

**Representative Jeremy A. Peterson** proposes the following substitute bill:

**ENERGY AND INNOVATION RESEARCH GRANT PROGRAM**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jeremy A. Peterson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill establishes an energy and innovation research grant program.

**Highlighted Provisions:**

This bill:

- ▶ provides definitions;
- ▶ provides that certain sales and use tax revenue shall be deposited into the Energy and Innovation Research Program Fund;
- ▶ creates the Energy and Innovation Research Board;
- ▶ specifies the membership and duties of the Energy and Innovation Research Board;
- ▶ creates the Energy and Innovation Research Program Fund;
- ▶ provides that funds in the Energy and Innovation Research Program Fund shall be used for a competitive grant program for certain advanced energy technology; and
- ▶ requires the Office of Energy Development to administer grants awarded from the Energy and Innovation Research Program Fund.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **35A-8-309**, as enacted by Laws of Utah 2016, Chapter 184

29 **59-12-103**, as last amended by Laws of Utah 2016, Chapters 184, 291, 348 and last  
30 amended by Coordination Clause, Laws of Utah 2016, Chapter 291

31 ENACTS:

32 **63M-4-701**, Utah Code Annotated 1953

33 **63M-4-702**, Utah Code Annotated 1953

34 **63M-4-703**, Utah Code Annotated 1953

35 **63M-4-704**, Utah Code Annotated 1953

36 **63M-4-705**, Utah Code Annotated 1953

37 **63M-4-706**, Utah Code Annotated 1953



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

40 Section 1. Section **35A-8-309** is amended to read:

41 **35A-8-309. Throughput Infrastructure Fund administered by impact board --**  
42 **Uses -- Review by board -- Annual report.**

43 (1) The impact board shall:

44 (a) make grants and loans from the Throughput Infrastructure Fund created in Section  
45 **35A-8-308** for a throughput infrastructure project;

46 (b) use money transferred to the Throughput Infrastructure Fund in accordance with  
47 [~~Subsection 59-12-103(14)~~] Section 59-12-103 to provide a loan or grant to finance the cost of  
48 acquisition or construction of a throughput infrastructure project to one or more local political  
49 subdivisions, including a Utah interlocal entity created under [~~the Interlocal Cooperation Act,~~]  
50 Title 11, Chapter 13, Interlocal Cooperation Act;

51 (c) administer the Throughput Infrastructure Fund in a manner that will keep a portion  
52 of the fund revolving;

53 (d) determine provisions for repayment of loans;

54 (e) establish criteria for awarding loans and grants; and

55 (f) establish criteria for determining eligibility for assistance under this section.

56 (2) The cost of acquisition or construction of a throughput infrastructure project

57 includes amounts for working capital, reserves, transaction costs, and other amounts  
58 determined by the impact board to be allocable to a throughput infrastructure project.

59 (3) The impact board may restructure or forgive all or part of a local political  
60 subdivision's or interlocal entity's obligation to repay loans for extenuating circumstances.

61 (4) In order to receive assistance under this section, a local political subdivision or an  
62 interlocal entity shall submit a formal application containing the information that the impact  
63 board requires.

64 (5) (a) The impact board shall:

65 (i) review the proposed uses of the Throughput Infrastructure Fund for a loan or grant  
66 before approving the loan or grant and may condition its approval on whatever assurances the  
67 impact board considers necessary to ensure that proceeds of the loan or grant will be used in  
68 accordance with this section;

69 (ii) ensure that each loan specifies terms for interest deferments, accruals, and  
70 scheduled principal repayment; and

71 (iii) ensure that repayment terms are evidenced by bonds, notes, or other obligations of  
72 the appropriate local political subdivision or interlocal entity issued to the impact board and  
73 payable from the net revenues of a throughput infrastructure project.

74 (b) An instrument described in Subsection (5)(a)(iii) may be:

75 (i) non-recourse to the local political subdivision or interlocal entity; and

76 (ii) limited to a pledge of the net revenues from a throughput infrastructure project.

77 (6) (a) Subject to the restriction in Subsection (6)(b), the impact board shall allocate  
78 from the Throughput Infrastructure Fund to the board those amounts that are appropriated by  
79 the Legislature for the administration of the Throughput Infrastructure Fund.

