

**Representative Jim Nielson** proposes the following substitute bill:

**FUEL EXCISE TAX AMENDMENTS**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John L. Valentine**

House Sponsor: Johnny Anderson

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**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:

- ▶ provides definitions;
- ▶ beginning on July 1, 2017, reduces the cents per gallon tax rate that is imposed on motor fuels and special fuels;
- ▶ subsequently increases the motor and special fuel tax rates;
- ▶ beginning on July 1, 2017, increases the tax rates imposed on compressed natural gas and liquified natural gas;
- ▶ beginning on July 1, 2017, imposes a percentage tax per gallon on motor fuel and special fuel based on the previous three calendar years' average rack price of a gallon of regular unleaded motor fuel;
- ▶ establishes procedures for the State Tax Commission to determine the previous three calendar years' average rack price of a gallon of regular unleaded motor fuel;
- ▶ provides that the adjusted fuel tax rate shall take effect on July 1 in a year that the fuel tax rate is required to be adjusted;



26 ▶ repeals the percentage tax per gallon on motor fuel and special fuel based on the  
27 previous three calendar years' average rack price of a gallon of regular unleaded  
28 motor fuel on June 30, 2021; and

29 ▶ makes technical corrections.

30 **Money Appropriated in this Bill:**

31 None

32 **Other Special Clauses:**

33 This bill takes effect on July 1, 2014.

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **59-13-102**, as last amended by Laws of Utah 2012, Chapter 369

37 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308

38 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259

39 **59-13-403**, as last amended by Laws of Utah 2006, Chapter 322

40 **63I-1-259**, as last amended by Laws of Utah 2013, Chapter 462



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

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

44 **59-13-102. Definitions.**

45 As used in this chapter:

46 (1) "Average rack price" means the Salt Lake weekly contract rack average price for no  
47 lead, E10 published by an oil pricing service.

48 ~~(1)~~ (2) "Aviation fuel" means fuel that is sold at airports and used exclusively for the  
49 operation of aircraft.

50 ~~(2)~~ (3) "Clean fuel" means:

51 (a) the following special fuels:

52 (i) propane;

53 (ii) compressed natural gas;

54 (iii) liquified natural gas; or

55 (iv) electricity; or

56 (b) any motor or special fuel that meets the clean fuel vehicle standards in the federal

57 Clean Air Act Amendments of 1990, Title II.

58 ~~[(3)]~~ (4) "Commission" means the State Tax Commission.

59 ~~[(4)]~~ (5) (a) "Diesel fuel" means any liquid that is commonly or commercially known,  
60 offered for sale, or used as a fuel in diesel engines.

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

65 (6) "Diesel gallon equivalent" means 6.06 pounds of liquified natural gas.

66 ~~[(5)]~~ (7) "Distributor" means any person in this state who:

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

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

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

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

75 (i) federally certificated air carriers; and

76 (ii) other persons.

77 ~~[(6)]~~ (8) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C.  
78 Sec. 4082 or United States Environmental Protection Agency or Internal Revenue Service  
79 regulations and that is considered destined for nontaxable off-highway use.

80 ~~[(7)]~~ (9) "Exchange agreement" means an agreement between licensed suppliers where  
81 one is a position holder in a terminal who agrees to deliver taxable special fuel to the other  
82 supplier or the other supplier's customer at the loading rack of the terminal where the delivering  
83 supplier holds an inventory position.

84 ~~[(8)]~~ (10) "Federally certificated air carrier" means a person who holds a certificate  
85 issued by the Federal Aviation Administration authorizing the person to conduct an all-cargo  
86 operation or scheduled operation, as defined in 14 C.F.R. Sec. 110.2.

87 ~~[(9)]~~ (11) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is

88 generally used in an engine or motor for the generation of power, including aviation fuel, clean  
89 fuel, diesel fuel, motor fuel, and special fuel.

90 (12) "Gasoline gallon equivalent" means 5.660 pounds of compressed natural gas.

91 [~~(10)~~] (13) "Highway" means every way or place, of whatever nature, generally open to  
92 the use of the public for the purpose of vehicular travel notwithstanding that the way or place  
93 may be temporarily closed for the purpose of construction, maintenance, or repair.

