

Jerry W. Stevenson proposes the following substitute bill:

**Military Installation Development Authority
and Other Development Zone Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jerry W. Stevenson

House Sponsor: Val L. Peterson

LONG TITLE

General Description:

This bill deals with the Military Installation Development Authority and the distribution of certain sales tax revenues related to certain authorities and zones.

Highlighted Provisions:

This bill:

- defines terms;
- authorizes an eligible basic special district to use tax revenue under certain circumstances;
- provides a formula for the State Tax Commission to distribute revenue from the sale of construction materials within a qualified development zone;
- provides for the distribution of tax revenue generated by a Schedule J sale;
- clarifies provisions related to the resort communities tax and the additional resort communities tax;
- provides that the authority may enter into an agreement with the state or an agency of the state, including an agreement to use revenue generated from a project area outside the project area, if the project area is on land owned by the state or the state armory board;
- states that a public infrastructure district created by the authority may be a subsidiary of the authority; 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:

59-12-103 (Effective 01/01/26), as last amended by Laws of Utah 2024, Chapters 88, 501

59-12-205 (Effective 01/01/26), as last amended by Laws of Utah 2024, Chapter 535

59-12-401 (Effective 01/01/26), as last amended by Laws of Utah 2024, Chapter 419

59-12-402 (Effective 01/01/26), as last amended by Laws of Utah 2024, Chapter 419

63H-1-201 (Effective 05/07/25), as last amended by Laws of Utah 2024, Chapter 53

ENACTS:

17B-1-1404 (Effective 01/01/26), Utah Code Annotated 1953

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

Section 1. Section 17B-1-1404 is enacted to read:

17B-1-1404 (Effective 01/01/26). Use of revenue from a qualified development zone.

(1) As used in this section:

(a) "Eligible basic special district" means a basic special district:

(i) created before April 15, 2011; and

(ii) that issued limited general obligation bonds in 2024.

(b) "Qualified development zone" means the same as that term is defined in Subsection 59-12-205(7)(a)(ii)(E).

(2) An eligible basic special district may receive revenue from the tax imposed under Section 59-12-205.

(3) An eligible basic special district that receives revenue as described in Subsection (2) shall use the revenue:

(a) for any purpose the basic special district is authorized to perform under this chapter;
and

(b)(i) in a manner approved by the municipality where the qualified development zone is located; or

(ii) in a manner approved by a county, if the qualified development zone is located in an unincorporated area of the county.

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

59-12-103 (Effective 01/01/26). Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenue.

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

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

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

- (g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- (i) the tangible personal property; and
 - (ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:
 - (A) any parts are actually used in the repairs or renovations of that tangible personal property; or
 - (B) the particular parts used in the repairs or renovations of that tangible personal property are exempt from a tax under this chapter;
- (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted cleaning or washing of tangible personal property;
- (i) amounts paid or charged for short-term rentals of tourist home, hotel, motel, or trailer court accommodations and services;
- (j) amounts paid or charged for laundry or dry cleaning services;
- (k) amounts paid or charged for leases or rentals of tangible personal property if within this state the tangible personal property is:
- (i) stored;
 - (ii) used; or
 - (iii) otherwise consumed;
- (l) amounts paid or charged for tangible personal property if within this state the tangible personal property is:
- (i) stored;
 - (ii) used; or
 - (iii) consumed;
- (m) amounts paid or charged for a sale:
- (i)(A) of a product transferred electronically; or
 - (B) of a repair or renovation of a product transferred electronically; and
 - (ii) regardless of whether the sale provides:
 - (A) a right of permanent use of the product; or
 - (B) a right to use the product that is less than a permanent use, including a right:
 - (I) for a definite or specified length of time; and
 - (II) that terminates upon the occurrence of a condition; and
- (n) sales of leased tangible personal property from the lessor to the lessee made in the

state.

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

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

(A) 4.70% plus the rate specified in Subsection (11)(a); and

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

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

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

(b) Except as provided in Subsection (2)(f) or (g) and subject to Subsection (2)(l), a state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to the sum of:

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

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

(c) Except as provided in Subsection (2)(f) or (g), a state tax and a local tax are imposed on amounts paid or charged for food and food ingredients equal to the sum of:

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

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

(d) Except as provided in Subsection (2)(f) or (g), a state tax is imposed on amounts paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at a rate of 4.85%.

(e)(i)(A) If a shared vehicle owner certifies to the commission, on a form

prescribed by the commission, that the shared vehicle is an individual-owned shared vehicle, a tax imposed under Subsection (2)(a)(i)(A) does not apply to car sharing, a car-sharing program, a shared vehicle driver, or a shared vehicle owner.

(B) A shared vehicle owner's certification described in Subsection (2)(e)(i)(A) is required once during the time that the shared vehicle owner owns the shared vehicle.

(C) The commission shall verify that a shared vehicle is an individual-owned shared vehicle by verifying that the applicable Utah taxes imposed under this chapter were paid on the purchase of the shared vehicle.

(D) The exception under Subsection (2)(e)(i)(A) applies to a certified individual-owned shared vehicle shared through a car-sharing program even if non-certified shared vehicles are also available to be shared through the same car-sharing program.

(ii) A tax imposed under Subsection (2)(a)(i)(B) or (2)(a)(ii) applies to car sharing.

(iii)(A) A car-sharing program may rely in good faith on a shared vehicle owner's representation that the shared vehicle is an individual-owned shared vehicle certified with the commission as described in Subsection (2)(e)(i).

(B) If a car-sharing program relies in good faith on a shared vehicle owner's representation that the shared vehicle is an individual-owned shared vehicle certified with the commission as described in Subsection (2)(e)(i), the car-sharing program is not liable for any tax, penalty, fee, or other sanction imposed on the shared vehicle owner.

(iv) If all shared vehicles shared through a car-sharing program are certified as described in Subsection (2)(e)(i)(A) for a tax period, the car-sharing program has no obligation to collect and remit the tax under Subsection (2)(a)(i)(A) for that tax period.

(v) A car-sharing program is not required to list or otherwise identify an individual-owned shared vehicle on a return or an attachment to a return.

(vi) A car-sharing program shall:

(A) retain tax information for each car-sharing program transaction; and

(B) provide the information described in Subsection (2)(e)(vi)(A) to the commission at the commission's request.

