

Local Option Sales Tax Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derrin R. Owens

House Sponsor: Joseph Elison

LONG TITLE**General Description:**

This bill modifies provisions related to local option sales and use taxes.

Highlighted Provisions:

This bill:

- defines terms;
- allows certain local governments to impose a sales and use tax for purposes of funding emergency services;
- establishes requirements for a local government to impose the tax, dependent on the rate imposed;
- addresses the administration, collection, and distribution of tax revenue;
- allows the State Tax Commission to retain an administrative charge from collected tax revenue;
- repeals provisions allowing certain counties to impose a rural county health care facilities tax to fund emergency medical services; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

17D-1-103 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Chapter 382

59-12-801 (Effective upon governor's approval), as last amended by Laws of Utah 2023, Chapters 92, 310 and 329

59-12-802 (Effective upon governor's approval), as last amended by Laws of Utah 2024, Chapter 333

31 ENACTS:

32 **59-12-2401 (Effective upon governor's approval)**, Utah Code Annotated 1953

33 **59-12-2402 (Effective upon governor's approval)**, Utah Code Annotated 1953

34 **59-12-2403 (Effective upon governor's approval)**, Utah Code Annotated 1953

35 **59-12-2404 (Effective upon governor's approval)**, Utah Code Annotated 1953

36 **59-12-2405 (Effective upon governor's approval)**, Utah Code Annotated 1953

37 **59-12-2406 (Effective upon governor's approval)**, Utah Code Annotated 1953

38

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

40 Section 1. Section **17D-1-103** is amended to read:

41 **17D-1-103 (Effective upon governor's approval). Special service district status,**
 42 **powers, and duties -- Registration as a limited purpose entity -- Limitation on districts**
 43 **providing jail service.**

44 (1) A special service district:

45 (a) is:

46 (i) a body corporate and politic with perpetual succession, separate and distinct from
 47 the county or municipality that creates [it] the special service district;

48 (ii) a quasi-municipal corporation; and

49 (iii) a political subdivision of the state; and

50 (b) may sue and be sued.

51 (2) A special service district may:

52 (a) exercise the power of eminent domain possessed by the county or municipality that
 53 creates the special service district;

54 (b) enter into a contract that the governing authority considers desirable to carry out
 55 special service district functions, including a contract:

56 (i) with the United States or an agency of the United States, the state, an institution of
 57 higher education, a county, a municipality, a school district, a special district,
 58 another special service district, or any other political subdivision of the state; or

59 (ii) that includes provisions concerning the use, operation, and maintenance of special
 60 service district facilities and the collection of fees or charges with respect to
 61 commodities, services, or facilities that the district provides;

62 (c) acquire or construct facilities;

63 (d) acquire real or personal property, or an interest in real or personal property, including
 64 water and water rights, whether by purchase, lease, gift, devise, bequest, or

- 65 otherwise, and whether the property is located inside or outside the special service
66 district, and own, hold, improve, use, finance, or otherwise deal in and with the
67 property or property right;
- 68 (e) sell, convey, lease, exchange, transfer, or otherwise dispose of all or any part of the
69 special service district's property or assets, including water and water rights;
- 70 (f) mortgage, pledge, or otherwise encumber all or any part of the special service
71 district's property or assets, including water and water rights;
- 72 (g) enter into a contract with respect to the use, operation, or maintenance of all or any
73 part of the special service district's property or assets, including water and water
74 rights;
- 75 (h) accept a government grant or loan and comply with the conditions of the grant or
76 loan;
- 77 (i) use an officer, employee, property, equipment, office, or facility of the county or
78 municipality that created the special service district, subject to reimbursement as
79 provided in Subsection (4);
- 80 (j) employ one or more officers, employees, or agents, including one or more engineers,
81 accountants, attorneys, or financial consultants, and establish their compensation;
- 82 (k) designate an assessment area and levy an assessment as provided in Title 11, Chapter
83 42, Assessment Area Act;
- 84 (l) contract with a franchised, certificated public utility for the construction and
85 operation of an electrical service distribution system within the special service
86 district;
- 87 (m) borrow money and incur indebtedness;
- 88 (n) as provided in Part 5, Special Service District Bonds, issue bonds for the purpose of
89 acquiring, constructing, and equipping any of the facilities required for the services
90 the special service district is authorized to provide, including:
- 91 (i) bonds payable in whole or in part from taxes levied on the taxable property in the
92 special service district;
- 93 (ii) bonds payable from revenues derived from the operation of revenue-producing
94 facilities of the special service district;
- 95 (iii) bonds payable from both taxes and revenues;
- 96 (iv) guaranteed bonds, payable in whole or in part from taxes levied on the taxable
97 property in the special service district;
- 98 (v) tax anticipation notes;

