

**Representative Johnny Anderson** proposes the following substitute bill:

**TRANSPORTATION FUNDING REVISIONS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Johnny Anderson**

Senate Sponsor: Alvin B. Jackson

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**LONG TITLE**

**General Description:**

This bill modifies provisions relating to transportation funding.

**Highlighted Provisions:**

This bill:

- ▶ modifies state sales and use tax earmarks for transportation;
- ▶ requires the Division of Finance to annually transfer a certain amount of revenue from the Transportation Fund to the Transportation Investment Fund of 2005; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

This bill appropriates in fiscal year 2017:

- ▶ to Transportation - Transportation Investment Fund of 2005, as an ongoing appropriation:
  - from the Transportation Fund, (\$76,633,600);
  - from Revenue Transfers, (\$6,000,000).

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:



26           **59-12-103**, as last amended by Laws of Utah 2015, Chapter 283  
27           **59-12-1201**, as last amended by Laws of Utah 2012, Chapter 121  
28           **63N-2-512**, as last amended by Laws of Utah 2015, Chapter 417 and renumbered and  
29 amended by Laws of Utah 2015, Chapter 283  
30           **72-2-106**, as last amended by Laws of Utah 2010, Chapter 278  
31           **72-2-107**, as last amended by Laws of Utah 2010, Chapter 391  
32           **72-2-124**, as last amended by Laws of Utah 2015, Chapter 421

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

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

36           **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**  
37 **tax revenues.**

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

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

41           (b) amounts paid for:

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

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

47           (iii) an ancillary service associated with a:

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

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

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

51           (i) gas;

52           (ii) electricity;

53           (iii) heat;

54           (iv) coal;

55           (v) fuel oil; or

56           (vi) other fuels;

- 57 (d) sales of the following for residential use:
- 58 (i) gas;
- 59 (ii) electricity;
- 60 (iii) heat;
- 61 (iv) coal;
- 62 (v) fuel oil; or
- 63 (vi) other fuels;
- 64 (e) sales of prepared food;
- 65 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 66 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 67 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 68 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 69 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 70 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 71 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 72 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 73 exhibition, cultural, or athletic activity;
- 74 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 75 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 76 (i) the tangible personal property; and
- 77 (ii) parts used in the repairs or renovations of the tangible personal property described
- 78 in Subsection (1)(g)(i), regardless of whether:
- 79 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 80 property; or
- 81 (B) the particular parts used in the repairs or renovations of that tangible personal
- 82 property are exempt from a tax under this chapter;
- 83 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 84 assisted cleaning or washing of tangible personal property;
- 85 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 86 accommodations and services that are regularly rented for less than 30 consecutive days;
- 87 (j) amounts paid or charged for laundry or dry cleaning services;

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

- 90 (i) stored;
- 91 (ii) used; or
- 92 (iii) otherwise consumed;

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

- 95 (i) stored;
- 96 (ii) used; or
- 97 (iii) consumed; and

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

- 99 (i) (A) of a product transferred electronically; or
- 100 (B) of a repair or renovation of a product transferred electronically; and

101 (ii) regardless of whether the sale provides:

- 102 (A) a right of permanent use of the product; or
- 103 (B) a right to use the product that is less than a permanent use, including a right:

- 104 (I) for a definite or specified length of time; and
- 105 (II) that terminates upon the occurrence of a condition.

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

- 108 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 109 (A) 4.70%; and

110 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales  
111 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
112 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional  
113 State Sales and Use Tax Act; and

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

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

119 transaction under this chapter other than this part.

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

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

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

125 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed  
126 on amounts paid or charged for food and food ingredients equal to the sum of:

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

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

131 (d) (i) For a bundled transaction that is attributable to food and food ingredients and  
132 tangible personal property other than food and food ingredients, a state tax and a local tax is  
133 imposed on the entire bundled transaction equal to the sum of:

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

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

136 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
137 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
138 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
139 Additional State Sales and Use Tax Act; and

140 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
141 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
142 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
143 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

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

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

160 (B) if the sales price of a bundled transaction is attributable to two or more items of  
161 tangible personal property, products, or services that are subject to taxation under this chapter  
162 at different rates, the entire bundled transaction is subject to taxation under this chapter at the  
163 higher tax rate unless:

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

167 (II) state or federal law provides otherwise.

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

171 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)  
172 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a  
173 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental  
174 of tangible personal property, other property, a product, or a service that is not subject to  
175 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless  
176 the seller, at the time of the transaction:

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

179 (B) is able to identify by reasonable and verifiable standards, from the books and  
180 records the seller keeps in the seller's regular course of business, the portion of the transaction

181 that is not subject to taxation under this chapter.