(f)(i) For a bundled transaction that is attributable to food and food ingredients and

tangible personal property other than food and food ingredients, a state tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

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

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

(II)(Aa) the tax rate the state imposes in accordance with Part 18,

Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(Bb) the tax rate the state imposes in accordance with Part 20, Supplemental

State Sales and Use Tax Act, if the location of the transaction as

determined under Sections 59-12-211 through 59-12-215 is in a city,

town, or the unincorporated area of a county in which the state imposes

the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

(I) the seller is able to identify by reasonable and verifiable standards the

tangible personal property, product, or service that is not subject to taxation under this chapter from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise; or

(B) if the sales price of a bundled transaction is attributable to two or more items

- 232 of tangible personal property, products, or services that are subject to taxation
233 under this chapter at different rates, the entire bundled transaction is subject to
234 taxation under this chapter at the higher tax rate unless:
- 235 (I) the seller is able to identify by reasonable and verifiable standards the
236 tangible personal property, product, or service that is subject to taxation
237 under this chapter at the lower tax rate from the books and records the seller
238 keeps in the seller's regular course of business; or
 - 239 (II) state or federal law provides otherwise.
- 240 (iv) For purposes of Subsection (2)(f)(iii), books and records that a seller keeps in the
241 seller's regular course of business includes books and records the seller keeps in
242 the regular course of business for nontax purposes.
- 243 (g)(i) Except as otherwise provided in this chapter and subject to Subsections
244 (2)(g)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible
245 personal property, a product, or a service that is subject to taxation under this
246 chapter, and the sale, lease, or rental of tangible personal property, other property,
247 a product, or a service that is not subject to taxation under this chapter, the entire
248 transaction is subject to taxation under this chapter unless the seller, at the time of
249 the transaction:
- 250 (A) separately states the portion of the transaction that is not subject to taxation
251 under this chapter on an invoice, bill of sale, or similar document provided to
252 the purchaser; or
 - 253 (B) is able to identify by reasonable and verifiable standards, from the books and
254 records the seller keeps in the seller's regular course of business, the portion of
255 the transaction that is not subject to taxation under this chapter.
- 256 (ii) A purchaser and a seller may correct the taxability of a transaction if:
- 257 (A) after the transaction occurs, the purchaser and the seller discover that the
258 portion of the transaction that is not subject to taxation under this chapter was
259 not separately stated on an invoice, bill of sale, or similar document provided
260 to the purchaser because of an error or ignorance of the law; and
 - 261 (B) the seller is able to identify by reasonable and verifiable standards, from the
262 books and records the seller keeps in the seller's regular course of business, the
263 portion of the transaction that is not subject to taxation under this chapter.
- 264 (iii) For purposes of Subsections (2)(g)(i) and (ii), books and records that a seller
265 keeps in the seller's regular course of business includes books and records the

- 266 seller keeps in the regular course of business for nontax purposes.
- 267 (h)(i) If the sales price of a transaction is attributable to two or more items of tangible
268 personal property, products, or services that are subject to taxation under this
269 chapter at different rates, the entire purchase is subject to taxation under this
270 chapter at the higher tax rate unless the seller, at the time of the transaction:
- 271 (A) separately states the items subject to taxation under this chapter at each of the
272 different rates on an invoice, bill of sale, or similar document provided to the
273 purchaser; or
- 274 (B) is able to identify by reasonable and verifiable standards the tangible personal
275 property, product, or service that is subject to taxation under this chapter at the
276 lower tax rate from the books and records the seller keeps in the seller's regular
277 course of business.
- 278 (ii) For purposes of Subsection (2)(h)(i), books and records that a seller keeps in the
279 seller's regular course of business includes books and records the seller keeps in
280 the regular course of business for nontax purposes.
- 281 (i) Subject to Subsections (2)(j) and (k), a tax rate repeal or tax rate change for a tax rate
282 imposed under the following shall take effect on the first day of a calendar quarter:
- 283 (i) Subsection (2)(a)(i)(A);
- 284 (ii) Subsection (2)(b)(i);
- 285 (iii) Subsection (2)(c)(i); or
- 286 (iv) Subsection (2)(f)(i)(A)(I).
- 287 (j)(i) A tax rate increase takes effect on the first day of the first billing period that
288 begins on or after the effective date of the tax rate increase if the billing period for
289 the transaction begins before the effective date of a tax rate increase imposed
290 under:
- 291 (A) Subsection (2)(a)(i)(A);
- 292 (B) Subsection (2)(b)(i);
- 293 (C) Subsection (2)(c)(i); or
- 294 (D) Subsection (2)(f)(i)(A)(I).
- 295 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
296 statement for the billing period is rendered on or after the effective date of the
297 repeal of the tax or the tax rate decrease imposed under:
- 298 (A) Subsection (2)(a)(i)(A);
- 299 (B) Subsection (2)(b)(i);

- 300 (C) Subsection (2)(c)(i); or
- 301 (D) Subsection (2)(f)(i)(A)(I).
- 302 (k)(i) For a tax rate described in Subsection (2)(k)(ii), if a tax due on a catalogue sale
- 303 is computed on the basis of sales and use tax rates published in the catalogue, a
- 304 tax rate repeal or change in a tax rate takes effect:
- 305 (A) on the first day of a calendar quarter; and
- 306 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate
- 307 change.
- 308 (ii) Subsection (2)(k)(i) applies to the tax rates described in the following:
- 309 (A) Subsection (2)(a)(i)(A);
- 310 (B) Subsection (2)(b)(i);
- 311 (C) Subsection (2)(c)(i); or
- 312 (D) Subsection (2)(f)(i)(A)(I).
- 313 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 314 the commission may by rule define the term "catalogue sale."
- 315 (l)(i) For a location described in Subsection (2)(l)(ii), the commission shall determine
- 316 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel
- 317 based on the predominant use of the gas, electricity, heat, coal, fuel oil, or other
- 318 fuel at the location.
- 319 (ii) Subsection (2)(l)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
- 320 or other fuel is furnished through a single meter for two or more of the following
- 321 uses:
- 322 (A) a commercial use;
- 323 (B) an industrial use; or
- 324 (C) a residential use.
- 325 (3)(a) The following state taxes shall be deposited into the General Fund:
- 326 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 327 (ii) the tax imposed by Subsection (2)(b)(i);
- 328 (iii) the tax imposed by Subsection (2)(c)(i); and
- 329 (iv) the tax imposed by Subsection (2)(f)(i)(A)(I).
- 330 (b) The following local taxes shall be distributed to a county, city, or town as provided
- 331 in this chapter:
- 332 (i) the tax imposed by Subsection (2)(a)(ii);
- 333 (ii) the tax imposed by Subsection (2)(b)(ii);

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

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

(c) The state tax imposed by Subsection (2)(d) shall be deposited into the General Fund.

