

Senator J. Stuart Adams proposes the following substitute bill:

FUNDING FOR INFRASTRUCTURE REVISIONS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: J. Stuart Adams

House Sponsor: Mike K. McKell

LONG TITLE

General Description:

This bill modifies and enacts provisions relating to funding for infrastructure projects.

Highlighted Provisions:

This bill:

- ▶ provides definitions;
- ▶ reduces certain sales and use tax earmarks that are deposited into the Transportation Investment Fund of 2005;
- ▶ provides that certain sales and use tax revenue shall be deposited into the Industrial Assistance Account;
- ▶ provides that certain revenues shall be appropriated from the Mineral Lease Account to the Impacted Communities Transportation Development Restricted Account;
- ▶ requires the administrator of the Industrial Assistance Account to use certain money in the Industrial Assistance Account to provide a loan for a throughput infrastructure project;
- ▶ amends provisions relating to the General Fund surplus transfer to the Industrial Assistance Account;
- ▶ creates the Impacted Communities Transportation Development Restricted



26 Account;

27 ▶ enacts provisions related to deposits into and use of funds in the Impacted

28 Communities Transportation Development Restricted Account; and

29 ▶ makes technical changes.

30 **Money Appropriated in this Bill:**

31 None

32 **Other Special Clauses:**

33 This bill provides a special effective date.

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **59-12-103**, as last amended by Laws of Utah 2015, Chapter 283

37 **59-12-1201**, as last amended by Laws of Utah 2012, Chapter 121

38 **59-21-2**, as last amended by Laws of Utah 2012, Chapters 212 and 242

39 **63I-2-263**, as last amended by Laws of Utah 2015, Chapters 182, 258, 283, 292, and

40 297

41 **63N-3-102**, as last amended by Laws of Utah 2015, Chapter 115 and renumbered and

42 amended by Laws of Utah 2015, Chapter 283

43 **63N-3-103**, as renumbered and amended by Laws of Utah 2015, Chapter 283

44 **63N-3-104**, as last amended by Laws of Utah 2015, Chapter 115 and renumbered and

45 amended by Laws of Utah 2015, Chapter 283

46 **63N-3-106**, as renumbered and amended by Laws of Utah 2015, Chapter 283

47 ENACTS:

48 **72-2-128**, Utah Code Annotated 1953



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

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

52 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**

53 **tax revenues.**

54 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or

55 charged for the following transactions:

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

- 57 (b) amounts paid for:
- 58 (i) telecommunications service, other than mobile telecommunications service, that
- 59 originates and terminates within the boundaries of this state;
- 60 (ii) mobile telecommunications service that originates and terminates within the
- 61 boundaries of one state only to the extent permitted by the Mobile Telecommunications
- 62 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
- 63 (iii) an ancillary service associated with a:
- 64 (A) telecommunications service described in Subsection (1)(b)(i); or
- 65 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
- 66 (c) sales of the following for commercial use:
- 67 (i) gas;
- 68 (ii) electricity;
- 69 (iii) heat;
- 70 (iv) coal;
- 71 (v) fuel oil; or
- 72 (vi) other fuels;
- 73 (d) sales of the following for residential use:
- 74 (i) gas;
- 75 (ii) electricity;
- 76 (iii) heat;
- 77 (iv) coal;
- 78 (v) fuel oil; or
- 79 (vi) other fuels;
- 80 (e) sales of prepared food;
- 81 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or
- 82 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 83 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 84 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 85 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 86 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 87 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,

88 horseback rides, sports activities, or any other amusement, entertainment, recreation,
89 exhibition, cultural, or athletic activity;

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

92 (i) the tangible personal property; and

93 (ii) parts used in the repairs or renovations of the tangible personal property described
94 in Subsection (1)(g)(i), regardless of whether:

95 (A) any parts are actually used in the repairs or renovations of that tangible personal
96 property; or

97 (B) the particular parts used in the repairs or renovations of that tangible personal
98 property are exempt from a tax under this chapter;

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

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

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

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

106 (i) stored;

107 (ii) used; or

108 (iii) otherwise consumed;

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

111 (i) stored;

112 (ii) used; or

113 (iii) consumed; and

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

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

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

117 (ii) regardless of whether the sale provides:

118 (A) a right of permanent use of the product; or

119 (B) a right to use the product that is less than a permanent use, including a right:

120 (I) for a definite or specified length of time; and

121 (II) that terminates upon the occurrence of a condition.

