund the tax paid.

355 (9) (a) The United States government or any of its instrumentalities, this state, or a
356 political subdivision of this state that has purchased special fuel from a supplier or from a retail
357 dealer of special fuel and has paid the tax on the special fuel as provided in this section is
358 entitled to a refund of the tax and may file with the commission for a quarterly refund in a
359 manner prescribed by the commission.

360 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
361 commission shall make rules governing the application and refund provided for in Subsection
362 (9)(a).

363 (10) (a) The purchaser shall pay the tax on diesel fuel or clean fuel purchased for uses
364 under Subsections (2)(b)(i), (iii), (iv), (v), (vi), and (vii) and apply for a refund for the tax paid
365 as provided in Subsection (9) and this Subsection (10).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

395 (i) may not:

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

397 (B) provide a reduction of taxes greater than or different from the reduction described
398 in this Subsection (11); or

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

- 400 (ii) shall:
- 401 (A) be in writing;
- 402 (B) be signed by:
- 403 (I) the chair of the commission or the chair's designee; and
- 404 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
- 405 (C) be conditioned on obtaining any approval required by federal law;
- 406 (D) state the effective date of the agreement; and
- 407 (E) state any accommodation the Navajo Nation makes related to the construction and
- 408 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
- 409 Nation; and
- 410 (iii) may:
- 411 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
- 412 Navajo Nation information that is:
- 413 (I) contained in a document filed with the commission; and
- 414 (II) related to the tax imposed under this section;
- 415 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 416 (C) provide for inspections or audits of suppliers, distributors, carriers, or retailers
- 417 located or doing business within the Utah portion of the Navajo Nation.
- 418 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
- 419 imposed on special fuel, any change in the amount of the reduction of taxes under this
- 420 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the
- 421 calendar quarter after a 60-day period beginning on the date the commission receives notice:
- 422 (A) from the Navajo Nation; and
- 423 (B) meeting the requirements of Subsection (11)(f)(ii).
- 424 (ii) The notice described in Subsection (11)(f)(i) shall state:
- 425 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
- 426 special fuel;
- 427 (B) the effective date of the rate change of the tax described in Subsection
- 428 (11)(f)(ii)(A); and
- 429 (C) the new rate of the tax described in Subsection (11)(f)(ii)(A).
- 430 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not

431 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a
432 30-day period beginning on the day the agreement terminates.

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

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

439 (b) Beginning on July 1, 2011, a tax imposed under this section on liquified natural gas
440 is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be increased [~~or~~
441 ~~decreased~~] proportionately with any increase [~~or decrease~~] in the rate in Subsection
442 59-13-201(1)(a).

443 Section 4. **Effective date.**

444 This bill takes effect on January 1, 2015.

Legislative Review Note
as of 2-7-14 2:46 PM

Office of Legislative Research and General Counsel