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

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

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

(B) for the fiscal year; or

(ii) \$17,500,000.

(b)(i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount described in Subsection (4)(a) shall be transferred each year as designated sales and use tax revenue to the Division of Wildlife Resources to:

(A) implement the measures described in Subsections 23A-3-214(3)(a) through (d) to protect sensitive plant and animal species; or

(B) award grants, up to the amount authorized by the Legislature in an appropriations act, to political subdivisions of the state to implement the measures described in Subsections 23A-3-214(3)(a) through (d) to protect sensitive plant and animal species.

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

(iii) At the end of each fiscal year:

(A) 50% of any unexpended designated sales and use tax revenue shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24;

(B) 25% of any unexpended designated sales and use tax revenue shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

(C) 25% of any unexpended designated sales and use tax revenue shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

(c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in Subsection (4)(a) shall be deposited each year in the Agriculture Resource

Development Fund created in Section 4-18-106.

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

(ii) At the end of each fiscal year:

(A) 50% of any unexpended designated sales and use tax revenue shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24;

(B) 25% of any unexpended designated sales and use tax revenue shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

(C) 25% of any unexpended designated sales and use tax revenue shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

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

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

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

(B) fund state required dam safety improvements; and

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

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

(g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described

in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount created in Section 73-10c-5 for use by the Division of Drinking Water to:

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

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

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

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

- (A) transferred each fiscal year to the Department of Natural Resources as designated sales and use tax revenue; and
- (B) expended by the Department of Natural Resources for watershed rehabilitation or restoration.

(ii) At the end of each fiscal year, 100% of any unexpended designated sales and use tax revenue described in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

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

- (A) transferred each fiscal year to the Division of Water Resources as designated sales and use tax revenue; and
- (B) expended by the Division of Water Resources for cloud-seeding projects authorized by Title 73, Chapter 15, Modification of Weather.

(ii) At the end of each fiscal year, 100% of any unexpended designated sales and use tax revenue described in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

(d) After making the transfers required by Subsections (5)(b) and (c), 85% of the remaining difference described in Subsection (5)(a) shall be deposited into the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources for:

(i) preconstruction costs:

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

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

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

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

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

(e) After making the transfers required by Subsections (5)(b) and (c), 15% of the remaining difference described in Subsection (5)(a) shall be deposited each year into the Water Rights Restricted Account created by Section 73-2-1.6.

(6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), each fiscal year, the commission shall deposit into the Water Infrastructure Restricted Account created in Section 73-10g-103 the amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year.

(7)(a) Notwithstanding Subsection (3)(a) and subject to Subsections (7)(b), (c), and (d), for a fiscal year beginning on or after July 1, 2023, the commission shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to 17% of the revenue collected from the following sales and use taxes:

(i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

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

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

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

(b)(i) For a fiscal year beginning on or after July 1, 2024, the commission shall annually reduce the deposit under Subsection (7)(a) into the Transportation Investment Fund of 2005 by an amount equal to .44% of the revenue collected from the following sales and use taxes:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

- 470 (B) the tax imposed by Subsection (2)(b)(i);
471 (C) the tax imposed by Subsection (2)(c)(i); and
472 (D) the tax imposed by Subsection (2)(f)(i)(A)(I).
- 473 (ii) The commission shall annually deposit the amount described in Subsection
474 (7)(b)(i) into the Cottonwood Canyons Transportation Investment Fund created in
475 Section 72-2-124.
- 476 (c)(i) Subject to Subsection (7)(c)(ii), for a fiscal year beginning on or after July 1,
477 2023, the commission shall annually reduce the deposit into the Transportation
478 Investment Fund of 2005 under Subsections (7)(a) and (7)(b) by an amount that is
479 equal to 5% of:
- 480 (A) the amount of revenue generated in the current fiscal year by the portion of
481 taxes listed under Subsection (3)(a) that equals 20.68% of the revenue
482 collected from taxes described in Subsections (7)(a)(i) through (iv);
483 (B) the amount of revenue generated in the current fiscal year by registration fees
484 designated under Section 41-1a-1201 to be deposited into the Transportation
485 Investment Fund of 2005; and
486 (C) revenue transferred by the Division of Finance to the Transportation
487 Investment Fund of 2005 in accordance with Section 72-2-106 in the current
488 fiscal year.
- 489 (ii) The amount described in Subsection (7)(c)(i) may not exceed \$45,000,000 in a
490 given fiscal year.
- 491 (iii) The commission shall annually deposit the amount described in Subsection
492 (7)(c)(i) into the Active Transportation Investment Fund created in Subsection
493 72-2-124(11).
- 494 (d)(i) For a fiscal year beginning on or after July 1, 2024, the commission shall
495 annually reduce the deposit into the Transportation Investment Fund of 2005
496 under this Subsection (7) by an amount that is equal to 1% of the revenue
497 collected from the following sales and use taxes:
- 498 (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
499 (B) the tax imposed by Subsection (2)(b)(i);
500 (C) the tax imposed by Subsection (2)(c)(i); and
501 (D) the tax imposed by Subsection (2)(f)(i)(A)(I).
- 502 (ii) The commission shall annually deposit the amount described in Subsection
503 (7)(d)(i) into the Commuter Rail Subaccount created in Section 72-2-124.

- (8)(a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under Subsection (7), and subject to [Subsections] Subsection (8)(b)[~~and (d)(ii)~~], for a fiscal year beginning on or after July 1, 2018, the commission shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenue collected from the following taxes:
- (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
 - (ii) the tax imposed by Subsection (2)(b)(i);
 - (iii) the tax imposed by Subsection (2)(c)(i); and
 - (iv) the tax imposed by Subsection (2)(f)(i)(A)(I).
- (b) For a fiscal year beginning on or after July 1, 2019, the commission shall annually reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(a) by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale or use in this state that exceeds 29.4 cents per gallon.
- (c) The commission shall annually deposit the amount described in Subsection (8)(b) into the Transit Transportation Investment Fund created in Section 72-2-124.
- (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.
- (10) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the fiscal year during which the commission receives notice under Section 63N-2-510 that construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the commission shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund, created in Section 63N-2-512.
- (11)(a) The rate specified in this subsection is 0.15%.
- (b) Notwithstanding Subsection (3)(a), the commission shall, for a fiscal year beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the rate described in Subsection (11)(a) on the transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) into the Medicaid ACA Fund created in Section 26B-1-315.
- (12) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year 2020-21, the commission shall deposit \$200,000 into the General Fund as a dedicated

credit solely for use of the Search and Rescue Financial Assistance Program created in, and expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

(13)(a) For each fiscal year beginning with fiscal year 2020-21, the commission shall

annually transfer \$1,813,400 of the revenue deposited into the Transportation Investment Fund of 2005 under Subsections (7) and (8) to the General Fund.

