

Senator Luz Escamilla proposes the following substitute bill:

**OPTIONAL TAX INCREASE AMENDMENTS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lyle W. Hillyard**

House Sponsor: R. Curt Webb

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**LONG TITLE**

**General Description:**

This bill changes the local option state correctional facility sales and use tax.

**Highlighted Provisions:**

This bill:

▸ describes where a city or town shall expend the local option state correctional facility sales and use tax.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**59-12-402.1**, as enacted by Laws of Utah 2015, Chapter 182

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

Section 1. Section **59-12-402.1** is amended to read:

**59-12-402.1. State correctional facility sales and use tax -- Base -- Rate --**

**Collection fees -- Imposition -- Prohibition of military installation development authority**



26 **imposition of tax.**

27 (1) As used in this section, "new state correctional facility" means a new prison in the  
28 state:

- 29 (a) that is operated by the Department of Corrections;
- 30 (b) the construction of which begins on or after May 12, 2015; and
- 31 (c) that provides a capacity of 2,500 or more inmate beds.

32 (2) Subject to the other provisions of this part, a city or town legislative body may  
33 impose a tax under this section if the construction of a new state correctional facility has begun  
34 within the boundaries of the city or town.

35 (3) For purposes of this section, the tax rate may not exceed .5%.

36 (4) Except as provided in Subsection (5), a tax under this section shall be imposed on  
37 the transactions described in Subsection 59-12-103(1) within the city or town.

38 (5) A city or town may not impose a tax under this section on:

- 39 (a) the sale of:
  - 40 (i) a motor vehicle;
  - 41 (ii) an aircraft;
  - 42 (iii) a watercraft;
  - 43 (iv) a modular home;
  - 44 (v) a manufactured home; or
  - 45 (vi) a mobile home;
- 46 (b) the sales and uses described in Section 59-12-104 to the extent the sales and uses  
47 are exempt under Section 59-12-104; and

48 (c) except as provided in Subsection (7), amounts paid or charged for food and food  
49 ingredients.

50 (6) For purposes of this section, the location of a transaction shall be determined in  
51 accordance with Sections 59-12-211 through 59-12-215.

52 (7) A city or town that imposes a tax under this section shall impose the tax on  
53 amounts paid or charged for food and food ingredients if the food and food ingredients are sold  
54 as part of a bundled transaction attributable to food and food ingredients and tangible personal  
55 property other than food and food ingredients.

56 (8) A city or town may impose a tax under this section by majority vote of the

57 members of the city or town legislative body.

58 (9) A city or town that imposes a tax under this section is not subject to Section  
59 [59-12-405](#).

60 (10) A military installation development authority may not impose a tax under this  
61 section.

62 (11) If the city or town imposes the tax described in this section, the city or town shall  
63 expend the revenue from any taxes collected to fund a capital expense, project, or job that is  
64 within a 12-mile radius of the new state correctional facility and within the city or town  
65 boundaries.