- 99 (vi) bond anticipation notes;
- 100 (vii) refunding bonds;
- 101 (viii) special assessment bonds; and
- 102 (ix) bonds payable in whole or in part from mineral lease payments as provided in
- 103 Section 11-14-308;
- 104 (o) except as provided in Subsection (5), impose fees or charges or both for
- 105 commodities, services, or facilities that the special service district provides;
- 106 (p) provide to an area outside the special service district's boundary, whether inside or
- 107 outside the state, a service that the special service district is authorized to provide
- 108 within its boundary, if the governing body makes a finding that there is a public
- 109 benefit to providing the service to the area outside the special service district's
- 110 boundary;
- 111 (q) provide other services that the governing body determines will more effectively carry
- 112 out the purposes of the special service district;[~~and~~]
- 113 (r) adopt an official seal for the special service district[~~;~~]; and
- 114 (s) if authorized, impose an emergency services tax under Title 59, Chapter 12, Part 24,
- 115 Emergency Services Tax.
- 116 (3)(a) Each special service district shall register and maintain the special service
- 117 district's registration as a limited purpose entity, in accordance with Section 67-1a-15.
- 118 (b) A special service district that fails to comply with Subsection (3)(a) or Section
- 119 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section
- 120 67-3-1.
- 121 (4)(a) Each special service district that uses an officer, employee, property, equipment,
- 122 office, or facility of the county or municipality that created the special service district
- 123 shall reimburse the county or municipality a reasonable amount for what the special
- 124 service district uses.
- 125 (b) The amount invoiced for what the special service district uses under Subsection
- 126 (4)(a) may not exceed the actual documented cost incurred, without markup, by the
- 127 county or municipality.
- 128 (5)(a) A special service district that provides jail service as provided in Subsection
- 129 17D-1-201(10) may not impose a fee or charge for the service it provides.
- 130 (b) Subsection (5)(a) may not be construed to limit a special service district that provides
- 131 jail service from:
- 132 (i) entering into a contract with the federal government, the state, or a political

133 subdivision of the state to provide jail service for compensation; or
 134 (ii) receiving compensation for jail service it provides under a contract described in
 135 Subsection (5)(b)(i).

136 Section 2. Section **59-12-801** is amended to read:

137 **59-12-801 (Effective upon governor's approval). Definitions.**

138 As used in this part:

139 [~~(1) "Affected area" means the portion of a county in which a tax is imposed under~~
 140 ~~Subsection 59-12-802(4).]~~

141 [~~(2)~~ (1) "Emergency medical services" means the same as that term is defined in Section
 142 53-2d-101.

143 [~~(3)~~ (2) "Federally qualified health center" means the same as that term is defined in 42
 144 U.S.C. Sec. 1395x.

145 [~~(4)~~ (3) "Freestanding urgent care center" means a facility that provides outpatient health
 146 care service:

147 (a) on an as-needed basis, without an appointment;

148 (b) to the public;

149 (c) for the diagnosis and treatment of a medical condition if that medical condition does
 150 not require hospitalization or emergency intervention for a life threatening or
 151 potentially permanently disabling condition; and

152 (d) including one or more of the following services:

153 (i) a medical history physical examination;

154 (ii) an assessment of health status; or

155 (iii) treatment:

156 (A) for a variety of medical conditions; and

157 (B) that is commonly offered in a physician's office.

158 [~~(5) "Municipality" means a city or town.]~~

159 [~~(6)~~ (4) "Nursing care facility" means the same as that term is defined in Section 26B-2-201.