(b) If the total revenue deposited into the Transportation Investment Fund of 2005 under Subsections (7) and (8) is less than \$1,813,400 for a fiscal year, the commission shall transfer the total revenue deposited into the Transportation Investment Fund of 2005 under Subsections (7) and (8) during the fiscal year to the General Fund.

(14) Notwithstanding Subsection (3)(a) and except as provided in Subsections (18) and (19), and as described in Section 63N-3-610, beginning the first day of the calendar quarter one year after the sales and use tax boundary for a housing and transit reinvestment zone is established, the commission, at least annually, shall transfer an amount equal to 15% of the sales and use tax increment within an established sales and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation Investment Fund created in Section 72-2-124.

(15) Notwithstanding Subsection (3)(a), the commission shall, for a fiscal year beginning on or after July 1, 2022, transfer into the Outdoor Adventure Infrastructure Restricted Account, created in Section 51-9-902, a portion of the taxes listed under Subsection (3)(a) equal to 1% of the revenue collected from the following sales and use taxes:

- (a) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
- (b) the tax imposed by Subsection (2)(b)(i);
- (c) the tax imposed by Subsection (2)(c)(i); and
- (d) the tax imposed by Subsection (2)(f)(i)(A)(I).

(16) Notwithstanding Subsection (3)(a) and except as provided in Subsections (18) and (19), beginning October 1, 2024 the commission shall transfer to the Utah Fairpark Area Investment and Restoration District, created in Section 11-70-201, the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate, on transactions occurring within the district sales tax area, as defined in Section 11-70-101.

(17)(a) As used in this Subsection (17):

- (i) "Additional land" means point of the mountain state land described in Subsection 11-59-102(6)(b) that the point of the mountain authority acquires after the point of the mountain authority provides the commission a map under Subsection (17)(c).
- (ii) "Point of the mountain authority" means the Point of the Mountain State Land

- 572 Authority, created in Section 11-59-201.
- 573 (iii) "Point of the mountain state land" means the same as that term is defined in
574 Section 11-59-102.
- 575 (b) Notwithstanding Subsection (3)(a) and except as provided in Subsections (18) and
576 (19), the commission shall distribute to the point of the mountain authority 50% of
577 the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7%
578 rate, on transactions occurring on the point of the mountain state land.
- 579 (c) The distribution under Subsection (17)(b) shall begin the next calendar quarter that
580 begins at least 90 days after the point of the mountain authority provides the
581 commission a map that:
- 582 (i) accurately describes the point of the mountain state land; and
583 (ii) the point of the mountain authority certifies as accurate.
- 584 (d) A distribution under Subsection (17)(b) with respect to additional land shall begin
585 the next calendar quarter that begins at least 90 days after the point of the mountain
586 authority provides the commission a map of point of the mountain state land that:
- 587 (i) accurately describes the point of the mountain state land, including the additional
588 land; and
589 (ii) the point of the mountain authority certifies as accurate.
- 590 (e)(i) Upon the payment in full of bonds secured by the sales and use tax revenue
591 distributed to the point of the mountain authority under Subsection (17)(b), the
592 point of the mountain authority shall immediately notify the commission in
593 writing that the bonds are paid in full.
- 594 (ii) The commission shall discontinue distributions of sales and use tax revenue under
595 Subsection (17)(b) at the beginning of the calendar quarter that begins at least 90
596 days after the date that the commission receives the written notice under
597 Subsection (17)(e)(i).
- 598 (18)(a) As used in this Subsection (18):
- 599 (i) "Applicable percentage" means:
- 600 (A) for a housing and transit reinvestment zone created under Title 63N, Chapter
601 3, Part 6, Housing and Transit Reinvestment Zone Act, 15% of the revenue
602 from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate
603 for sales occurring within the qualified development zone described in
604 Subsection (18)(a)(ii)(A);
- 605 (B) for the Utah Fairpark Area Investment and Restoration District created in

- 606 Section 11-70-201, the revenue from the sales and use tax imposed by
607 Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified
608 development zone described in Subsection (18)(a)(ii)(B); and
609 (C) for the Point of the Mountain State Land Authority created in Section
610 11-59-201, 50% of the revenue from sales and use tax imposed by Subsection
611 (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development
612 zone described in Subsection (18)(a)(ii)(C).
- 613 (ii) "Qualified development zone" means:
614 (A) the sales and use tax boundary of a housing and transit reinvestment zone
615 created under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment
616 Act;
617 (B) the district sales tax boundary as defined in Section 11-70-101 for the Utah
618 Fairpark Area Investment and Restoration District, created in Section
619 11-70-201; or
620 (C) the sales and use tax boundary of point of the mountain state land, as defined
621 in Section 11-59-102, under the Point of the Mountain State Land Authority
622 created in Section 11-59-201.
- 623 (iii) "Qualifying construction materials" means construction materials that are:
624 (A) delivered to a delivery outlet within a qualified development zone; and
625 (B) intended to be permanently attached to real property within the qualified
626 development zone.
- 627 (b) For a sale of qualifying construction materials, the commission shall distribute the
628 product calculated in Subsection (18)(c) to a qualified development zone if the seller
629 of the construction materials:
630 (i) establishes a delivery outlet with the commission within the qualified development
631 zone;
632 (ii) reports the sales of the construction materials to the delivery outlet described in
633 Subsection (18)(b)(i); and
634 (iii) does not report the sales of the construction materials on a simplified electronic
635 return.
- 636 (c) For the purposes of Subsection (18)(b), the product is equal to:
637 (i) the sales price or purchase price of the qualifying construction materials; and
638 (ii) the applicable percentage.
- 639 (19)(a) As used in this Subsection (19):

(i) "Applicable percentage" means the same as that term is defined in Subsection (18).

(ii) "Qualified development zone" means the same as that term is defined in Subsection (18).

(iii) "Schedule J sale" means a sale reported on State Tax Commission Form TC-62M, Schedule J or a substantially similar form as designated by the commission.