94 [~~(11)~~] (14) "Motor fuel" means fuel that is commonly or commercially known or sold  
95 as gasoline or gasohol and is used for any purpose, but does not include aviation fuel.

96 [~~(12)~~] (15) "Motor fuels received" means:

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

102 (b) motor fuels that have been imported by any person into the state from any other  
103 state or territory by tank car, tank truck, pipeline, or any other conveyance at the time when,  
104 and the place where, the interstate transportation of the motor fuel is completed within the state  
105 by the person who at the time of the delivery is the owner of the motor fuel.

106 (16) "Oil pricing service" means an organization that:

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

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

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

111 [~~(13)~~] (17) (a) "Qualified motor vehicle" means a special fuel-powered motor vehicle  
112 used, designed, or maintained for transportation of persons or property which:

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

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

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

118 (b) "Qualified motor vehicle" does not include a recreational vehicle not used in

119 connection with any business activity.

120 ~~[(14)]~~ (18) "Rack," as used in Part 3, Special Fuel, means a deck, platform, or open bay  
121 which consists of a series of metered pipes and hoses for the delivery or removal of diesel fuel  
122 from a refinery or terminal into a motor vehicle, rail car, or vessel.

123 ~~[(15)]~~ (19) "Removal," as used in Part 3, Special Fuel, means the physical transfer of  
124 diesel fuel from a production, manufacturing, terminal, or refinery facility and includes use of  
125 diesel fuel. Removal does not include:

126 (a) loss by evaporation or destruction; or

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

128 ~~[(16)]~~ (20) (a) "Special fuel" means any fuel regardless of name or character that:

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

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

132 (b) Special fuel includes:

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

134 (ii) diesel fuel.

135 ~~[(17)]~~ (21) "Supplier," as used in Part 3, Special Fuel, means a person who:

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

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

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

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

143 ~~[(18)]~~ (22) "Terminal," as used in Part 3, Special Fuel, means a facility for the storage  
144 of diesel fuel which is supplied by a motor vehicle, pipeline, or vessel and from which diesel  
145 fuel is removed for distribution at a rack.

146 ~~[(19)]~~ (23) "Two party exchange" means a transaction in which special fuel is  
147 transferred between licensed suppliers pursuant to an exchange agreement.

148 ~~[(20)]~~ (24) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing  
149 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental

150 Protection Agency or Internal Revenue Service regulations.

151 ~~[(21)]~~ (25) "Use," as used in Part 3, Special Fuel, means the consumption of special  
152 fuel for the operation or propulsion of a motor vehicle upon the public highways of the state  
153 and includes the reception of special fuel into the fuel supply tank of a motor vehicle.

154 ~~[(22)]~~ (26) "User," as used in Part 3, Special Fuel, means any person who uses special  
155 fuel within this state in an engine or motor for the generation of power to operate or propel a  
156 motor vehicle upon the public highways of the state.

157 ~~[(23)]~~ (27) "Ute tribal member" means an enrolled member of the Ute tribe.

158 ~~[(24)]~~ (28) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray  
159 Reservation.

160 ~~[(25)]~~ (29) "Ute trust land" means the lands:

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

- 163 (i) the Ute tribe;
- 164 (ii) an individual; or
- 165 (iii) a group of individuals; or

166 (b) specified as trust land by agreement between the governor and the Ute tribe meeting  
167 the requirements of Subsections 59-13-201.5(3) and 59-13-301.5(3).

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

169 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**  
170 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**  
171 **in limited circumstances.**

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

- 175 (i) until June 30, 2017, 24-1/2 cents per gallon;
- 176 (ii) beginning on July 1, 2017, and until June 30, 2020, 17 cents per gallon; and
- 177 (iii) beginning on July 1, 2020, 20 cents per gallon.

178 (b) (i) Beginning on July 1, 2017, and in addition to the rate imposed under Subsection  
179 (1)(a), a tax is imposed at the rate of 3.69% of the average rack price of a gallon of motor fuel  
180 per gallon upon all motor fuel that is sold, used, or received for sale or used in this state.