160 [~~(7) "Political subdivision" means a county, municipality, local district, or special service~~
 161 ~~district.]~~

162 [~~(8)~~ (5) "Rural city hospital" means a hospital owned by a city that is located within a third,
 163 fourth, fifth, or sixth class county.

164 [~~(9)~~ (6) "Rural county health care facility" means a:

165 (a) rural county hospital; or

166 (b) rural county nursing care facility.

167 ~~[(10)]~~ (7) "Rural county hospital" means a hospital owned by a county that is:

- 168 (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
 169 (b) located outside of a standard metropolitan statistical area, as designated by the
 170 United States Bureau of the Census.

171 ~~[(11)]~~ (8) "Rural county nursing care facility" means a nursing care facility owned by:

- 172 (a) a county that is:
 173 (i) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
 174 (ii) located outside of a standard metropolitan statistical area, as designated by the
 175 United States Census Bureau; or
 176 (b) a special service district if the special service district is:
 177 (i) created for the purpose of operating the nursing care facility; and
 178 (ii) within a county that is:
 179 (A) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
 180 (B) located outside of a standard metropolitan statistical area, as designated by the
 181 United States Census Bureau.

182 ~~[(12)]~~ (9) "Rural emergency medical services" means emergency medical services that are
 183 provided by a county that is:

- 184 (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
 185 (b) located outside of a standard metropolitan statistical area, as designated by the
 186 United States Census Bureau.

187 ~~[(13)]~~ (10) "Rural health clinic" means the same as that term is defined in 42 U.S.C. Sec.
 188 1395x.

189 Section 3. Section **59-12-802** is amended to read:

190 **59-12-802 (Effective upon governor's approval). Imposition of rural county**
 191 **health care tax -- Expenditure of tax revenue -- Base -- Rate -- Administration, collection,**
 192 **and enforcement of tax -- Administrative charge.**

193 (1)(a) A county legislative body of ~~[the following counties]~~ a county of the third, fourth,
 194 fifth, or sixth class may impose a sales and use tax of up to 1% on the transactions
 195 described in Subsection 59-12-103(1) located within the county[?].

196 ~~[(i) a county of the third, fourth, fifth, or sixth class; or]~~

197 ~~[(ii) a county of the second class that has:]~~

198 ~~[(A) a national park within or partially within the county's boundaries; and]~~

199 ~~[(B) two or more state parks within or partially within the county's boundaries.]~~

200 (b) Notwithstanding Subsection (1)(a), a county legislative body may not impose a tax

- 201 under this section on:
- 202 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
203 are exempt from taxation under Section 59-12-104;
- 204 (ii) a transaction to the extent a rural city hospital tax is imposed on that transaction
205 in a city that imposes a tax under Section 59-12-804; and
- 206 (iii) except as provided in Subsection (1)(d), amounts paid or charged for food and
207 food ingredients.
- 208 (c) For purposes of this Subsection (1), the location of a transaction is determined in
209 accordance with Sections 59-12-211 through 59-12-215.
- 210 (d) A county legislative body imposing a tax under this section shall impose the tax on
211 the purchase price or sales price for amounts paid or charged for food and food
212 ingredients if the food and food ingredients are sold as part of a bundled transaction
213 attributable to food and food ingredients and tangible personal property other than
214 food and food ingredients.
- 215 (2)(a) [~~Except as provided in Subsection (5)(b), before~~] Before imposing a tax under
216 Subsection (1), a county legislative body shall obtain approval to impose the tax from
217 a majority of the:
- 218 (i) members of the county's legislative body; and
219 (ii) county's registered voters voting on the imposition of the tax.
- 220 (b) The county legislative body shall conduct the election according to the procedures
221 and requirements of Title 11, Chapter 14, Local Government Bonding Act.
- 222 (3) Subject to Subsection (4), a county legislative body may use money collected from a tax
223 imposed under Subsection (1) to fund:
- 224 [(a) for a county described in Subsection (1)(a)(i):]
- 225 [(~~i~~)] (a) the following costs associated with a federally qualified health center within the
226 county, a freestanding urgent care center within the county, a rural county health care
227 facility within the county, or a rural health clinic within the county:
- 228 [(~~A~~)] (i) ongoing operating expenses of the center, clinic, or facility;
229 [(~~B~~)] (ii) the acquisition of land for the center, clinic, or facility; or
230 [(~~C~~)] (iii) the design, construction, equipping, or furnishing of the center, clinic, or
231 facility;
- 232 [(~~ii~~)] (b) rural emergency medical services within the county; or
233 [(~~iii~~)] (c) a combination of the activities described in this Subsection [(~~3~~)(a); and] (3).
- 234 [(b) for a county described in Subsection (1)(a)(ii), emergency medical services that are