(b) Revenue generated from the applicable percentage by a Schedule J sale within a qualified development zone shall be deposited into the General Fund.

Section 3. Section **59-12-205** is amended to read:

59-12-205 (Effective 01/01/26). Ordinances to conform with statutory amendments -- Distribution of tax revenue -- Determination of population.

(1) To maintain in effect sales and use tax ordinances adopted pursuant to Section 59-12-204, a county, city, or town shall adopt amendments to the county's, city's, or town's sales and use tax ordinances:

(a) within 30 days of the day on which the state makes an amendment to an applicable provision of Part 1, Tax Collection; and

(b) as required to conform to the amendments to Part 1, Tax Collection.

(2)(a) Except as provided in Subsections (3) and (4) and subject to Subsection (5):

(i) 50% of each dollar collected from the sales and use tax authorized by this part shall be distributed to each county, city, and town on the basis of the percentage that the population of the county, city, or town bears to the total population of all counties, cities, and towns in the state; and

(ii)(A) except as provided in Subsections (2)(a)(ii)(B), (C), ~~[and]~~ (D), and (E),

50% of each dollar collected from the sales and use tax authorized by this part shall be distributed to each county, city, and town on the basis of the location of the transaction as determined under Sections 59-12-211 through 59-12-215;

(B) except as provided in Subsections (7) and (8), 50% of each dollar collected from the sales and use tax authorized by this part within a project area described in a project area plan adopted by the military installation development authority under Title 63H, Chapter 1, Military Installation Development Authority Act, shall be distributed to the military installation development authority created in Section 63H-1-201;

(C) except as provided in Subsections (7) and (8), beginning July 1, 2024, 20% of each dollar collected from the sales and use tax authorized by this part within a

- 674 project area under Title 11, Chapter 58, Utah Inland Port Authority Act, shall
675 be distributed to the Utah Inland Port Authority, created in Section 11-58-201;[
676 and]
- 677 (D) except as provided in Subsections (7) and (8), 50% of each dollar collected
678 from the sales and use tax authorized by this part within the lake authority
679 boundary, as defined in Section 11-65-101, shall be distributed to the Utah
680 Lake Authority, created in Section 11-65-201, beginning the next full calendar
681 quarter following the creation of the Utah Lake Authority[-] ; and
- 682 (E) except as provided in Subsections (7) and (8), beginning January 1, 2026, 50%
683 of each dollar collected from the sales and use tax authorized by this part
684 within the boundary of an eligible basic special district, as that term is defined
685 in Section 17B-1-1404, and if applicable, the boundary of a public
686 infrastructure district created by the eligible basic special district, shall be
687 distributed to the eligible basic special district.
- 688 (b) Subsection (2)(a)(ii)(C) does not apply to sales and use tax revenue collected before
689 July 1, 2022.
- 690 (3)(a) As used in this Subsection (3):
- 691 (i) "Eligible county, city, or town" means a county, city, or town that:
- 692 (A) for fiscal year 2012-13, received a tax revenue distribution under Subsection
693 (3)(b) equal to the amount described in Subsection (3)(b)(ii); and
- 694 (B) does not impose a sales and use tax under Section 59-12-2103 on or before
695 July 1, 2016.
- 696 (ii) "Minimum tax revenue distribution" means the total amount of tax revenue
697 distributions an eligible county, city, or town received from a tax imposed in
698 accordance with this part for fiscal year 2004-05.
- 699 (b) An eligible county, city, or town shall receive a tax revenue distribution for a tax
700 imposed in accordance with this part equal to the greater of:
- 701 (i) the payment required by Subsection (2); or
- 702 (ii) the minimum tax revenue distribution.
- 703 (4)(a) For purposes of this Subsection (4):
- 704 (i) "Annual local contribution" means the lesser of \$275,000 or an amount equal to
705 2.55% of the participating local government's tax revenue distribution amount
706 under Subsection (2)(a)(i) for the previous fiscal year.
- 707 (ii) "Participating local government" means a county or municipality, as defined in

- 708 Section 10-1-104, that is not an eligible municipality certified in accordance with
709 Section 35A-16-404.
- 710 (b) For revenue collected from the tax authorized by this part that is distributed on or
711 after January 1, 2019, the commission, before making a tax revenue distribution
712 under Subsection (2)(a)(i) to a participating local government, shall:
- 713 (i) adjust a participating local government's tax revenue distribution under Subsection
714 (2)(a)(i) by:
- 715 (A) subtracting an amount equal to one-twelfth of the annual local contribution for
716 each participating local government from the participating local government's
717 tax revenue distribution; and
- 718 (B) if applicable, reducing the amount described in Subsection (4)(b)(i)(A) by an
719 amount equal to one-twelfth of \$250 for each bed that is available at all
720 homeless shelters located within the boundaries of the participating local
721 government, as reported to the commission by the Office of Homeless Services
722 in accordance with Section 35A-16-405; and
- 723 (ii) deposit the resulting amount described in Subsection (4)(b)(i) into the Homeless
724 Shelter Cities Mitigation Restricted Account created in Section 35A-16-402.
- 725 (c) For a participating local government that qualifies to receive a distribution described
726 in Subsection (3), the commission shall apply the provisions of this Subsection (4)
727 after the commission applies the provisions of Subsection (3).
- 728 (5)(a) As used in this Subsection (5):
- 729 (i) "Annual dedicated sand and gravel sales tax revenue" means an amount equal to
730 the total revenue an establishment described in NAICS Code 327320, Ready-Mix
731 Concrete Manufacturing, of the 2022 North American Industry Classification
732 System of the federal Executive Office of the President, Office of Management
733 and Budget, collects and remits under this part for a calendar year.
- 734 (ii) "Sand and gravel" means sand, gravel, or a combination of sand and gravel.
- 735 (iii) "Sand and gravel extraction site" means a pit, quarry, or deposit that:
- 736 (A) contains sand and gravel; and
- 737 (B) is assessed by the commission in accordance with Section 59-2-201.
- 738 (iv) "Ton" means a short ton of 2,000 pounds.
- 739 (v) "Tonnage ratio" means the ratio of:
- 740 (A) the total amount of sand and gravel, measured in tons, sold during a calendar
741 year from all sand and gravel extraction sites located within a county, city, or