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

124 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

125 (A) 4.70%; and

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

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

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

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

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

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

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

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

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

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

- 150 (A) a state tax imposed on the entire bundled transaction equal to the sum of:
- 151 (I) the tax rate described in Subsection (2)(a)(i)(A); and
- 152 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
- 153 Sales and Use Tax Act, if the location of the transaction as determined under Sections
- 154 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
- 155 Additional State Sales and Use Tax Act; and
- 156 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
- 157 Sales and Use Tax Act, if the location of the transaction as determined under Sections
- 158 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
- 159 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 160 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
- 161 described in Subsection (2)(a)(ii).
- 162 (ii) If an optional computer software maintenance contract is a bundled transaction that
- 163 consists of taxable and nontaxable products that are not separately itemized on an invoice or
- 164 similar billing document, the purchase of the optional computer software maintenance contract
- 165 is 40% taxable under this chapter and 60% nontaxable under this chapter.
- 166 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
- 167 transaction described in Subsection (2)(d)(i) or (ii):
- 168 (A) if the sales price of the bundled transaction is attributable to tangible personal
- 169 property, a product, or a service that is subject to taxation under this chapter and tangible
- 170 personal property, a product, or service that is not subject to taxation under this chapter, the
- 171 entire bundled transaction is subject to taxation under this chapter unless:
- 172 (I) the seller is able to identify by reasonable and verifiable standards the tangible
- 173 personal property, product, or service that is not subject to taxation under this chapter from the
- 174 books and records the seller keeps in the seller's regular course of business; or
- 175 (II) state or federal law provides otherwise; or
- 176 (B) if the sales price of a bundled transaction is attributable to two or more items of
- 177 tangible personal property, products, or services that are subject to taxation under this chapter
- 178 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
- 179 higher tax rate unless:
- 180 (I) the seller is able to identify by reasonable and verifiable standards the tangible

181 personal property, product, or service that is subject to taxation under this chapter at the lower
182 tax rate from the books and records the seller keeps in the seller's regular course of business; or

183 (II) state or federal law provides otherwise.

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

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

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

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

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

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

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

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

209 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
210 personal property, products, or services that are subject to taxation under this chapter at
211 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate

212 unless the seller, at the time of the transaction:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

241 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
242 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or

243 change in a tax rate takes effect:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

264 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
265 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
266 through (g):

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

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

269 (B) for the fiscal year; or

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

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

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

276 (B) award grants, up to the amount authorized by the Legislature in an appropriations
277 act, to political subdivisions of the state to implement the measures described in Subsections
278 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

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

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

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

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

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

304 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described

305 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development
306 Fund created in Section 73-10-24 for use by the Division of Water Resources.

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

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

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

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

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

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

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

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

327 (iii) develop surface water sources.

328 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
329 2006, the difference between the following amounts shall be expended as provided in this
330 Subsection (5), if that difference is greater than \$1:

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

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

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

335 (A) transferred each fiscal year to the Department of Natural Resources as dedicated

336 credits; and

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

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

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

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

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

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

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

355 (i) preconstruction costs:

356 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
357 26, Bear River Development Act; and

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

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

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

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

366 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to

367 Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be
368 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
369 incurred for employing additional technical staff for the administration of water rights.

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

373 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
374 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
375 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
376 the Transportation Fund created by Section 72-2-102.

377 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
378 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
379 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
380 by a 1/64% tax rate on the taxable transactions under Subsection (1).

381 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
382 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,
383 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
384 created by Section 72-2-124:

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

- 389 (A) the tax imposed by Subsection (2)(a)(i)(A);
390 (B) the tax imposed by Subsection (2)(b)(i);
391 (C) the tax imposed by Subsection (2)(c)(i); and
392 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

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

397 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of

398 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total
399 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)
400 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
401 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
402 (8)(a) equal to the product of:

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

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

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

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

417 (9) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited
418 under Subsections (7) and (8), for the 2016-17 fiscal year only, the Division of Finance shall
419 deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into
420 the Transportation Investment Fund of 2005 created by Section [72-2-124](#).