235 provided by a political subdivision within that county, subject to Subsection (5)(c).]

236 (4)(a) For a tax enacted on or after July 1, 2024, ~~by a county described in Subsection~~

237 ~~(1)(a)(i),~~ a county legislative body may use money collected from a tax imposed

238 under Subsection (1) to fund:

239 (i) the costs described in Subsection ~~[(3)(a)(i)] (3)(a);~~

240 (ii) the following activities to mitigate the impacts of visitors within the county:

241 (A) emergency medical services;

242 (B) solid waste disposal;

243 (C) search and rescue activities;

244 (D) law enforcement activities; or

245 (E) fire protection services;

246 (iii) avalanche forecasting within the county; or

247 (iv) a combination of the activities described in this Subsection (4)(a).

248 (b) For a tax increased on or after July 1, 2024, ~~by a county described in Subsection~~

249 ~~(1)(a)(i),~~ a county legislative body may use the money collected from the increased

250 tax rate to fund the activities described in Subsections (4)(a)(i) through (iv).

251 ~~[(5)(a) A county described in Subsection (1)(a)(ii) may impose a tax under this section~~

252 ~~within a portion of the county if the affected area includes:]~~

253 ~~[(i) the entire unincorporated area of the county; and]~~

254 ~~[(ii) the entire boundaries of any municipality located within the affected area.]~~

255 ~~[(b) Before a county described in Subsection (1)(a)(ii) may impose a tax under this~~

256 ~~section within a portion of the county, the county legislative body shall obtain~~

257 ~~approval to impose the tax from a majority of:]~~

258 ~~[(i) the members of the county's legislative body;]~~

259 ~~[(ii) the county's registered voters within the affected area voting on the imposition~~

260 ~~of the tax, in an election conducted according to the procedures and requirements~~

261 ~~of Title 11, Chapter 14, Local Government Bonding Act; and]~~

262 ~~[(iii)(A) the members of the legislative body of each municipality located within~~

263 ~~the affected area; or]~~

264 ~~[(B) the members of the governing body of a special service district established~~

265 ~~under Title 17D, Chapter 1, Special Service District Act, to provide emergency~~

266 ~~medical services within the affected area.]~~

267 ~~[(c) A county described in Subsection (1)(a)(ii) that imposes a tax under this section~~

268 ~~within a portion of the county in accordance with this Subsection (5) may use the~~

269 money collected from the tax to fund emergency medical services that are provided
 270 by a political subdivision within the affected area.]

271 [(6)] (5)(a) A tax under this section shall be:

272 (i) except as provided in Subsection [(6)(b)] (5)(b), administered, collected, and
 273 enforced in accordance with:

274 (A) the same procedures used to administer, collect, and enforce the tax under:

275 (I) Part 1, Tax Collection; or

276 (II) Part 2, Local Sales and Use Tax Act; and

277 (B) Chapter 1, General Taxation Policies; and

278 (ii) levied for a period of 10 years and may be reauthorized at the end of the 10-year
 279 period by the county legislative body as provided in Subsection (1).

280 (b) A tax under this section is not subject to Subsections 59-12-205(2) through (5).

281 (c) A county legislative body shall distribute money collected from a tax under this
 282 section quarterly.

283 [(7)] (6) The commission shall retain and deposit an administrative charge in accordance
 284 with Section 59-1-306 from the revenue the commission collects from a tax under this
 285 section.