- 742 town; to
- 743 (B) the total amount of sand and gravel, measured in tons, sold during the same
- 744 calendar year from sand and gravel extraction sites statewide.
- 745 (b) For purposes of calculating the ratio described in Subsection (5)(a)(v), the
- 746 commission shall:
- 747 (i) use the gross sales data provided to the commission as part of the commission's
- 748 property tax valuation process; and
- 749 (ii) if a sand and gravel extraction site operates as a unit across municipal or county
- 750 lines, apportion the reported tonnage among the counties, cities, or towns based on
- 751 the percentage of the sand and gravel extraction site located in each county, city,
- 752 or town, as approximated by the commission.
- 753 (c)(i) Beginning July 2023, and each July thereafter, the commission shall distribute
- 754 from total collections under this part an amount equal to the annual dedicated sand
- 755 and gravel sales tax revenue for the preceding calendar year to each county, city,
- 756 or town in the same proportion as the county's, city's, or town's tonnage ratio for
- 757 the preceding calendar year.
- 758 (ii) The commission shall ensure that the revenue distributed under this Subsection
- 759 (5)(c) is drawn from each jurisdiction's collections in proportion to the
- 760 jurisdiction's share of total collections for the preceding 12-month period.
- 761 (d) A county, city, or town shall use revenue described in Subsection (5)(c) for class B
- 762 or class C roads.
- 763 (6)(a) Population figures for purposes of this section shall be based on the most recent
- 764 official census or census estimate of the United States Bureau of the Census.
- 765 (b) If a needed population estimate is not available from the United States Bureau of the
- 766 Census, population figures shall be derived from the estimate from the Utah
- 767 Population Committee.
- 768 (c) The population of a county for purposes of this section shall be determined only from
- 769 the unincorporated area of the county.
- 770 (7)(a) As used in this Subsection (7):
- 771 (i) "Applicable percentage" means:
- 772 (A) for a project area adopted by the military installation development authority
- 773 under Title 63H, Chapter 1, Military Installation Development Authority Act,
- 774 for sales occurring within a qualified development zone described in
- 775 Subsection (7)(a)(iii)(A):

- 776 (I) 50% of the revenue from the sales and use tax imposed under this part;
777 (II) 100% of the revenue from the sales and use tax imposed by the military
778 installation development authority under Section 59-12-401; and
779 (III) 100% of the revenue from the sales and use tax imposed by the military
780 installation development authority under Section 59-12-402; and
781 (B) for a project area under Title 11, Chapter 58, Utah Inland Port Authority Act,
782 for sales occurring within a qualified development zone described in
783 Subsection (7)(a)(iii)(B), 20% of the revenue from the sales and use tax under
784 this part;
785 (C) for the lake authority boundary, as defined in Section 11-65-101, for sales
786 occurring within the qualified development zone described in Subsection (7)
787 (a)(ii)(C), 50% of the revenue from the sales and use tax under this part;
788 (D) for the Utah Fairpark Area Investment and Restoration District, created in
789 Section 11-70-201, for sales occurring within the qualified development zone
790 described in Subsection (7)(a)(iii)(D), 100% of the revenue from the sales and
791 use tax imposed by the Utah Fairpark Area Investment and Restoration District
792 under Sections 59-12-401 and 59-12-402; and
793 (E) for an eligible basic special district created under Title 17B, Chapter 1, Part
794 14, Basic Special District, for sales occurring within a qualified development
795 zone described in Subsection (7)(a)(iii)(E), 50% of the revenue from the sales
796 and use tax imposed under this part.
797 (ii) "Eligible basic special district" means the same as that term is defined in Section
798 17B-1-1404.
799 (iii) "Qualified development zone" means the sales and use tax boundary of:
800 (A) a project area adopted by the military installation development authority under
801 Title 63H, Chapter 1, Military Installation Development Authority Act;
802 (B) a project area under Title 11, Chapter 58, Utah Inland Port Authority Act;
803 (C) the lake authority boundary, as defined in Section 11-65-101;
804 (D) the Utah Fairpark Investment and Restoration District, created in Section
805 11-70-201; or
806 (E) the area within the boundary of an eligible basic special district, and if
807 applicable, the boundary of a public infrastructure district created by the basic
808 special district.
809 (iv) "Qualifying construction materials" means construction materials that are:

- 810 (A) delivered to a delivery outlet within a qualified development zone; and
811 (B) intended to be permanently attached to real property within the qualified
812 development zone.
- 813 (b) For a sale of qualifying construction materials, the commission shall distribute the
814 product calculated in Subsection (7)(c) to a qualified development zone if the seller
815 of the construction materials:
- 816 (i) establishes a delivery outlet with the commission within the qualified development
817 zone;
- 818 (ii) reports the sales of the construction materials to the delivery outlet described in
819 Subsection (7)(b)(i); and
- 820 (iii) does not report the sales of the construction materials on a simplified electronic
821 return.
- 822 (c) For the purposes of Subsection (7)(b), the product is equal to:
- 823 (i) the sales price or purchase price of the qualifying construction materials; and
824 (ii) the applicable percentage.
- 825 (8)(a) As used in this Subsection (8):
- 826 (i) "Applicable percentage" means the same as that term is defined in Subsection (7).
827 (ii) "Qualified development zone" means the same as that term is defined in
828 Subsection (7).
- 829 (iii) "Schedule J sale" means a sale reported on State Tax Commission Form
830 TC-62M, Schedule J or a substantially similar form as designated by the
831 commission.
- 832 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
833 qualified development zone shall be distributed to the jurisdiction that would have
834 received the revenue in the absence of the qualified development zone.
- 835 Section 4. Section **59-12-401** is amended to read:
- 836 **59-12-401 (Effective 01/01/26). Resort communities tax authority for cities,**
837 **towns, and military installation development authority -- Base -- Rate -- Collection fees.**
- 838 (1)(a) In addition to other sales and use taxes, a city or town in which the transient room
839 capacity as defined in Section 59-12-405 is greater than or equal to 66% of the
840 municipality's permanent census population may impose a sales and use tax of up to
841 1.1% on the transactions described in Subsection 59-12-103(1) located within the city
842 or town.
- 843 (b) Notwithstanding Subsection (1)(a), a city or town may not impose a tax under this

section on:

- (i)(A) the sale of a motor vehicle, an aircraft, a watercraft, a modular home, a manufactured home, or a mobile home;
- (B) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104; and
- (C) except as provided in Subsection (1)(d), amounts paid or charged for food and food ingredients; ~~[or]~~

- (ii) transactions that occur in the district sales tax area, as defined in Subsection (4), if the fairpark district, as defined in Subsection (4), has imposed a tax under Subsection (4)~~[-]~~ ; or

- (iii) transactions that occur within a project area described in a project area plan adopted by the military installation development authority under Title 63H, Chapter 1, Military Installation Development Authority Act, if the military installation development authority has imposed a tax under Subsection (3).