421 (b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
422 Subsections (7) and (8), for the 2017-18 fiscal year only, the Division of Finance shall deposit
423 \$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the
424 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

425 [~~9~~] (c) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited
426 under Subsections (7) and (8), for a fiscal year beginning on or after July 1, [~~2012~~] 2018, the
427 Division of Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes
428 listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by

429 Section [72-2-124](#).

430 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
431 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
432 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

433 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),
434 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July
435 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
436 created by Section [72-2-124](#) the amount of tax revenue generated by a .025% tax rate on the
437 transactions described in Subsection (1).

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

443 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection
444 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the
445 Transportation Fund created by Section [72-2-102](#) the amount of tax revenue generated by a
446 .025% tax rate on the transactions described in Subsection (1) to be expended to address
447 chokepoints in construction management.

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

453 (13) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
454 fiscal year during which the Division of Finance receives notice under Subsection
455 [63N-2-510\(3\)](#) that construction on a qualified hotel, as defined in Section [63N-2-502](#), has
456 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
457 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
458 Impact Mitigation Fund, created in Section [63N-2-512](#).

459 (14) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the

460 Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed
461 under Subsection (3)(a) into the Industrial Assistance Account created by Section [63N-3-103](#).

462 (b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division of
463 Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under
464 Subsection (3)(a) into the Industrial Assistance Account created by Section [63N-3-103](#).

465 [~~14~~] (15) Notwithstanding Subsections (4) through [~~13~~] (14), an amount required to
466 be expended or deposited in accordance with Subsections (4) through [~~13~~] (14) may not
467 include an amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).

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

469 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**
470 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

498 (B) Chapter 1, General Taxation Policies.

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

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

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

506 Section 3. Section 59-21-2 is amended to read:

507 **59-21-2. Mineral Bonus Account created -- Contents -- Use of Mineral Bonus**
508 **Account money -- Mineral Lease Account created -- Contents -- Appropriation of money**
509 **from Mineral Lease Account.**

510 (1) (a) There is created a restricted account within the General Fund known as the
511 "Mineral Bonus Account."

512 (b) The Mineral Bonus Account consists of federal mineral lease bonus payments
513 deposited pursuant to Subsection 59-21-1(3).

514 (c) The Legislature shall make appropriations from the Mineral Bonus Account in
515 accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 191.

516 (d) The state treasurer shall:

517 (i) invest the money in the Mineral Bonus Account by following the procedures and
518 requirements of Title 51, Chapter 7, State Money Management Act; and

519 (ii) deposit all interest or other earnings derived from the account into the Mineral
520 Bonus Account.

521 (2) (a) There is created a restricted account within the General Fund known as the

522 "Mineral Lease Account."

523 (b) The Mineral Lease Account consists of federal mineral lease money deposited
524 pursuant to Subsection [59-21-1\(1\)](#).

525 (c) The Legislature shall make appropriations from the Mineral Lease Account as
526 provided in Subsection [59-21-1\(1\)](#) and this Subsection (2).

527 (d) ~~[The]~~ (i) Except as provided in Subsections (2)(d)(ii) and (iii), the Legislature shall
528 annually appropriate 32.5% of all deposits made to the Mineral Lease Account to the
529 Permanent Community Impact Fund established by Section [35A-8-303](#).

530 (ii) For fiscal year 2016-17 only and from the amount required to be deposited under
531 Subsection (1)(d)(i), the Legislature shall appropriate \$26,000,000 of the deposits made to the
532 Mineral Lease Account to the Impacted Communities Transportation Development Restricted
533 Account established by Section [72-2-128](#).

534 (iii) For fiscal year 2017-18 only and from the amount required to be deposited under
535 Subsection (1)(d)(i), the Legislature shall appropriate \$27,000,000 of the deposits made to the
536 Mineral Lease Account to the Impacted Communities Transportation Development Restricted
537 Account established by Section [72-2-128](#).

538 (e) The Legislature shall annually appropriate 2.25% of all deposits made to the
539 Mineral Lease Account to the State Board of Education, to be used for education research and
540 experimentation in the use of staff and facilities designed to improve the quality of education in
541 Utah.