286 Section 4. Section **59-12-2401** is enacted to read:

287 **Part 24. Emergency Services Tax**

288 **59-12-2401 (Effective upon governor's approval). Definitions.**

289 As used in this part:

290 (1) "Emergency services" means:

291 (a) emergency medical services as defined in Section 53-2d-101;

292 (b) fire protection services; or

293 (c) a combination of emergency medical services, as defined in Section 53-2d-101, and
 294 fire protection services.

295 (2) "Emergency services tax" means the sales and use tax authorized under Section
 296 59-12-2402.

297 (3) "Governing body" means:

298 (a) for a county, city, or town, the legislative body of the county, city, or town; or

299 (b) for a special service district:

300 (i) the legislative body of the county, city, or town that established the special service
 301 district, if no administrative control board has been created under Section
 302 17D-1-301; or

303 (ii) the administrative control board of the special service district, if an administrative
 304 control board has been created under Section 17D-1-301.

305 (4) "Qualifying political subdivision" means:

306 (a) a specified county;

307 (b) a special service district established under Title 17D, Chapter 1, Special Service
 308 District Act, to provide emergency services within a specified county; or

309 (c) a city or town that:

310 (i) is located:

311 (A) within a specified county; and

312 (B) outside the boundaries of a special service district described in Subsection (4)
 313 (b); and

314 (ii) provides, or contracts with a special service district described in Subsection (4)(b)
 315 to receive, emergency services within the city or town.

316 (5) "Specified county" means a county of the second class that contains a national park and
 317 two or more state parks within or partially within the county's boundaries.

318 Section 5. Section **59-12-2402** is enacted to read:

319 **59-12-2402 (Effective upon governor's approval). Imposition of emergency**
 320 **services tax -- Permitted rates -- Expenditure and distribution of tax revenue --**
 321 **Administration, collection, and enforcement of tax -- Administrative charge.**

322 (1)(a) Beginning July 1, 2025, the governing body of a qualifying political subdivision
 323 may, subject to Subsection (1)(b), impose a sales and use tax on the transactions
 324 described in Subsection 59-12-103(1) in the following amount:

325 (i) an amount of up to .33% if the governing body:

326 (A) first holds a public hearing at which the tax is discussed, subject to Subsection
 327 (2); and

328 (B) after the public hearing is held, passes an ordinance or resolution approving
 329 the tax; or

330 (ii) an amount of up to 1% if the governing body obtains approval to impose the tax
 331 from a majority of:

332 (A) the members of the governing body; and

333 (B) voters within the qualifying political subdivision voting in an election held for
 334 that purpose in accordance with Title 11, Chapter 14, Local Government
 335 Bonding Act.

336 (b)(i) A tax imposed by a county under Subsection (1)(a) shall be imposed within all

- 337 unincorporated areas of the county.
- 338 (ii) A tax imposed by a special service district under Subsection (1)(a) shall be
- 339 imposed within the boundaries of each city and town located within the area of the
- 340 special service district.
- 341 (iii) A tax may not be imposed under this section within:
- 342 (A) a portion of a city, town, or the unincorporated area of a county; or
- 343 (B) an area in which a tax under this section has already been imposed.
- 344 (c) Notwithstanding Subsection (1)(a), a qualifying political subdivision may not impose
- 345 a tax under this section on:
- 346 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
- 347 are exempt from taxation under Section 59-12-104; and
- 348 (ii) except as provided in Subsection (1)(e), amounts paid or charged for food and
- 349 food ingredients.
- 350 (d) For purposes of this Subsection (1), the location of a transaction is determined in
- 351 accordance with Sections 59-12-211 through 59-12-215.
- 352 (e) A qualifying political subdivision that imposes a tax under this section shall impose
- 353 the tax on the purchase price or sales price for amounts paid or charged for food and
- 354 food ingredients if the food and food ingredients are sold as part of a bundled
- 355 transaction attributable to food and food ingredients and tangible personal property
- 356 other than food and food ingredients.
- 357 (2)(a) The governing body of a qualifying political subdivision proposing a tax rate
- 358 described in Subsection (1)(a)(i) shall, as a class A notice under Section 63G-30-102,
- 359 publish notice of the public hearing required by Subsection (1)(a)(i)(A) for at least 14
- 360 days before the day of the public hearing.
- 361 (b) The notice described in Subsection (2)(a) shall:
- 362 (i) state the governing body's intent to adopt a tax under this section;
- 363 (ii) describe the proposed tax rate;
- 364 (iii) specify the date, time, and location of the public hearing; and
- 365 (iv) state that the purpose of the public hearing is to obtain public comments
- 366 regarding the proposed tax.
- 367 (3) For a county proposing a tax rate described in Subsection (1)(a)(ii), the voter approval
- 368 requirement in Subsection (1)(a)(ii)(B) applies only to voters residing within the
- 369 unincorporated areas of the county.
- 370 (4)(a) Subject to Subsection (4)(b), a qualifying political subdivision may use money