- (c) For purposes of this Subsection (1), the location of a transaction shall be determined in accordance with Sections 59-12-211 through 59-12-215.

- (d) A city or town imposing a tax under this section shall impose the tax on the purchase price or the sales price for amounts paid or charged for food and food ingredients if the food and food ingredients are sold as part of a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients.

- (2)(a) An amount equal to the total of any costs incurred by the state in connection with the implementation of Subsection (1) which exceed, in any year, the revenues received by the state from its collection fees received in connection with the implementation of Subsection (1) shall be paid over to the state General Fund by the cities and towns which impose the tax provided for in Subsection (1).

- (b) Amounts paid under Subsection (2)(a) shall be allocated proportionally among those cities and towns according to the amount of revenue the respective cities and towns generate in that year through imposition of that tax.

- (3)(a) Subject to Section 63H-1-203, the military installation development authority created in Section 63H-1-201 may impose a tax under this section on the transactions described in Subsection 59-12-103(1) located within a project area described in a project area plan adopted by the authority under Title 63H, Chapter 1, Military Installation Development Authority Act, as though the authority were a city or a town.

- (b) For purposes of calculating the permanent census population within a project area, the board, as defined in Section 63H-1-102, shall:
- (i) use the actual number of permanent residents within the project area as determined by the board;
 - (ii) include in the calculation of transient room capacity the number, as determined by the board, of approved high-occupancy lodging units, recreational lodging units, special lodging units, and standard lodging units, even if the units are not constructed;
 - (iii) adopt a resolution verifying the population number; and
 - (iv) provide the commission any information required in Section 59-12-405.
- (c) Notwithstanding Subsection (1)(a), a board as defined in Section 63H-1-102 may impose the sales and use tax under this section if there are no permanent residents.
- (4)(a) As used in this Subsection (4):
- (i) "District sales tax area" means the same as that term is defined in Section 11-70-101.
 - (ii) "Fairpark district" means the Utah Fairpark Area Investment and Restoration District, created in Section 11-70-201.
 - (iii) "Fairpark district board" means the board of the fairpark district.
- (b) ~~[The]~~ Beginning October 1, 2024, the fairpark district, by resolution of the fairpark district board, may impose a tax under this section, as though the fairpark district were a city or town, on transactions described in Subsection 59-12-103(1)[:]
[~~(i)~~] located within the district sales tax area[; and] .
[~~(ii) that occur on or after October 1, 2024.~~]
- (c) For purposes of calculating the permanent census population within the district sales tax area, the fairpark district board shall:
- (i) use the actual number of permanent residents within the district sales tax area as determined by the fairpark district board;
 - (ii) include in the calculation of transient room capacity the number, as determined by the fairpark district board, of approved high-occupancy lodging units, recreational lodging units, special lodging units, and standard lodging units, even if the units are not constructed;
 - (iii) adopt a resolution verifying the population number; and
 - (iv) provide the commission any information required in Section 59-12-405.
- (d) Notwithstanding Subsection (1)(a), the fairpark district may impose the sales and use

tax under this section if there are no permanent residents within the district sales tax area.

Section 5. Section **59-12-402** is amended to read:

59-12-402 (Effective 01/01/26). Additional resort communities sales and use tax -- Base -- Rate -- Collection fees -- Resolution and voter approval requirements -- Election requirements -- Notice requirements -- Ordinance requirements -- Prohibition of military installation development authority imposition of tax.

(1)(a) Subject to Subsections (2) through (6), the governing body of a municipality in which the transient room capacity as defined in Section 59-12-405 is greater than or equal to 66% of the municipality's permanent census population may, in addition to the sales tax authorized under Section 59-12-401, impose an additional resort communities sales tax in an amount that is less than or equal to .5% on the transactions described in Subsection 59-12-103(1) located within the municipality.

(b) Notwithstanding Subsection (1)(a), the governing body of a municipality may not impose a tax under this section on:

(i)(A) the sale of a motor vehicle, an aircraft, a watercraft, a modular home, a manufactured home, or a mobile home;

(B) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104; and

(C) except as provided in Subsection (1)(d), amounts paid or charged for food and food ingredients; [or]

(ii) transactions that occur in the district sales tax area, as defined in Subsection 59-12-401(4), if the Utah Fairpark Area Investment and Restoration District, created in Section 11-70-201, has imposed a tax under Subsection (8)[-]; or

(iii) transactions that occur within a project area described in a project area plan adopted by the military installation development authority under Title 63H, Chapter 1, Military Installation Development Authority Act, if the military installation development authority has imposed a tax under Subsection (7).

(c) For purposes of this Subsection (1), the location of a transaction shall be determined in accordance with Sections 59-12-211 through 59-12-215.

(d) A municipality imposing a tax under this section shall impose the tax on the purchase price or sales price for amounts paid or charged for food and food ingredients if the food and food ingredients are sold as part of a bundled transaction attributable to food and food ingredients and tangible personal property other than

946 food and food ingredients.

947 (2)(a) An amount equal to the total of any costs incurred by the state in connection with
948 the implementation of Subsection (1) which exceed, in any year, the revenues
949 received by the state from its collection fees received in connection with the
950 implementation of Subsection (1) shall be paid over to the state General Fund by the
951 cities and towns which impose the tax provided for in Subsection (1).

952 (b) Amounts paid under Subsection (2)(a) shall be allocated proportionally among those
953 cities and towns according to the amount of revenue the respective cities and towns
954 generate in that year through imposition of that tax.

955 (3) To impose an additional resort communities sales tax under this section, the governing
956 body of the municipality shall:

957 (a) pass a resolution approving the tax; and

958 (b) except as provided in Subsection (6), obtain voter approval for the tax as provided in
959 Subsection (4).

960 (4) To obtain voter approval for an additional resort communities sales tax under
961 Subsection (3)(b), a municipality shall:

962 (a) hold the additional resort communities sales tax election during:

963 (i) a regular general election; or

964 (ii) a municipal general election; and

965 (b) post notice of the election for the municipality, as a class A notice under Section
966 63G-30-102, for at least 15 days before the day on which the election is held.

967 (5) An ordinance approving an additional resort communities sales tax under this section
968 shall provide an effective date for the tax as provided in Section 59-12-403.