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

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

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

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

193 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible  
194 personal property, products, or services that are subject to taxation under this chapter at  
195 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate  
196 unless the seller, at the time of the transaction:

197 (A) separately states the items subject to taxation under this chapter at each of the  
198 different rates 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 the tangible personal  
200 property, product, or service that is subject to taxation under this chapter at the lower tax rate  
201 from the books and records the seller keeps in the seller's regular course of business.

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

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

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

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

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

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

211 (h) (i) A tax rate increase takes effect on the first day of the first billing period that

212 begins on or after the effective date of the tax rate increase if the billing period for the  
213 transaction begins before the effective date of a tax rate increase imposed under:

- 214 (A) Subsection (2)(a)(i)(A);
- 215 (B) Subsection (2)(b)(i);
- 216 (C) Subsection (2)(c)(i); or
- 217 (D) Subsection (2)(d)(i)(A)(I).

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

- 221 (A) Subsection (2)(a)(i)(A);
- 222 (B) Subsection (2)(b)(i);
- 223 (C) Subsection (2)(c)(i); or
- 224 (D) Subsection (2)(d)(i)(A)(I).

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

- 228 (A) on the first day of a calendar quarter; and
- 229 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

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

- 231 (A) Subsection (2)(a)(i)(A);
- 232 (B) Subsection (2)(b)(i);
- 233 (C) Subsection (2)(c)(i); or
- 234 (D) Subsection (2)(d)(i)(A)(I).

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

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

- 238 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 239 (ii) the tax imposed by Subsection (2)(b)(i);
- 240 (iii) the tax imposed by Subsection (2)(c)(i); or
- 241 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

242 (b) The following local taxes shall be distributed to a county, city, or town as provided

243 in this chapter:

- 244 (i) the tax imposed by Subsection (2)(a)(ii);
- 245 (ii) the tax imposed by Subsection (2)(b)(ii);
- 246 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 247 (iv) the tax imposed by Subsection (2)(d)(i)(B).

248 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
249 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)  
250 through (g):

- 251 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
  - 252 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
  - 253 (B) for the fiscal year; or
- 254 (ii) \$17,500,000.

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

- 258 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to  
259 protect sensitive plant and animal species; or
- 260 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
261 act, to political subdivisions of the state to implement the measures described in Subsections  
262 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

- 267 (iii) At the end of each fiscal year:
  - 268 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources  
269 Conservation and Development Fund created in Section 73-10-24;
  - 270 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan  
271 Program Subaccount created in Section 73-10c-5; and
  - 272 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan  
273 Program Subaccount created in Section 73-10c-5.

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

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

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

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

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

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

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

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

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

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

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

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

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

- 308 (i) provide for the installation and repair of collection, treatment, storage, and  
309 distribution facilities for any public water system, as defined in Section 19-4-102;
- 310 (ii) develop underground sources of water, including springs and wells; and
- 311 (iii) develop surface water sources.

312 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
313 2006, the difference between the following amounts shall be expended as provided in this  
314 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

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

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

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

335 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the

336 remaining difference described in Subsection (5)(a) shall be deposited into the Water  
337 Resources Conservation and Development Fund created in Section 73-10-24 for use by the  
338 Division of Water Resources for:

339 (i) preconstruction costs:

340 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter  
341 26, Bear River Development Act; and

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

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

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

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

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

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

357 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
358 ~~[2003]~~ 2016, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a  
359 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be  
360 deposited ~~[in the Transportation Fund created by Section 72-2-102]~~ into the Transportation  
361 Investment Fund of 2005 created by Section 72-2-124.

362 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of  
363 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section  
364 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated  
365 by a 1/64% tax rate on the taxable transactions under Subsection (1).

366 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in

367 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,  
368 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
369 created by Section 72-2-124:

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

- 374 (A) the tax imposed by Subsection (2)(a)(i)(A);
- 375 (B) the tax imposed by Subsection (2)(b)(i);
- 376 (C) the tax imposed by Subsection (2)(c)(i); and
- 377 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

378 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the  
379 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through  
380 (D) that exceeds the amount collected from the sales and use taxes described in Subsections  
381 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

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

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

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

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

397 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected

398 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited  
399 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues  
400 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the  
401 current fiscal year under Subsection (8)(a).

402 (9) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited  
403 under Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, until June 30,  
404 2016, the Division of Finance shall annually deposit \$90,000,000 of the revenues generated by  
405 the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005  
406 created by Section [72-2-124](#).