80 (b) The amount described in Subsection (6)(a) may not exceed 2% of the annual  
81 receipts to the fund.

82 (7) The board shall include in the annual written report described in Section  
83 [35A-1-109](#):

84 (a) the number and type of loans and grants made under this section; and

85 (b) a list of local political subdivisions or interlocal entities that received assistance  
86 under this section.

87 Section 2. Section **59-12-103** is amended to read:

88           **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**  
89 **tax revenues.**

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

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

93           (b) amounts paid for:

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

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

99           (iii) an ancillary service associated with a:

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

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

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

103           (i) gas;

104           (ii) electricity;

105           (iii) heat;

106           (iv) coal;

107           (v) fuel oil; or

108           (vi) other fuels;

109           (d) sales of the following for residential use:

110           (i) gas;

111           (ii) electricity;

112           (iii) heat;

113           (iv) coal;

114           (v) fuel oil; or

115           (vi) other fuels;

116           (e) sales of prepared food;

117           (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or  
118 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,

119 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,  
120 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit  
121 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf  
122 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,  
123 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,  
124 horseback rides, sports activities, or any other amusement, entertainment, recreation,  
125 exhibition, cultural, or athletic activity;

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

128 (i) the tangible personal property; and

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

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

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

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

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

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

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

142 (i) stored;

143 (ii) used; or

144 (iii) otherwise consumed;

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

147 (i) stored;

148 (ii) used; or

149 (iii) consumed; and

- 150 (m) amounts paid or charged for a sale:
- 151 (i) (A) of a product transferred electronically; or
- 152 (B) of a repair or renovation of a product transferred electronically; and
- 153 (ii) regardless of whether the sale provides:
- 154 (A) a right of permanent use of the product; or
- 155 (B) a right to use the product that is less than a permanent use, including a right:
- 156 (I) for a definite or specified length of time; and
- 157 (II) that terminates upon the occurrence of a condition.
- 158 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 159 is imposed on a transaction described in Subsection (1) equal to the sum of:
- 160 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 161 (A) 4.70%; and
- 162 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
- 163 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 164 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
- 165 State Sales and Use Tax Act; and
- 166 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
- 167 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 168 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
- 169 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 170 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 171 transaction under this chapter other than this part.
- 172 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 173 on a transaction described in Subsection (1)(d) equal to the sum of:
- 174 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 175 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 176 transaction under this chapter other than this part.
- 177 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 178 on amounts paid or charged for food and food ingredients equal to the sum of:
- 179 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
- 180 a tax rate of 1.75%; and

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

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

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

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

188 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
189 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
190 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
191 Additional State Sales and Use Tax Act; and

192 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
193 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
194 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
195 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

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

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

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

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

219 (II) state or federal law provides otherwise.

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

223 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)  
224 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a  
225 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental  
226 of tangible personal property, other property, a product, or a service that is not subject to  
227 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless  
228 the seller, at the time of the transaction:

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

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

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

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

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

242 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps

243 in the seller's regular course of business includes books and records the seller keeps in the  
244 regular course of business for nontax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 274 (B) Subsection (2)(b)(i);
- 275 (C) Subsection (2)(c)(i); or
- 276 (D) Subsection (2)(d)(i)(A)(I).
- 277 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
- 278 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
- 279 change in a tax rate takes effect:
  - 280 (A) on the first day of a calendar quarter; and
  - 281 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.
- 282 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:
  - 283 (A) Subsection (2)(a)(i)(A);
  - 284 (B) Subsection (2)(b)(i);
  - 285 (C) Subsection (2)(c)(i); or
  - 286 (D) Subsection (2)(d)(i)(A)(I).
- 287 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 288 the commission may by rule define the term "catalogue sale."
- 289 (3) (a) The following state taxes shall be deposited into the General Fund:
  - 290 (i) the tax imposed by Subsection (2)(a)(i)(A);
  - 291 (ii) the tax imposed by Subsection (2)(b)(i);
  - 292 (iii) the tax imposed by Subsection (2)(c)(i); or
  - 293 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).
- 294 (b) The following local taxes shall be distributed to a county, city, or town as provided
- 295 in this chapter:
  - 296 (i) the tax imposed by Subsection (2)(a)(ii);
  - 297 (ii) the tax imposed by Subsection (2)(b)(ii);
  - 298 (iii) the tax imposed by Subsection (2)(c)(ii); and
  - 299 (iv) the tax imposed by Subsection (2)(d)(i)(B).
- 300 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
- 301 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
- 302 through (g):
  - 303 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
  - 304 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

305 (B) for the fiscal year; or

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

307 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount

308 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the

309 Department of Natural Resources to:

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

312 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
313 act, to political subdivisions of the state to implement the measures described in Subsections  
314 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

363 (iii) develop surface water sources.