542 (f) The Legislature shall annually appropriate 2.25% of all deposits made to the
543 Mineral Lease Account to the Utah Geological Survey, to be used for activities carried on by
544 the survey having as a purpose the development and exploitation of natural resources in the
545 state.

546 (g) The Legislature shall annually appropriate 2.25% of all deposits made to the
547 Mineral Lease Account to the Water Research Laboratory at Utah State University, to be used
548 for activities carried on by the laboratory having as a purpose the development and exploitation
549 of water resources in the state.

550 (h) (i) The Legislature shall annually appropriate to the Department of Transportation
551 40% of all deposits made to the Mineral Lease Account to be distributed as provided in
552 Subsection (2)(h)(ii) to:

- 553 (A) counties;
- 554 (B) special service districts established:
- 555 (I) by counties;
- 556 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 557 (III) for the purpose of constructing, repairing, or maintaining roads; or
- 558 (C) special service districts established:
- 559 (I) by counties;
- 560 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 561 (III) for other purposes authorized by statute.
- 562 (ii) The Department of Transportation shall allocate the funds specified in Subsection
- 563 (2)(h)(i):
- 564 (A) in amounts proportionate to the amount of mineral lease money generated by each
- 565 county; and
- 566 (B) to a county or special service district established by a county under Title 17D,
- 567 Chapter 1, Special Service District Act, as determined by the county legislative body.
- 568 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
- 569 Mineral Lease Account to the Department of Workforce Services to be distributed to:
- 570 (A) special service districts established:
- 571 (I) by counties;
- 572 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 573 (III) for the purpose of constructing, repairing, or maintaining roads; or
- 574 (B) special service districts established:
- 575 (I) by counties;
- 576 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 577 (III) for other purposes authorized by statute.
- 578 (ii) The Department of Workforce Services may distribute the amounts described in
- 579 Subsection (2)(i)(i) only to special service districts established under Title 17D, Chapter 1,
- 580 Special Service District Act, by counties:
- 581 (A) of the third, fourth, fifth, or sixth class;
- 582 (B) in which 4.5% or less of the mineral lease money within the state is generated; and
- 583 (C) that are significantly socially or economically impacted as provided in Subsection

584 (2)(i)(iii) by the development of minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec.
585 181 et seq.

586 (iii) The significant social or economic impact required under Subsection (2)(i)(ii)(C)
587 shall be as a result of:

588 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons
589 as defined in Section 59-5-101;

590 (B) the employment of persons residing within the county in hydrocarbon extraction,
591 including the extraction of solid hydrocarbons as defined in Section 59-5-101; or

592 (C) a combination of Subsections (2)(i)(iii)(A) and (B).

593 (iv) For purposes of distributing the appropriations under this Subsection (2)(i) to
594 special service districts established by counties under Title 17D, Chapter 1, Special Service
595 District Act, the Department of Workforce Services shall:

596 (A) (I) allocate 50% of the appropriations equally among the counties meeting the
597 requirements of Subsections (2)(i)(ii) and (iii); and

598 (II) allocate 50% of the appropriations based on the ratio that the population of each
599 county meeting the requirements of Subsections (2)(i)(ii) and (iii) bears to the total population
600 of all of the counties meeting the requirements of Subsections (2)(i)(ii) and (iii); and

601 (B) after making the allocations described in Subsection (2)(i)(iv)(A), distribute the
602 allocated revenues to special service districts established by the counties under Title 17D,
603 Chapter 1, Special Service District Act, as determined by the executive director of the
604 Department of Workforce Services after consulting with the county legislative bodies of the
605 counties meeting the requirements of Subsections (2)(i)(ii) and (iii).

606 (v) The executive director of the Department of Workforce Services:

607 (A) shall determine whether a county meets the requirements of Subsections (2)(i)(ii)
608 and (iii);

609 (B) shall distribute the appropriations under Subsection (2)(i)(i) to special service
610 districts established by counties under Title 17D, Chapter 1, Special Service District Act, that
611 meet the requirements of Subsections (2)(i)(ii) and (iii); and

612 (C) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
613 may make rules:

614 (I) providing a procedure for making the distributions under this Subsection (2)(i) to

615 special service districts; and

616 (II) defining the term "population" for purposes of Subsection (2)(i)(iv).