181 (ii) Subject to the requirement under Subsection (1)(b)(iii), the average rack price of a  
182 gallon of motor fuel under Subsection (1)(b)(i) shall be determined by calculating the previous  
183 three calendar years' average rack price of a gallon of regular unleaded motor fuel, excluding  
184 federal and state excise taxes, for the 36 months ending on the preceding December 31 as  
185 published by an oil pricing service.

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

188 (iv) The commission shall, every three years:

189 (A) determine the average rack price of a gallon of motor fuel in accordance with  
190 Subsection (1)(b)(ii);

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

193 (C) post or otherwise make public the adjusted fuel tax rate as determined in  
194 Subsection (1)(b)(iv)(B) no later than 90 days prior to the effective date of the tax rate under  
195 Subsection (1)(b)(v).

196 (v) The fuel tax rate imposed under this Subsection (1)(b) and adjusted as required  
197 under Subsection (1)(b)(iv) shall take effect on July 1 in a year that the fuel tax rate is required  
198 to be adjusted.

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

204 (2) Any increase or decrease in the tax [rate] rates imposed under Subsection (1)  
205 applies to motor fuel that is imported to the state or sold at refineries in the state on or after the  
206 effective date of the rate change.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 274 (i) may not:
- 275 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;
- 276 (B) provide a reduction of taxes greater than or different from the reduction described
- 277 in this Subsection (9); or
- 278 (C) affect the power of the state to establish rates of taxation;
- 279 (ii) shall:
- 280 (A) be in writing;
- 281 (B) be signed by:
- 282 (I) the chair of the commission or the chair's designee; and
- 283 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
- 284 (C) be conditioned on obtaining any approval required by federal law;
- 285 (D) state the effective date of the agreement; and
- 286 (E) state any accommodation the Navajo Nation makes related to the construction and
- 287 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
- 288 Nation; and
- 289 (iii) may:
- 290 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
- 291 Navajo Nation information that is:
- 292 (I) contained in a document filed with the commission; and
- 293 (II) related to the tax imposed under this section;
- 294 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 295 (C) provide for inspections or audits of distributors, carriers, or retailers located or
- 296 doing business within the Utah portion of the Navajo Nation.
- 297 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
- 298 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a
- 299 result of the change in the tax rate is not effective until the first day of the calendar quarter after
- 300 a 60-day period beginning on the date the commission receives notice:
- 301 (A) from the Navajo Nation; and
- 302 (B) meeting the requirements of Subsection (9)(f)(ii).
- 303 (ii) The notice described in Subsection (9)(f)(i) shall state:
- 304 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on

305 motor fuel;

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

307 and

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

309 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not  
310 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a  
311 30-day period beginning on the day the agreement terminates.

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

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

315 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**  
316 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

317 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section  
318 **59-13-304**, ~~[a tax is]~~ taxes are imposed at the same [rate] rates imposed under [Subsection]  
319 Subsections 59-13-201(1)(a) and (b) on the:

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

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

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

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

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

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

328 (b) The ~~[tax]~~ taxes imposed under this section shall only be imposed once upon any  
329 special fuel.

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

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

- 336 (ii) is sold to this state or any of its political subdivisions.
- 337 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:
- 338 (i) sold to the United States government or any of its instrumentalities or to this state or
- 339 any of its political subdivisions;
- 340 (ii) exported from this state if proof of actual exportation on forms prescribed by the
- 341 commission is made within 180 days after exportation;
- 342 (iii) used in a vehicle off-highway;
- 343 (iv) used to operate a power take-off unit of a vehicle;
- 344 (v) used for off-highway agricultural uses;
- 345 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
- 346 upon the highways of the state; or
- 347 (vii) used in machinery and equipment not registered and not required to be registered
- 348 for highway use.
- 349 (3) No tax is imposed or collected on special fuel if it is:
- 350 (a) (i) purchased for business use in machinery and equipment not registered and not
- 351 required to be registered for highway use; and
- 352 (ii) used pursuant to the conditions of a state implementation plan approved under Title
- 353 19, Chapter 2, Air Conservation Act; or
- 354 (b) propane or electricity.
- 355 (4) Upon request of a buyer meeting the requirements under Subsection (3), the
- 356 Division of Air Quality shall issue an exemption certificate that may be shown to a seller.
- 357 (5) The special fuel tax shall be paid by the supplier.
- 358 (6) (a) The special fuel tax shall be paid by every user who is required by Sections
- 359 [59-13-303](#) and [59-13-305](#) to obtain a special fuel user permit and file special fuel tax reports.
- 360 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
- 361 which are delivered into vehicles and for which special fuel tax liability is reported.
- 362 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
- 363 commission from taxes and license fees under this part shall be deposited daily with the state
- 364 treasurer and credited to the Transportation Fund.
- 365 (b) An appropriation from the Transportation Fund shall be made to the commission to
- 366 cover expenses incurred in the administration and enforcement of this part and the collection of