364 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
365 2006, the difference between the following amounts shall be expended as provided in this  
366 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

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

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

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

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

391 (i) preconstruction costs:

392 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter  
393 26, Bear River Development Act; and

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

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

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

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

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

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

409 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the  
410 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection  
411 (1) for the fiscal year shall be deposited as follows:

412 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)  
413 shall be deposited into the Transportation Investment Fund of 2005 created by Section  
414 72-2-124;

415 (b) for fiscal year 2017-18 only:

416 (i) 80% of the revenue described in this Subsection (6) shall be deposited into the  
417 Transportation Investment Fund of 2005 created by Section 72-2-124; and

418 (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the  
419 Water Infrastructure Restricted Account created by Section 73-10g-103;

420 (c) for fiscal year 2018-19 only:

421 (i) 60% of the revenue described in this Subsection (6) shall be deposited into the  
422 Transportation Investment Fund of 2005 created by Section 72-2-124; and

423 (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the  
424 Water Infrastructure Restricted Account created by Section 73-10g-103;

425 (d) for fiscal year 2019-20 only:

426 (i) 40% of the revenue described in this Subsection (6) shall be deposited into the  
427 Transportation Investment Fund of 2005 created by Section 72-2-124; and

428 (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the

429 Water Infrastructure Restricted Account created by Section 73-10g-103;

430 (e) for fiscal year 2020-21 only:

431 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the  
432 Transportation Investment Fund of 2005 created by Section 72-2-124; and

433 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the  
434 Water Infrastructure Restricted Account created by Section 73-10g-103; and

435 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described  
436 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account  
437 created by Section 73-10g-103.

438 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in  
439 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,  
440 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
441 created by Section 72-2-124:

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

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

447 (B) the tax imposed by Subsection (2)(b)(i);

448 (C) the tax imposed by Subsection (2)(c)(i); and

449 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

450 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the  
451 current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through  
452 (D) that exceeds the amount collected from the sales and use taxes described in Subsections  
453 (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

454 (b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of  
455 the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total  
456 lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)  
457 generated in the current fiscal year than the total percentage of sales and use taxes deposited in  
458 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection  
459 (7)(a) equal to the product of:

460 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the  
461 previous fiscal year; and

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

464 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under  
465 Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes  
466 described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of  
467 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in  
468 Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

469 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected  
470 from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited  
471 under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues  
472 collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the  
473 current fiscal year under Subsection (7)(a).

474 (8) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited  
475 under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall  
476 deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into  
477 the Transportation Investment Fund of 2005 created by Section [72-2-124](#).

478 (b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
479 Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit  
480 \$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the  
481 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

482 (c) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
483 Subsections (6) and (7), for a fiscal year beginning on or after July 1, 2018, the Division of  
484 Finance shall annually deposit into the Transportation Investment Fund of 2005 created by  
485 Section [72-2-124](#) a portion of the taxes listed under Subsection (3)(a) in an amount equal to  
486 3.68% of the revenues collected from the following taxes:

- 487 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 488 (ii) the tax imposed by Subsection (2)(b)(i);
- 489 (iii) the tax imposed by Subsection (2)(c)(i); and
- 490 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

491 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year  
492 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund  
493 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

494 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c),  
495 in addition to any amounts deposited under Subsections (6), (7), and (8), and for the 2016-17  
496 fiscal year only, the Division of Finance shall deposit into the Transportation Investment Fund  
497 of 2005 created by Section 72-2-124 the amount of tax revenue generated by a .05% tax rate on  
498 the transactions described in Subsection (1).

499 (b) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c), and in  
500 addition to any amounts deposited under Subsections (6), (7), and (8), the Division of Finance  
501 shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the  
502 amount of revenue described as follows:

503 (i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05%  
504 tax rate on the transactions described in Subsection (1);

505 (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05%  
506 tax rate on the transactions described in Subsection (1);

507 (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05%  
508 tax rate on the transactions described in Subsection (1);

509 (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a  
510 .05% tax rate on the transactions described in Subsection (1); and

511 (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%  
512 tax rate on the transactions described in Subsection (1).