617 (j) (i) The Legislature shall annually make the following appropriations from the
618 Mineral Lease Account:

619 (A) an amount equal to 52 cents multiplied by the number of acres of school or
620 institutional trust lands, lands owned by the Division of Parks and Recreation, and lands owned
621 by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each
622 county in which those lands are located;

623 (B) to each county in which school or institutional trust lands are transferred to the
624 federal government after December 31, 1992, an amount equal to the number of transferred
625 acres in the county multiplied by a payment per acre equal to the difference between 52 cents
626 per acre and the per acre payment made to that county in the most recent payment under the
627 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal
628 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this
629 Subsection (2)(j)(i)(B) may not be made for the transferred lands;

630 (C) to each county in which federal lands, which are entitlement lands under the federal
631 in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to
632 the number of transferred acres in the county multiplied by a payment per acre equal to the
633 difference between the most recent per acre payment made under the federal payment in lieu of
634 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52
635 cents per acre, in which case a payment under this Subsection (2)(j)(i)(C) may not be made for
636 the transferred land; and

637 (D) to a county of the fifth or sixth class, an amount equal to the product of:

638 (I) \$1,000; and

639 (II) the number of residences described in Subsection (2)(j)(iv) that are located within
640 the county.

641 (ii) A county receiving money under Subsection (2)(j)(i) may, as determined by the
642 county legislative body, distribute the money or a portion of the money to:

643 (A) special service districts established by the county under Title 17D, Chapter 1,
644 Special Service District Act;

645 (B) school districts; or

646 (C) public institutions of higher education.

647 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the
648 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections
649 (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all urban
650 consumers published by the Department of Labor.

651 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance
652 shall increase or decrease the amount described in Subsection (2)(j)(i)(D)(I) by the average
653 annual change in the Consumer Price Index for all urban consumers published by the
654 Department of Labor.

655 (iv) Residences for purposes of Subsection (2)(j)(i)(D)(II) are residences that are:

656 (A) owned by:

657 (I) the Division of Parks and Recreation; or

658 (II) the Division of Wildlife Resources;

659 (B) located on lands that are owned by:

660 (I) the Division of Parks and Recreation; or

661 (II) the Division of Wildlife Resources; and

662 (C) are not subject to taxation under:

663 (I) Chapter 2, Property Tax Act; or

664 (II) Chapter 4, Privilege Tax.

665 (k) The Legislature shall annually appropriate to the Permanent Community Impact
666 Fund all deposits remaining in the Mineral Lease Account after making the appropriations
667 provided for in Subsections (2)(d) through (j).

668 (3) (a) Each agency, board, institution of higher education, and political subdivision
669 receiving money under this chapter shall provide the Legislature, through the Office of the
670 Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual
671 basis.

672 (b) The accounting required under Subsection (3)(a) shall:

673 (i) include actual expenditures for the prior fiscal year, budgeted expenditures for the
674 current fiscal year, and planned expenditures for the following fiscal year; and

675 (ii) be reviewed by the Business, Economic Development, and Labor Appropriations
676 Subcommittee as part of its normal budgetary process under Title 63J, Chapter 1, Budgetary

677 Procedures Act.

678 Section 4. Section **63I-2-263** is amended to read:

679 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

680 (1) Section **63A-5-104.1** is repealed on January 1, 2016.

681 (2) Section **63C-9-501.1** is repealed on July 1, 2015.

682 (3) Title 63C, Chapter 15, Prison Relocation Commission, is repealed on January 1,
683 2016.

684 [~~(4) Subsection **63N-3-103**(1)(d) is repealed on July 1, 2015.~~]

685 [~~(5)~~] (4) Subsection **63N-12-208**(3) is repealed on January 1, 2016.

686 Section 5. Section **63N-3-102** is amended to read:

687 **63N-3-102. Definitions.**

688 As used in this part:

689 (1) "Administrator" means the executive director or the executive director's designee.