407 (b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
408 Subsections (7) and (8), for fiscal year 2017 only, the Division of Finance shall deposit  
409 \$80,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the  
410 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

411 (c) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
412 Subsections (7) and (8), for fiscal year 2018 only, the Division of Finance shall deposit  
413 \$70,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the  
414 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

415 (d) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
416 Subsections (7) and (8), for fiscal year 2019 only, the Division of Finance shall deposit  
417 \$60,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the  
418 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

419 (e) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
420 Subsections (7) and (8), for fiscal year 2020 only, the Division of Finance shall deposit  
421 \$50,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the  
422 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

423 (f) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
424 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2020, and until  
425 Subsection (9)(g) applies, the Division of Finance shall deposit \$40,000,000 of the revenues  
426 generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund  
427 of 2005 created by Section [72-2-124](#).

428 (g) (i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under

429 Subsections (7) and (8), and except as provided in Subsection (9)(g)(iii), for a fiscal year  
430 beginning on or after July 1 following the initial calendar year that the actual statewide average  
431 rack price of a gallon of motor fuel, determined as described in Section 59-13-201, reaches  
432 \$2.45 without applying the minimum under Subsection 59-13-201(1)(b)(iii)(A), the Division of  
433 Finance shall deposit a portion of the revenues generated by the taxes listed under Subsection  
434 (3)(a) into the Transportation Investment Fund of 2005, created by Section 72-2-124, in an  
435 amount calculated by the State Tax Commission as follows:

436 (A) \$90,000,000; minus

437 (B) \$50,000,000 increased as provided in Subsection (9)(g)(ii).

438 (ii) For a fiscal year beginning on or after July 1 following the initial calendar year that  
439 the actual statewide average rack price of a gallon of motor fuel, determined as described in  
440 Section 59-13-201, reaches \$2.45 without applying the minimum under Subsection  
441 59-13-201(1)(b)(iii)(A), the State Tax Commission shall increase the dollar amount described  
442 in Subsection (9)(g)(i)(B):

443 (A) by a percentage equal to the percentage difference between the consumer price  
444 index for the preceding calendar year and the consumer price index for the calendar year that  
445 preceded the initial calendar year that the actual statewide average rack price of a gallon of  
446 motor fuel, determined as described in Section 59-13-201, reaches \$2.45 without applying the  
447 minimum under Subsection 59-13-201(1)(b)(iii)(A); and

448 (B) up to the nearest \$100 increment.

449 (iii) Notwithstanding Subsections (9)(g)(i) and (ii), if the actual statewide average rack  
450 price of a gallon of motor fuel, determined as described in Section 59-13-201, reaches \$2.45  
451 without applying the minimum under Subsection 59-13-201(1)(b)(iii)(A) before January 1,  
452 2020, the Division of Finance shall:

453 (A) make the deposits required under Subsections (9)(b) through (f); and

454 (B) begin making the deposit required in this Subsection (9)(g) in fiscal year 2022.

455 (iv) If the percentage difference under Subsection (9)(g)(ii) is zero or a negative  
456 percentage, the consumer price index increase for the year is zero.

457 (v) For purposes of this Subsection (9)(g), the State Tax Commission shall calculate  
458 the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

459 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year

460 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund  
461 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

462 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),  
463 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July  
464 1, ~~[2012]~~ 2016, the Division of Finance shall deposit into the Transportation Investment Fund  
465 of 2005 created by Section 72-2-124 the amount of tax revenue generated by a ~~[-.025%]~~ .05%  
466 tax rate on the transactions described in Subsection (1).

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

472 ~~[(12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection~~  
473 ~~(12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the~~  
474 ~~Transportation Fund created by Section 72-2-102 the amount of tax revenue generated by a~~  
475 ~~.025% tax rate on the transactions described in Subsection (1) to be expended to address~~  
476 ~~chokepoints in construction management.]~~

477 ~~[(b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into~~  
478 ~~the Transportation Fund any tax revenue generated by amounts paid or charged for food and~~  
479 ~~food ingredients, except for tax revenue generated by a bundled transaction attributable to food~~  
480 ~~and food ingredients and tangible personal property other than food and food ingredients~~  
481 ~~described in Subsection (2)(d).]~~

482 ~~[(13)]~~ (12) Notwithstanding Subsection (3)(a), beginning the second fiscal year after  
483 the fiscal year during which the Division of Finance receives notice under ~~[Subsection]~~ Section  
484 63N-2-510~~[(3)]~~ that construction on a qualified hotel, as defined in Section 63N-2-502, has  
485 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit  
486 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel  
487 Impact Mitigation Fund, created in Section 63N-2-512.