- 371 collected from a tax imposed under this section to fund emergency services provided
 372 by, or on behalf of, a qualifying political subdivision.
- 373 (b) A qualifying political subdivision that imposes a tax under this section may:
 374 (i) use money collected from the tax to fund emergency services within an area in
 375 which the tax is not imposed; and
 376 (ii) enter into an agreement authorized by Title 11, Chapter 13, Interlocal
 377 Cooperation Act, allowing for another qualifying political subdivision to use
 378 money collected from the tax to fund emergency services.
- 379 (5)(a) Except as provided in Subsection (5)(b), a tax under this section shall be
 380 administered, collected, and enforced in accordance with the same procedures used to
 381 administer, collect, and enforce the tax under:
 382 (i)(A) Part 1, Tax Collection; or
 383 (B) Part 2, Local Sales and Use Tax Act; and
 384 (ii) Chapter 1, General Taxation Policies.
- 385 (b) A tax under this section is not subject to Subsections 59-12-205(2) through (5).
 386 (c) A tax under this section shall be levied for a period of 10 years and may be
 387 reauthorized at the end of the 10-year period by the governing body that imposed the
 388 tax in accordance with the requirements of Subsections (1) through (3).
- 389 (d) Except as provided in Subsection (5)(e), the commission shall distribute the revenue
 390 the commission collects from a tax imposed under this section directly to the
 391 qualifying political subdivision imposing the tax.
- 392 (e) The commission shall retain and deposit an administrative charge in accordance with
 393 Section 59-1-306 from the revenue the commission collects from a tax under this
 394 section.

395 Section 6. Section **59-12-2403** is enacted to read:

396 **59-12-2403 (Effective upon governor's approval). Enactment, repeal, or change**
 397 **in the rate of an emergency services tax -- Annexation -- Notice.**

- 398 (1)(a) Except as provided in Subsection (2), if a qualifying political subdivision enacts
 399 or repeals an emergency services tax or changes the rate of an emergency services
 400 tax, the enactment, repeal, or change shall take effect:
 401 (i) on the first day of a calendar quarter; and
 402 (ii) after a 90-day period beginning on the date the commission receives notice that
 403 meets the requirements of Subsection (1)(b) from the qualifying political
 404 subdivision.

- 405 (b) The notice described in Subsection (1)(a)(ii) shall state:
- 406 (i) that the qualifying political subdivision will enact, repeal, or change the rate of an
- 407 emergency services tax;
- 408 (ii) the statutory authority for the emergency services tax;
- 409 (iii) the effective date of the enactment, repeal, or change in the rate of the emergency
- 410 services tax; and
- 411 (iv) if the county enacts or changes the rate of the emergency services tax, the rate of
- 412 the emergency services tax.
- 413 (2)(a) If the billing period for a transaction begins before the effective date of the
- 414 enactment of an emergency services tax or the increase in the rate of an emergency
- 415 services tax, the enactment of the tax or the tax rate increase shall take effect on the
- 416 first day of the first billing period that begins after the effective date of the enactment
- 417 of the tax or the tax rate increase.
- 418 (b) If the billing period for a transaction begins before the effective date of the repeal of
- 419 an emergency services tax or the decrease in the rate of an emergency services tax,
- 420 the repeal of the tax or the tax rate decrease shall take effect on the first day of the
- 421 last billing period that began before the effective date of the repeal of the tax or the
- 422 tax rate decrease.
- 423 (c) If a tax due under this part on a catalogue sale is computed on the basis of sales and
- 424 use tax rates published in the catalogue, an enactment, repeal, or change in the rate of
- 425 a tax described in Subsection (1)(a) shall take effect:
- 426 (i) on the first day of a calendar quarter; and
- 427 (ii) beginning 60 days after the effective date of the enactment, repeal, or change in
- 428 the rate of the tax under Subsection (1)(a).
- 429 (3)(a) Except as provided in Subsection (4), if an annexation will result in the
- 430 enactment, repeal, or change in the rate of an emergency services tax for an annexing
- 431 area, the enactment, repeal, or change shall take effect:
- 432 (i) on the first day of a calendar quarter; and
- 433 (ii) after a 90-day period beginning on the date the commission receives notice
- 434 meeting the requirements of Subsection (3)(b) from the political subdivision that
- 435 annexes the annexing area.
- 436 (b) The notice described in Subsection (3)(a)(ii) shall state:
- 437 (i) that the annexation described in Subsection (3)(a) will result in the enactment,
- 438 repeal, or change in the rate of an emergency services tax for the annexing area;