690 (2) "Company creating an economic impediment" means a company that discourages
691 economic development within a reasonable radius of its location because of:

692 (a) odors;

693 (b) noise;

694 (c) pollution;

695 (d) health hazards; or

696 (e) other activities similar to those described in Subsections (2)(a) through (d).

697 [~~(4)~~] (3) "Economically disadvantaged rural area" means a geographic area designated
698 by the board under Section **63N-3-111**.

699 [~~(3)~~] (4) "Economic opportunities" means unique business situations or community
700 circumstances, including the development of recreation infrastructure, which lend themselves
701 to the furtherance of the economic interests of the state by providing a catalyst or stimulus to
702 the growth or retention, or both, of commerce and industry in the state, including retention of
703 companies whose relocation outside the state would have a significant detrimental economic
704 impact on the state as a whole, regions of the state, or specific components of the state as
705 determined by the board.

706 (5) "Replacement company" means a company locating its business or part of its
707 business in a location vacated by a company creating an economic impediment.

708 (6) "Restricted Account" means the restricted account known as the Industrial
709 Assistance Account created in Section [63N-3-103](#).

710 (7) "Targeted industry" means an industry or group of industries targeted by the board
711 under Section [63N-3-111](#), for economic development in the state.

712 (8) (a) "Throughput infrastructure project" means the following facilities, whether
713 located within or outside of the state:

714 (i) a bulk commodities ocean terminal;

715 (ii) a pipeline for the transportation of liquid or gaseous hydrocarbons; and

716 (iii) electric transmission lines and ancillary facilities.

717 (b) "Throughput infrastructure project" includes:

718 (i) an ownership interest or a joint or undivided ownership interest in a facility;

719 (ii) a membership interest in the owner of a facility; and

720 (iii) a contractual right, whether secured or unsecured, to use all or a portion of the
721 throughput, transportation or transmission capacity of a facility.

722 Section 6. Section **63N-3-103** is amended to read:

723 **63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties**
724 **-- Costs.**

725 (1) (a) There is created a restricted account within the General Fund known as the
726 "Industrial Assistance Account." ~~[of which:]~~

727 (b) Except as provided in Subsection (1)(c), money in the account may be used as
728 follows:

729 ~~[(a)]~~ (i) up to 50% may be used in economically disadvantaged rural areas;

730 ~~[(b)]~~ (ii) up to 25% may be used to take timely advantage of economic opportunities as
731 they arise; and

732 ~~[(c)]~~ (iii) up to 4% may be used to promote business and economic development in
733 rural areas of the state with the Business Expansion and Retention Initiative.

734 (c) (i) The administrator shall use money transferred to the account in accordance with
735 Subsection [59-12-103](#)(14) to provide a loan to finance the cost of acquisition or construction of
736 a throughput infrastructure project described in Subsection [63N-3-102](#)(8)(a)(i) to one or more
737 political subdivisions, including a Utah interlocal entity created under the Interlocal
738 Cooperation Act, Title 11, Chapter 13.

739 (ii) A loan for a throughput infrastructure project is not subject to Sections [63N-3-103](#)
740 to [63N-3-111](#).

741 (iii) The cost of acquisition or construction of a throughput infrastructure project
742 includes amounts for working capital, reserves, transaction costs, and other amounts
743 determined by the administrator to be allocable to a throughput infrastructure project.

744 (2) The administrator shall administer:

745 (a) the restricted account created under Subsection (1), under the policy direction of the
746 board; and

747 (b) the Business Expansion and Retention Initiative for the rural areas of the state.

748 (3) The administrator may hire appropriate support staff to perform the duties required
749 under this section.

750 (4) The cost of administering the restricted account shall be paid from money in the
751 restricted account.

752 (5) Interest accrued from investment of money in the restricted account shall remain in
753 the restricted account.

754 Section 7. Section **63N-3-104** is amended to read:

755 **63N-3-104. Rural Fast Track Program -- Creation -- Funding -- Qualifications**
756 **for program participation -- Awards -- Reports.**

757 (1) (a) There is created the Rural Fast Track Program.

758 (b) The program is a funded component of the economically disadvantaged rural areas
759 designation in Subsection [63N-3-103\(1\)\(a\)\(i\)](#).

760 (2) The purpose of the program is to provide an efficient way for small companies in
761 rural areas of the state to receive incentives for creating high paying jobs in those areas of the
762 state.