367 the special fuel tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

413 (i) may not:

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

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

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

418 (ii) shall:

419 (A) be in writing;

420 (B) be signed by:

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

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

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

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

425 (E) state any accommodation the Navajo Nation makes related to the construction and  
426 maintenance of state highways and other infrastructure within the Utah portion of the Navajo  
427 Nation; and

428 (iii) may:

429 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the  
430 Navajo Nation information that is:

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

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

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

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

436 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax  
437 imposed on special fuel, any change in the amount of the reduction of taxes under this  
438 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the  
439 calendar quarter after a 60-day period beginning on the date the commission receives notice:

440 (A) from the Navajo Nation; and

441 (B) meeting the requirements of Subsection (11)(f)(ii).

442 (ii) The notice described in Subsection (11)(f)(i) shall state:

443 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on  
444 special fuel;

445 (B) the effective date of the rate change of the tax described in Subsection  
446 (11)(f)(ii)(A); and

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

448 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not  
449 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a  
450 30-day period beginning on the day the agreement terminates.

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

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

457 (i) until June 30, 2017, 8-1/2 cents per gasoline gallon equivalent;

458 (ii) beginning on July 1, 2017, and until June 30, 2020, 10 cents per gasoline gallon  
459 equivalent; and

- 460 (iii) beginning on July 1, 2020, 11-1/2 cents per gasoline gallon equivalent.  
461 (b) [~~Beginning on July 1, 2011, a~~] A tax imposed under this section on liquified natural  
462 gas is imposed at a reduced rate of [8-1/2 cents per gasoline ~~diesel~~ gallon equivalent to be  
463 increased or decreased proportionately with any increase or decrease in the rate in Subsection  
464 59-13-201(1)(a).]:  
465 (i) until June 30, 2017, 8-1/2 cents per diesel gallon equivalent;  
466 (ii) beginning on July 1, 2017, and until June 30, 2020, 10 cents per diesel gallon  
467 equivalent; and  
468 (iii) beginning on July 1, 2020, 11-1/2 cents per diesel gallon equivalent.  
469 (c) After July 1, 2021, the tax rate imposed under this Subsection (12) on compressed  
470 natural gas and liquified natural gas shall be increased proportionately with any increase in the  
471 rate in Subsection 59-13-201(1)(a).

472 Section 4. Section **59-13-403** is amended to read:

473 **59-13-403. Administration and penalties -- Bond requirements.**

- 474 (1) All administrative and penalty provisions of Part 2, Motor Fuel, apply to the  
475 administration of Part 4, Aviation Fuel.  
476 (2) Notwithstanding Subsection (1), a distributor is not required to furnish a bond if the  
477 distributor:  
478 (a) meets the definition of distributor under Subsection ~~59-13-102~~~~(5)~~~~(7)~~(d); and  
479 (b) has an average tax liability of \$500 or less per month.

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

481 **63I-1-259. Repeal dates, Title 59.**

- 482 (1) Sections ~~59-1-801.5~~ and ~~59-1-808~~ are repealed on June 30, 2014.  
483 (2) Subsection ~~59-2-924(3)(g)~~ is repealed on December 31, 2016.  
484 (3) Section ~~59-2-924.3~~ is repealed on December 31, 2016.  
485 (4) Section ~~59-9-102.5~~ is repealed December 31, 2020.  
486 (5) Subsection 59-13-201(1)(b) is repealed June 30, 2021.

487 Section 6. **Effective date.**

488 This bill takes effect on July 1, 2014.  
489