488 ~~[(14)]~~ (13) Notwithstanding Subsections (4) through ~~[(13)]~~ (12), an amount required to  
489 be expended or deposited in accordance with Subsections (4) through ~~[(13)]~~ (12) may not  
490 include an amount the Division of Finance deposits in accordance with Section 59-12-103.2.

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

492 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**  
493 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

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

496 (b) The tax imposed in this section is in addition to all other state, county, or municipal  
497 fees and taxes imposed on rentals of motor vehicles.

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

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

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

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

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

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

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

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

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

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

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

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

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

521 (B) Chapter 1, General Taxation Policies.

522 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to  
523 Subsections 59-12-103(4) through [(12)] (11) or Section 59-12-107.1 or 59-12-123.

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

526 (c) Except as provided under Subsection (4)(b), all revenue received by the  
527 commission under this section shall be deposited daily with the state treasurer and credited  
528 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

529 Section 3. Section 63N-2-512 is amended to read:

530 **63N-2-512. Hotel Impact Mitigation Fund.**

531 (1) As used in this section:

532 (a) "Affected hotel" means a hotel built in the state before July 1, 2014.

533 (b) "Direct losses" means affected hotels' losses of hotel guest business attributable to  
534 the qualified hotel room supply being added to the market in the state.

535 (c) "Mitigation fund" means the Hotel Impact Mitigation Fund, created in Subsection  
536 (2).

537 (2) There is created an expendable special revenue fund known as the Hotel Impact  
538 Mitigation Fund.

539 (3) The mitigation fund shall:

540 (a) be administered by the board;

541 (b) earn interest; and

542 (c) be funded by:

543 (i) payments required to be deposited into the mitigation fund by the Division of  
544 Finance under Subsection 59-12-103[(13)](12);

545 (ii) money required to be deposited into the mitigation fund under Subsection  
546 17-31-9(2) by the county in which a qualified hotel is located; and

547 (iii) any money deposited into the mitigation fund under Subsection (6).

548 (4) Interest earned by the mitigation fund shall be deposited into the mitigation fund.

549 (5) (a) In accordance with office rules, the board shall annually pay up to \$2,100,000 of  
550 money in the mitigation fund:

551 (i) to affected hotels;

552 (ii) for four consecutive years, beginning 12 months after the date of initial occupancy

553 of the qualified hotel occurs; and

554 (iii) to mitigate direct losses.

555 (b) (i) If the amount the board pays under Subsection (5)(a) in any year is less than  
556 \$2,100,000, the board shall pay to the Stay Another Day and Bounce Back Fund, created in  
557 Section 63N-2-511, the difference between \$2,100,000 and the amount paid under Subsection  
558 (5)(a).

559 (ii) The board shall make any required payment under Subsection (5)(b)(i) within 90  
560 days after the end of the year for which a determination is made of how much the board is  
561 required to pay to affected hotels under Subsection (5)(a).

562 (6) A host local government or qualified hotel owner may make payments to the  
563 Division of Finance for deposit into the mitigation fund.

564 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
565 office shall, in consultation with the Utah Hotel and Lodging Association and the county in  
566 which the qualified hotel is located, make rules establishing procedures and criteria governing  
567 payments under Subsection (5)(a) to affected hotels.

568 Section 4. Section 72-2-106 is amended to read:

569 **72-2-106. Appropriation from and transfer Transportation Fund.**

570 (1) On and after July 1, 1981, there is appropriated from the Transportation Fund to the  
571 use of the department an amount equal to two-elevenths of the taxes collected from the motor  
572 fuel tax and the special fuel tax, exclusive of the formula amount appropriated to the B and C  
573 road fund and the collector road fund, to be used for highway rehabilitation.

574 (2) For a fiscal year beginning on or after July 1, 2016, the Division of Finance shall  
575 annually transfer an amount equal to the amount of revenue generated by a tax imposed on  
576 motor and special fuel that is sold, used, or received for sale or used in this state at a rate of  
577 2-3/4 cents per gallon to the Transportation Investment Fund of 2005 created by Section  
578 72-2-214.

579 Section 5. Section 72-2-107 is amended to read:

580 **72-2-107. Appropriation from Transportation Fund -- Deposit in class B and**  
581 **class C roads account.**

582 (1) There is appropriated to the department from the Transportation Fund annually an  
583 amount equal to 30% of an amount which the director of finance shall compute in the

584 following manner: The total revenue deposited into the Transportation Fund during the fiscal  
585 year from state highway-user taxes and fees, minus[~~-(a)~~] those amounts appropriated or  
586 transferred from the Transportation Fund during the same fiscal year to:

587 [~~(i)~~] (a) the Department of Public Safety;

588 [~~(ii)~~] (b) the State Tax Commission;

589 [~~(iii)~~] (c) the Division of Finance;

590 [~~(iv)~~] (d) the Utah Travel Council; and

591 [~~(v)~~] (e) any other amounts appropriated or transferred for any other state agencies not  
592 a part of the department[~~;-and~~].