- 439 (ii) the statutory authority for the emergency services tax;
440 (iii) the effective date of the enactment, repeal, or change in the rate of the emergency
441 services tax; and
442 (iv) if the annexation results in the enactment or change in the rate of an emergency
443 services tax for the annexing area, the rate of the emergency services tax.
444 (4)(a) If the billing period for a transaction begins before the effective date of the
445 enactment of an emergency services tax or the increase in the rate of an emergency
446 services tax, the enactment of the tax or the tax rate increase shall take effect on the
447 first day of the first billing period that begins after the effective date of the enactment
448 of the tax or the tax rate increase.
449 (b) If the billing period for a transaction begins before the effective date of the repeal of
450 an emergency services tax or the decrease in the rate of an emergency services tax,
451 the repeal of the tax or the tax rate decrease shall take effect on the first day of the
452 last billing period that began before the effective date of the repeal of the tax or the
453 tax rate decrease.
454 (c) If a tax due under this part on a catalogue sale is computed on the basis of sales and
455 use tax rates published in the catalogue, an enactment, repeal, or change in the rate of
456 a tax described in Subsection (3)(a) shall take effect:
457 (i) on the first day of a calendar quarter; and
458 (ii) beginning 60 days after the effective date of the enactment, repeal, or change in
459 the rate of the tax under Subsection (3)(a).
460 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and for
461 purposes of Subsections (2)(c) and (4)(c), the commission may by rule define the term
462 "catalogue sale."

463 Section 7. Section **59-12-2404** is enacted to read:

464 **59-12-2404 (Effective upon governor's approval). Seller or certified service**
465 **provider reliance on commission information.**

466 A seller or certified service provider is not liable for failing to collect an emergency
467 services tax if the seller's or certified service provider's failure to collect the emergency
468 services tax is as a result of the seller's or certified service provider's reliance on incorrect data
469 provided by the commission in a database created by the commission:

- 470 (1) containing tax rates, boundaries, or local taxing jurisdiction assignments; or
471 (2) indicating the taxability of tangible personal property, a product transferred
472 electronically, or a service.

473 Section 8. Section **59-12-2405** is enacted to read:

474 **59-12-2405 (Effective upon governor's approval). Certified service provider or**
475 **model 2 seller reliance on commission certified software.**

476 (1) Except as provided in Subsection (2) and subject to Subsection (4), a certified service
477 provider or model 2 seller is not liable for failing to collect an emergency services tax if:

478 (a) the certified service provider or model 2 seller relies on software the commission
479 certifies; and

480 (b) the certified service provider's or model 2 seller's failure to collect an emergency
481 services tax is a result of the seller's or certified service provider's reliance on
482 incorrect data:

483 (i) provided by the commission; or

484 (ii) in the software the commission certifies.

485 (2) The relief from liability described in Subsection (1) does not apply if a certified service
486 provider or model 2 seller incorrectly classifies an item or transaction into a product
487 category the commission certifies.