513 (c) For purposes of Subsections (10)(a) and (b), the Division of Finance may not  
514 deposit into the Transportation Investment Fund of 2005 any tax revenue generated by amounts  
515 paid or charged for food and food ingredients, except for tax revenue generated by a bundled  
516 transaction attributable to food and food ingredients and tangible personal property other than  
517 food and food ingredients described in Subsection (2)(d).

518 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the  
519 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that  
520 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of  
521 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue

522 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,  
523 created in Section [63N-2-512](#).

524 (12) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the  
525 Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed  
526 under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).

527 (b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division of  
528 Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under  
529 Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).

530 (13) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
531 2017, the commission shall annually deposit \$1,000,000 of the revenue generated by the taxes  
532 listed under Subsection (3)(a) into the Energy and Innovation Research Program Fund created  
533 in Section [63M-4-705](#).

534 [~~(13)~~] (14) Notwithstanding Subsections (4) through [~~(12)~~] (13), an amount required to  
535 be expended or deposited in accordance with Subsections (4) through [~~(12)~~] (13) may not  
536 include an amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).

537 Section 3. Section [63M-4-701](#) is enacted to read:

538 **Part 7. Energy Innovation and Research Program Act**

539 **[63M-4-701](#). Title.**

540 This part is known as the "Energy Innovation and Research Program Act."

541 Section 4. Section [63M-4-702](#) is enacted to read:

542 **[63M-4-702](#). Definitions.**

543 As used in this part:

544 (1) (a) "Advanced energy technology" means a technology that enhances an important  
545 component of the energy economy, including energy production, integration, delivery, or  
546 efficiency.

547 (b) "Advanced energy technology" includes:

548 (i) energy storage;

549 (ii) advanced combustion;

550 (iii) emission reduction; and

551 (iv) integration technology.

552 (2) "Agreement" means a contract entered into between the office and the grantee

553 stating the terms and conditions for use of funds approved by the board.

554 (3) "Board" means the Energy and Innovation Research Board created in Section  
555 63M-4-703.

556 (4) "Grantee" means a person, company, research organization, or other qualifying  
557 entity that has been approved to receive state funding provided under this part.

558 (5) "Office" means Office of Energy Development created in Section 63M-4-401.

559 Section 5. Section **63M-4-703** is enacted to read:

560 **63M-4-703. Energy and Innovation Research Board.**

561 (1) (a) There is created the Energy and Innovation Research Board composed of seven  
562 members.

563 (b) The governor shall appoint board members as follows:

564 (i) the energy advisor or the executive director of the Office of Energy Development,  
565 who shall serve as chair of the board;

566 (ii) one member representing the energy development and economic interests of rural  
567 Utah;

568 (iii) one member representing one of Utah's research universities; and

569 (iv) four members:

570 (A) representing diverse backgrounds and with expertise for advancing energy  
571 technology that enhances Utah's energy economy with a focus on energy technologies that  
572 support the state's air quality goals; and

573 (B) with relevant industry, technology, research, finance, or economic development  
574 experience.

575 (2) (a) Except as provided in Subsection (2)(b), a board member shall serve a four-year  
576 term.

577 (b) Notwithstanding the requirements of Subsection (2)(a), the governor shall, at the  
578 time of appointment or reappointment, adjust the length of terms to ensure that the terms of  
579 board members are staggered so that approximately half of the board is appointed every two  
580 years.

581 (3) (a) A board member shall hold office until the board member's successor is  
582 appointed and qualified.

583 (b) When a vacancy occurs in the membership for any reason, the governor shall

584 appoint a replacement in the same manner under this section as the appointment of the member  
585 whose vacancy is being filled for the unexpired term.

586 (c) The governor may remove a member of the board for cause.

587 (4) (a) Four members of the board constitute a quorum for approving grant awards and  
588 conducting board business.

589 (b) A majority vote of the quorum present is required for an action to be taken by the  
590 board.

591 (c) The board shall meet:

592 (i) no less frequently than once each quarter on a day determined by the board; and

593 (ii) as necessary to conduct board business, as called by the chair.