593 [~~(b) the amount of sales and use tax revenue deposited in the Transportation Fund in~~  
594 ~~accordance with Section 59-12-103;~~]

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

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

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

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

606 Section 6. Section 72-2-124 is amended to read:

607 **72-2-124. Transportation Investment Fund of 2005.**

608 (1) There is created a capital projects fund entitled the Transportation Investment Fund  
609 of 2005.

610 (2) The fund consists of money generated from the following sources:

611 (a) any voluntary contributions received for the maintenance, construction,  
612 reconstruction, or renovation of state and federal highways;

613 (b) appropriations made to the fund by the Legislature;

614 (c) the sales and use tax revenues deposited into the fund in accordance with Section

615 59-12-103; [and]

616 (d) registration fees designated under Section 41-1a-1201[-]; and

617 (e) revenues transferred to the fund in accordance with Section 72-2-106.

618 (3) (a) The fund shall earn interest.

619 (b) All interest earned on fund money shall be deposited into the fund.

620 (4) (a) Except as provided in Subsection (4)(b), the executive director may use fund  
621 money only to pay:

622 (i) the costs of maintenance, construction, reconstruction, or renovation to state and  
623 federal highways prioritized by the Transportation Commission through the prioritization  
624 process for new transportation capacity projects adopted under Section 72-1-304;

625 (ii) the costs of maintenance, construction, reconstruction, or renovation to the highway  
626 projects described in Subsections 63B-18-401(2), (3), and (4);

627 (iii) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401  
628 minus the costs paid from the County of the First Class Highway Projects Fund in accordance  
629 with Subsection 72-2-121(4)(f);

630 (iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt  
631 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount certified  
632 by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the  
633 debt service on \$30,000,000 of the revenue bonds issued by Salt Lake County;

634 (v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101  
635 for projects prioritized in accordance with Section 72-2-125;

636 (vi) all highway general obligation bonds that are intended to be paid from revenues in  
637 the Centennial Highway Fund created by Section 72-2-118; and

638 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First  
639 Class Highway Projects Fund created in Section 72-2-121 to be used for the purposes described  
640 in Section 72-2-121.

641 (b) The executive director may use fund money to exchange for an equal or greater  
642 amount of federal transportation funds to be used as provided in Subsection (4)(a).

643 (5) (a) Before bonds authorized by Section 63B-18-401 may be issued in any fiscal  
644 year, the department and the commission shall appear before the Executive Appropriations  
645 Committee of the Legislature and present the amount of bond proceeds that the department

646 needs to provide funding for the projects identified in Subsections 63B-18-401(2), (3), and (4)  
647 for the next fiscal year.

648 (b) The Executive Appropriations Committee of the Legislature shall review and  
649 comment on the amount of bond proceeds needed to fund the projects.

650 (6) The Division of Finance shall, from money deposited into the fund, transfer the  
651 amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by  
652 Section 63B-18-401 in the current fiscal year to the appropriate debt service or sinking fund.

653 (7) (a) The commission shall develop prior to June 30, 2015, a funding plan and  
654 identify a highway construction program using the prioritization process for new transportation  
655 capacity projects adopted under Section 72-1-304 that meets long-term transportation needs  
656 beyond the normal four year programming horizon.

657 (b) The commission shall report the plan and program established under Subsection  
658 (7)(a) to the Transportation Interim Committee of the Legislature by no later than September  
659 30, 2015.

660 Section 7. **Appropriation.**

661 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for  
662 the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following sums of money  
663 are appropriated from resources not otherwise appropriated, or reduced from amounts  
664 previously appropriated, out of the funds or amounts indicated. These sums of money are in  
665 addition to amounts previously appropriated for fiscal year 2017.

666 To Transportation - Transportation Investment Fund of 2005

667 From Transportation Fund (\$76,633,600)

668 From Revenue Transfers (\$6,000,000)

669 The Legislature intends that the Department of Transportation discontinue the practice  
670 of transferring the revenue from the 1997 motor fuel tax increase and \$6,000,000 in department  
671 efficiencies from the Transportation Fund to the Transportation Investment Fund of 2005 on  
672 July 1, 2016.

673 Section 8. **Effective date.**

674 This bill takes effect on July 1, 2016.