969 (6)(a) Except as provided in Subsection (6)(b), a municipality is not subject to the voter
970 approval requirements of Subsection (3)(b) if, on or before January 1, 1996, the
971 municipality imposed a license fee or tax on businesses based on gross receipts
972 pursuant to Section 10-1-203.

973 (b) The exception from the voter approval requirements in Subsection (6)(a) does not
974 apply to a municipality that, on or before January 1, 1996, imposed a license fee or
975 tax on only one class of businesses based on gross receipts pursuant to Section
976 10-1-203.

977 (7) Subject to Subsection 63H-1-203(1), a military installation development authority
978 authorized to impose a resort communities tax under Section 59-12-401 may impose an
979 additional resort communities sales tax under this section as if the military installation

development authority were a municipality.

- (8) ~~[The]~~ On or after October 1, 2024, the Utah Fairpark Area Investment and Restoration District, created in Section 11-70-201, may impose an additional resort communities tax under this section on transactions that occur~~[;]~~
~~[(a)]~~ within the district sales tax area, as defined in Subsection 59-12-401(4)~~[:and]~~ , as if the district were a municipality.
~~[(b) that occur on or after October 1, 2024.]~~

Section 6. Section **63H-1-201** is amended to read:

63H-1-201 (Effective 05/07/25). Creation of military installation development authority -- Status and powers of authority -- Limitation.

- (1) There is created a military installation development authority.

- (2) The authority is:

- (a) an independent, nonprofit, separate body corporate and politic, with perpetual succession and statewide jurisdiction, whose purpose is to facilitate the development of land within a project area or on military land associated with a project area;
- (b) a political subdivision of the state; and
- (c) a public corporation, as defined in Section 63E-1-102.

- (3) The authority may:

- (a) facilitate the development of land within one or more project areas, including the ongoing operation of facilities within a project area, or development of military land associated with a project area;
- (b) sue and be sued;
- (c) enter into contracts generally;
- (d) by itself or through a subsidiary, buy, obtain an option upon, or otherwise acquire any interest in real or personal property:
 - (i) in a project area; or
 - (ii) outside a project area for public infrastructure and improvements, if the board considers the purchase, option, or other interest acquisition to be necessary for fulfilling the authority's development objectives;
- (e) sell, convey, grant, dispose of by gift, or otherwise dispose of any interest in real or personal property;
- (f) enter into a lease agreement on real or personal property, either as lessee or lessor:
 - (i) in a project area; or
 - (ii) outside a project area, if the board considers the lease to be necessary for

- 1014 fulfilling the authority's development objectives;
- 1015 (g) provide for the development of land within a project area or military land associated
- 1016 with the project area under one or more contracts;
- 1017 (h) exercise powers and perform functions under a contract, as authorized in the contract;
- 1018 (i) exercise exclusive police power within a project area to the same extent as though the
- 1019 authority were a municipality, including the collection of regulatory fees;
- 1020 (j) receive the property tax allocation and other taxes and fees as provided in this chapter;
- 1021 (k) accept financial or other assistance from any public or private source for the
- 1022 authority's activities, powers, and duties, and expend any funds so received for any of
- 1023 the purposes of this chapter;
- 1024 (l) borrow money, contract with, or accept financial or other assistance from the federal
- 1025 government, a public entity, or any other source for any of the purposes of this
- 1026 chapter and comply with any conditions of the loan, contract, or assistance;
- 1027 (m) issue bonds to finance the undertaking of any development objectives of the
- 1028 authority, including bonds under Title 11, Chapter 17, Utah Industrial Facilities and
- 1029 Development Act, and bonds under Title 11, Chapter 42, Assessment Area Act;
- 1030 (n) hire employees, including contract employees;
- 1031 (o) transact other business and exercise all other powers provided for in this chapter;
- 1032 (p) enter into a development agreement with a developer of land within a project area;
- 1033 (q) enter into an agreement with a political subdivision of the state under which the
- 1034 political subdivision provides one or more municipal services within a project area;
- 1035 (r) enter into an agreement with a private contractor to provide one or more municipal
- 1036 services within a project area;
- 1037 (s) provide for or finance an energy efficiency upgrade, a clean energy system, or
- 1038 electric vehicle charging infrastructure, as those terms are defined in Section
- 1039 11-42a-102, in accordance with Title 11, Chapter 42a, Commercial Property
- 1040 Assessed Clean Energy Act;
- 1041 (t) exercise powers and perform functions that the authority is authorized by statute to
- 1042 exercise or perform;
- 1043 (u) enter into an agreement with the federal government or an agency of the federal
- 1044 government under which the federal government or agency:
- 1045 (i) provides law enforcement services only to military land within a project area; and
- 1046 (ii) may enter into a mutual aid or other cooperative agreement with a law
- 1047 enforcement agency of the state or a political subdivision of the state;

(v) by itself or through a subsidiary, act as a facilitator under Title 63N, Chapter 13, Part 3, Facilitating Public-private Partnerships Act, to provide expertise and knowledge to another governmental entity interested in public-private partnerships;

(w) enter into an intergovernmental support agreement under Title 10, U.S.C. Sec. 2679 with the military to provide support services to the military in accordance with the agreement;

(x) act as a developer, or assist a developer chosen by the military, to develop military land as part of an enhanced use lease under Title 10, U.S.C. Sec. 2667;[~~and~~]

(y) develop public infrastructure and improvements[~~;~~] ; and

(z) enter into an agreement with the state or any agency of the state, including entering into an agreement to use revenue generated from a project area outside the project area, if the project area is on land owned by the state or the state armory board created in Section 39A-2-101.

(4) The authority may not itself provide law enforcement service or fire protection service within a project area but may enter into an agreement for one or both of those services, as provided in Subsection (3)(q).

(5) The authority shall provide support to a subsidiary that enters into an agreement under Subsection (3)(v) that the authority determines necessary for the subsidiary to fulfill the requirements of the agreement.

(6) Because providing procurement, utility, construction, and other services for use by a military installation, including providing public infrastructure and improvements for use or occupancy by the military, are core functions of the authority and are typically provided by a local government for the local government's own needs or use, these services provided by the authority for the military under this chapter are considered to be for the authority's own needs and use.

(7) A public infrastructure district created by the authority under Title 17D, Chapter 4, Public Infrastructure District Act, [~~is~~] may be a subsidiary of the authority.

Section 7. **Effective Date.**

(1) Except as provided in Subsection (2), this bill takes effect January 1, 2026.

(2) The actions affecting Section 63H-1-201 Effective 05/07/25 take effect on May 7, 2025.