488 (3) If the taxability of a product category is incorrectly classified in software the
489 commission certifies, the commission shall:

490 (a) notify a certified service provider or model 2 seller of the incorrect classification of
491 the taxability of a product category in software the commission certifies; and

492 (b) state in the notice required by Subsection (3)(a) that the certified service provider or
493 model 2 seller is liable for failing to collect the correct amount of tax under this part
494 on the incorrectly classified product category if the certified service provider or
495 model 2 seller fails to correct the taxability of the item or transaction within 10 days
496 after the day on which the certified service provider or model 2 seller receives the
497 notice.

498 (4) If a certified service provider or model 2 seller fails to correct the taxability of an item
499 or transaction within 10 days after the day on which the certified service provider or
500 model 2 seller receives the notice described in Subsection (3), the certified service
501 provider or model 2 seller is liable for failing to collect the correct amount of tax under
502 this part on the item or transaction.

503 Section 9. Section **59-12-2406** is enacted to read:

504 **59-12-2406 (Effective upon governor's approval). Purchaser relief from liability.**

505 (1)(a) Except as provided in Subsection (1)(b), a purchaser is relieved from a penalty
506 under Section 59-1-401 for failure to pay an emergency services tax or an

- 507 underpayment of the emergency services tax if:
- 508 (i) the purchaser's seller or certified service provider relies on incorrect data provided
- 509 by the commission:
- 510 (A) on a tax rate;
- 511 (B) on a boundary;
- 512 (C) on a taxing jurisdiction; or
- 513 (D) in the taxability matrix the commission provides in accordance with the
- 514 agreement; or
- 515 (ii) the purchaser, regardless of whether the purchaser holds a direct payment permit
- 516 in accordance with Section 59-12-107.1, relies on incorrect data provided by the
- 517 commission:
- 518 (A) on a tax rate;
- 519 (B) on a boundary;
- 520 (C) on a taxing jurisdiction; or
- 521 (D) in the taxability matrix the commission provides in accordance with the
- 522 agreement.
- 523 (b) For purposes of Subsection (1)(a), a purchaser is not relieved from a penalty under
- 524 Section 59-1-401 for failure to pay a tax due under this part or an underpayment if
- 525 the purchaser's, the purchaser's seller's, or the purchaser's certified service provider's
- 526 reliance on incorrect data provided by the commission is a result of conduct that is:
- 527 (i) fraudulent;
- 528 (ii) intentional; or
- 529 (iii) willful.
- 530 (2) In addition to the relief from a penalty described in Subsection (1), a purchaser is not
- 531 liable for a tax or interest under Section 59-1-402 for failure to pay a tax due under this
- 532 part or an underpayment if:
- 533 (a) the purchaser's seller or certified service provider relies on:
- 534 (i) incorrect data provided by the commission:
- 535 (A) on a tax rate;
- 536 (B) on a boundary; or
- 537 (C) on a taxing jurisdiction; or
- 538 (ii) an erroneous classification by the commission:
- 539 (A) in the taxability matrix the commission provides in accordance with the
- 540 agreement; and

- 541 (B) with respect to a term that is in the library of definitions and that is listed as
542 taxable or exempt, included in or excluded from "sales price," or included in or
543 excluded from a definition; or
- 544 (b) the purchaser, regardless of whether the purchaser holds a direct payment permit in
545 accordance with Section 59-12-107.1, relies on:
- 546 (i) incorrect data provided by the commission:
- 547 (A) on a tax rate;
548 (B) on a boundary; or
549 (C) on a taxing jurisdiction; or
- 550 (ii) an erroneous classification by the commission:
- 551 (A) in the taxability matrix the commission provides in accordance with the
552 agreement; and
- 553 (B) with respect to a term that is in the library of definitions and that is listed as
554 taxable or exempt, included in or excluded from "sales price," or included in or
555 excluded from a definition.

556 Section 10. **Effective Date.**

557 This bill takes effect:

- 558 (1) except as provided in Subsection (2), May 7, 2025; or
- 559 (2) if approved by two-thirds of all members elected to each house:
- 560 (a) upon approval by the governor;
- 561 (b) without the governor's signature, the day following the constitutional time limit of
562 Utah Constitution, Article VII, Section 8; or
- 563 (c) in the case of a veto, the date of veto override.