763 (3) (a) Twenty percent of the unencumbered amount in the Industrial Assistance
764 Account created in Subsection [63N-3-103\(1\)](#) at the beginning of each fiscal year shall be used
765 to fund the program.

766 (b) The 20% referred to in Subsection (3)(a) is not in addition to but is a part of the up
767 to 50% designation for economically disadvantaged rural areas referred to in Subsection
768 [63N-3-103\(1\)\(a\)\(i\)](#).

769 (c) If any of the 20% allocation referred to in Subsection (3)(a) has not been used in the

770 program by the end of the third quarter of each fiscal year, that money may be used for any
771 other loan, grant, or assistance program offered through the Industrial Assistance Account
772 during the fiscal year.

773 (4) (a) To qualify for participation in the program a company:

774 (i) shall complete and file with the office an application for participation in the
775 program, signed by an officer of the company;

776 (ii) shall be located and conduct its business operations in a county in the state of the
777 third, fourth, fifth, or sixth class as described in Section 17-50-501;

778 (iii) which is located and conducts its business operations in a third class county as
779 described in Section 17-50-501, may not be located and conduct its business operations within
780 a city that has a:

781 (A) population of more than 20,000; or

782 (B) median household income of more than \$70,000 as reflected in the most recently
783 available data collected and reported by the United States Census Bureau;

784 (iv) shall have been in business in the state for at least two years; and

785 (v) shall have at least two employees.

786 (b) (i) The office shall verify an applicant's qualifications under Subsection (4)(a).

787 (ii) The application must be approved by the administrator in order for a company to
788 receive an incentive or other assistance under this section.

789 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
790 administrator may make rules governing:

791 (i) the content of the application form referred to in Subsection (4)(a)(i);

792 (ii) who qualifies as an employee under Subsection (4)(a)(iv); and

793 (iii) the verification procedure referred to in Subsection (4)(b).

794 (5) (a) The administrator shall make incentive cash awards to small companies under
795 this section based on the following criteria:

796 (i) \$1,000 for each new incremental job that pays over 110% of the county's median
797 annual wage;

798 (ii) \$1,250 for each incremental job that pays over 115% of the county's median annual
799 wage; and

800 (iii) \$1,500 for each incremental job that pays over 125% of the county's median

801 annual wage.

802 (b) The administrator shall make a cash award under Subsection (5)(a) when a new
803 incremental job has been in place for at least 12 months.

804 (c) The creation of a new incremental job by a company is based on the number of
805 employees at the company during the previous 24 months.

806 (d) (i) A small company may also apply for grants, loans, or other financial assistance
807 under the program to help develop its business in rural Utah and may receive up to \$50,000
808 under the program if approved by the administrator.

809 (ii) The board must approve a distribution that exceeds the \$50,000 cap under
810 Subsection (5)(d)(i).

811 (6) The administrator shall make a quarterly report to the board of the awards made by
812 the administrator under this section and submit a report to the office on the awards and their
813 impact on economic development in the state's rural areas for inclusion in the office's annual
814 written report described in Section [63N-1-301](#).

815 Section 8. Section **63N-3-106** is amended to read:

816 **63N-3-106. Loans, grants, and assistance -- Repayment -- Earned credits.**

817 (1) (a) A company that qualifies under Section [63N-3-105](#) may receive loans, grants, or
818 other financial assistance from the Industrial Assistance Account for expenses related to
819 establishment, relocation, or development of industry in Utah.

820 (b) A company creating an economic impediment that qualifies under Section
821 [63N-3-108](#) may in accordance with this part receive loans, grants, or other financial assistance
822 from the restricted account for the expenses of the company creating an economic impediment
823 related to:

824 (i) relocation to a rural area in Utah of the company creating an economic impediment;
825 and

826 (ii) the siting of a replacement company.

827 (c) An entity offering an economic opportunity that qualifies under Section [63N-3-109](#)
828 may:

829 (i) receive loans, grants, or other financial assistance from the restricted account for
830 expenses related to the establishment, relocation, retention, or development of industry in the
831 state; and

832 (ii) include infrastructure or other economic development precursor activities that act
833 as a catalyst and stimulus for economic activity likely to lead to the maintenance or
834 enlargement of the state's tax base.