594 (d) A board member may not receive compensation or benefits for the board member's  
595 service, but may receive per diem and travel expenses as allowed in:

596 (i) Section [63A-3-106](#);

597 (ii) Section [63A-3-107](#); and

598 (iii) rules made by the Division of Finance according to Sections [63A-3-106](#) and  
599 [63A-3-107](#).

600 Section 6. Section **63M-4-704** is enacted to read:

601 **63M-4-704. Board duties.**

602 (1) The board shall establish a competitive grant program that:

603 (a) is designed to:

604 (i) advance the development and deployment of advanced energy technologies that are  
605 considered to have a significant potential to accelerate the state's energy and mineral economy,  
606 including supporting the transition of strategic technologies from research and demonstration to  
607 deployment and industry adoption;

608 (ii) encourage collaboration on research and development activities in targeted areas;

609 (iii) facilitate the transition of advanced energy technologies into the marketplace

610 where the technologies can be used to enhance economic growth; and

611 (iv) support the rapid deployment of advanced energy technologies developed by the  
612 private and public sector to enhance energy production and job creation in Utah's energy sector;  
613 and

614 (b) offers one or more grants, on a competitive basis, to a person, company, research

615 organization, or other qualifying entity that:

616 (i) meets the qualifying criteria described in this section; and

617 (ii) submits a grant proposal to the board in accordance with the rules made under

618 Subsection (2).

619 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
620 office shall make rules for the grant program that describe:

621 (a) the purpose;

622 (b) eligibility criteria to receive a grant;

623 (c) how the board determines which proposals receive grants; and

624 (d) other information the office determines is necessary and appropriate.

625 (3) The board shall determine funding award grants based on the following  
626 considerations:

627 (a) the technical merit of the advanced energy technology and commercialization plan;

628 (b) the degree to which the advanced energy technology meets a specific and  
629 significant challenge to advancing Utah's energy economy;

630 (c) the level of matching funds from private and federal sources; and

631 (d) the potential for job creation and economic development.

632 Section 7. Section **63M-4-705** is enacted to read:

633 **63M-4-705. Energy and Innovation Research Program Fund.**

634 (1) (a) There is created an expendable special revenue fund known as the "Energy and  
635 Innovation Research Program Fund."

636 (b) The fund consists of:

637 (i) amounts deposited into the fund in accordance with Section [59-12-103](#);

638 (ii) appropriations to the fund;

639 (iii) other public and private contributions made under Subsection (1)(c);

640 (iv) fees established by the department, as described in Subsection (3)(a), and  
641 deposited into the fund; and

642 (v) interest earnings on cash balances.

643 (c) The office may accept contributions from other public and private sources for  
644 deposit into the fund.

645 (2) The office may award grants, with money available in the fund, to qualifying

646 entities at the discretion of the board based on the rules and procedures described in Section  
647 63M-4-704.

648 (3) The office may:

649 (a) establish an application fee for a grant from the fund by following the procedures  
650 and requirements of Section 63J-1-504; and

651 (b) reimburse itself for the costs incurred in administering the fund from:

652 (i) the fund; or

653 (ii) application fees established under Subsection (3)(a).

654 Section 8. Section **63M-4-706** is enacted to read:

655 **63M-4-706. Grant administration.**

656 (1) The office shall administer the grants issued under this part.

657 (2) (a) Based on the board's approval of a funding grant to the grantee, the office shall  
658 enter into an agreement with the grantee for disbursement of funds, including the terms,  
659 conditions, and responsibilities that the grantee will be subject to in receiving and spending  
660 grant funds.

661 (b) Subject to the agreement, a grantee may be required to return funds if any terms,  
662 conditions, and responsibilities of the agreement are not complied with or the grantee  
663 substantially changes the plans to develop and deploy the technology after being approved for  
664 funding by the board.

665 (3) Funding allocations approved by the board shall be administered by the office.

666 (4) The office shall review the activities and progress of grant recipients on a regular  
667 basis and grantees shall provide a biannual report on achievement of goals and timelines  
668 included in the application and agreement.

669 (5) The office shall provide the Legislature an annual report on the allocation of Energy  
670 and Innovation Research Program Fund grants approved and dispersed under this part.

671 Section 9. **Effective date.**

672 This bill takes effect on July 1, 2017.