835 (2) (a) Subject to Subsection (2)(b), the administrator has authority to determine the
836 structure, amount, and nature of any loan, grant, or other financial assistance from the restricted
837 account.

838 (b) Loans made under Subsection (2)(a) shall be structured so the intended repayment
839 or return to the state, including cash or credit, equals at least the amount of the assistance
840 together with an annual interest charge as negotiated by the administrator.

841 (c) Payments resulting from grants awarded from the restricted account shall be made
842 only after the administrator has determined that the company has satisfied the conditions upon
843 which the payment or earned credit was based.

844 (3) (a) (i) Except as provided in Subsection (3)(b), the administrator may provide for a
845 system of earned credits that may be used to support grant payments or in lieu of cash
846 repayment of a restricted account loan obligation.

847 (ii) The value of the credits described in Subsection (3)(a)(i) shall be based on factors
848 determined by the administrator, including:

849 (A) the number of Utah jobs created;

850 (B) the increased economic activity in Utah; or

851 (C) other events and activities that occur as a result of the restricted account assistance.

852 (b) (i) The administrator shall provide for a system of credits to be used to support
853 grant payments or in lieu of cash repayment of a restricted account loan when loans are made to
854 a company creating an economic impediment.

855 (ii) The value of the credits described in Subsection (3)(b)(i) shall be based on factors
856 determined by the administrator, including:

857 (A) the number of Utah jobs created;

858 (B) the increased economic activity in Utah; or

859 (C) other events and activities that occur as a result of the restricted account assistance.

860 (4) (a) A cash loan repayment or other cash recovery from a company receiving
861 assistance under this section, including interest, shall be deposited into the restricted account.

862 (b) The administrator and the Division of Finance shall determine the manner of

863 recognizing and accounting for the earned credits used in lieu of loan repayments or to support
864 grant payments as provided in Subsection (3).

865 (5) (a) (i) At the end of each fiscal year, the Division of Finance shall set aside the
866 balance of the General Fund revenue surplus as defined in Section 63J-1-312 after the transfers
867 of General Fund revenue surplus described in Subsection (5)(b) to the Industrial Assistance
868 Account in an amount equal to any credit that has accrued under this part.

869 (ii) The set aside under Subsection (5)(a)(i) shall be capped at [~~\$50,000,000~~
870 \$75,000,000], at which time no subsequent contributions may be made and any interest accrued
871 above the [~~\$50,000,000~~] \$75,000,000 cap shall be deposited into the General Fund.

872 (b) The set aside required by Subsection (5)(a) shall be made after the transfer of
873 surplus General Fund revenue surplus is made:

874 (i) to the Medicaid Growth Reduction and Budget Stabilization Restricted Account, as
875 provided in Section 63J-1-315;

876 (ii) to the General Fund Budget Reserve Account, as provided in Section 63J-1-312;
877 and

878 (iii) to the State Disaster Recovery Restricted Account, as provided in Section
879 63J-1-314.

880 (c) These credit amounts may not be used for purposes of the restricted account as
881 provided in this part until appropriated by the Legislature.

882 Section 9. Section 72-2-128 is enacted to read:

883 **72-2-128. Impacted Communities Transportation Development Restricted**
884 **Account.**

885 (1) There is created a restricted account known as the Impacted Communities
886 Transportation Development Restricted Account within the Transportation Investment Fund of
887 2005 created by Section 72-2-124.

888 (2) The account consists of money generated from the following revenue sources:

889 (a) Mineral Lease Account money deposited into the account in accordance with
890 Section 59-21-2;

891 (b) any voluntary contributions received for the construction, major reconstruction, or
892 major renovation of state or federal highways; and

893 (c) appropriations made to the fund by the Legislature.

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

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

896 (4) The executive director may use fund money, as prioritized by the Transportation
897 Commission, only to pay the costs of construction, reconstruction, or renovation to state and
898 federal highways that are qualified projects under the Mineral Lands Leasing Act, 30 U.S.C.
899 Sec. 181 et seq.

900 Section 10. **Effective date.**

901 This bill takes effect on July 1, 2016.