

Jordan D. Teuscher proposes the following substitute bill:

Vehicle Sales Tax Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

Senate Sponsor:

LONG TITLE

General Description:

This bill enacts an income tax credit for sales and use tax paid on certain motor vehicles.

Highlighted Provisions:

This bill:

- creates an income tax credit for a portion of sales and use tax on the purchase price of the lower priced motor vehicle when a person buys and sells two motor vehicles in separate transactions or has an insurance claim on a totaled vehicle paid and purchases a replacement vehicle;
- provides the method for calculating the percentage of sales and use tax that is eligible for the income tax credit;
- creates a restricted account and provides for the restricted account's funding and distribution;
- imposes a late registration penalty if a person fails to pay the registration fee before the end of the month following the month in which registration expires;
- makes a new registration effective the same month as the previous registration's starting month;
- eliminates the cure period for a person found in violation of motor vehicle or vessel tax and fee requirements before being subject to a penalty;
- redirects penalties for violation of motor vehicle or vessel tax and fee requirements to the General Fund; 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:

- 41-1a-202 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 294
41-1a-203 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapter 279
41-1a-215 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapter 285
41-1a-416 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapter 251
41-1a-1201 (Effective 05/06/26) (Partially Repealed 07/01/29), as last amended by Laws of Utah 2025, Chapter 279
41-1a-1206 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapters 215, 279
41-12a-806 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapter 294

ENACTS:

- 59-1-104 (Effective 05/06/26)**, Utah Code Annotated 1953
59-7-628 (Effective 01/01/27), Utah Code Annotated 1953
59-10-1049 (Effective 01/01/27), Utah Code Annotated 1953

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

Section 1. Section **41-1a-202** is amended to read:

41-1a-202 (Effective 05/06/26). Definitions -- Vehicles exempt from registration -- Registration of vehicles after establishing residency.

(1) As used in this section:

- (a) "Designated agent" means the same as that term is ~~[defined in]~~ determined in accordance with Section 41-12a-803.
- (b) "Domicile" means the place:
- (i) where an individual has a fixed permanent home and principal establishment;
 - (ii) to which the individual if absent, intends to return; and
 - (iii) in which the individual and his family voluntarily reside, not for a special or temporary purpose, but with the intention of making a permanent home.
- (c)(i) "Resident" means any of the following:
- (A) an individual who:
 - (I) has established a domicile in this state;
 - (II) regardless of domicile, remains in this state for an aggregate period of six months or more during any calendar year;
 - (III) engages in a trade, profession, or occupation in this state or who accepts

- 63 employment in other than seasonal work in this state and who does not
64 commute into the state;
- 65 (IV) declares himself to be a resident of this state for the purpose of obtaining a
66 driver license or motor vehicle registration; or
- 67 (V) declares himself a resident of Utah to obtain privileges not ordinarily
68 extended to nonresidents, including going to school, or placing children in
69 school without paying nonresident tuition or fees; or
- 70 (B) any individual, partnership, limited liability company, firm, corporation,
71 association, or other entity that:
- 72 (I) maintains a main office, branch office, or warehouse facility in this state
73 and that bases and operates a motor vehicle in this state; or
- 74 (II) operates a motor vehicle in intrastate transportation for other than seasonal
75 work.
- 76 (ii) "Resident" does not include any of the following:
- 77 (A) a member of the military temporarily stationed in Utah;
- 78 (B) an out-of-state student, as classified by the institution of higher education,
79 enrolled with the equivalent of seven or more quarter hours, regardless of
80 whether the student engages in a trade, profession, or occupation in this state or
81 accepts employment in this state; and
- 82 (C) an individual domiciled in another state or a foreign country that:
- 83 (I) is engaged in public, charitable, educational, or religious services for a
84 government agency or an organization that qualifies for tax-exempt status
85 under Internal Revenue Code Section 501(c)(3);
- 86 (II) is not compensated for services rendered other than expense
87 reimbursements; and
- 88 (III) is temporarily in Utah for a period not to exceed 24 months.
- 89 (iii) Notwithstanding Subsections (1)(c)(i) and (ii), "resident" includes the owner of a
90 vehicle equipped with an automated driving system as defined in Section
91 41-26-102.1 if the vehicle is physically present in the state for more than 30
92 consecutive days in a calendar year.
- 93 (2)(a) Registration under this chapter is not required for any:
- 94 (i) vehicle registered in another state and owned by a nonresident of the state or
95 operating under a temporary registration permit issued by the division or a dealer
96 authorized by this chapter, driven or moved upon a highway in conformance with

- the provisions of this chapter relating to manufacturers, transporters, dealers, lien holders, or interstate vehicles;
- (ii) vehicle driven or moved upon a highway only for the purpose of crossing the highway from one property to another;
 - (iii) implement of husbandry, whether of a type otherwise subject to registration or not, that is only incidentally operated or moved upon a highway;
 - (iv) special mobile equipment;
 - (v) vehicle owned or leased by the federal government;
 - (vi) motor vehicle not designed, used, or maintained for the transportation of passengers for hire or for the transportation of property if the motor vehicle is registered in another state and is owned and operated by a nonresident of this state;
 - (vii) vehicle or combination of vehicles designed, used, or maintained for the transportation of persons for hire or for the transportation of property if the vehicle or combination of vehicles is registered in another state and is owned and operated by a nonresident of this state and if the vehicle or combination of vehicles has a gross laden weight of 26,000 pounds or less;
 - (viii) trailer of 750 pounds or less unladen weight and not designed, used, and maintained for hire for the transportation of property or person;
 - (ix) single-axle trailer unless that trailer is:
 - (A) a commercial vehicle;
 - (B) a trailer designed, used, and maintained for hire for the transportation of property or person; or
 - (C) a travel trailer, camping trailer, or fifth wheel trailer of 750 pounds or more laden weight;
 - (x) manufactured home or mobile home;
 - (xi) off-highway vehicle currently registered under Section 41-22-3 if the off-highway vehicle is:
 - (A) being towed;
 - (B) operated on a street or highway designated as open to off-highway vehicle use; or
 - (C) operated in the manner prescribed in Subsections 41-22-10.3(1) through (3);
 - (xii) off-highway implement of husbandry operated in the manner prescribed in Subsections 41-22-5.5(3) through (5);
 - (xiii) modular and prebuilt homes conforming to the uniform building code and

- 131 presently regulated by the United States Department of Housing and Urban
132 Development that are not constructed on a permanent chassis;
133 (xiv) electric assisted bicycle defined under Section 41-6a-102;
134 (xv) motor assisted scooter defined under Section 41-6a-102; or
135 (xvi) electric personal assistive mobility device defined under Section 41-6a-102.
- 136 (b) For purposes of an implement of husbandry as described in Subsection (2)(a)(iii),
137 incidental operation on a highway includes operation that is:
138 (i) transportation of raw agricultural materials or other agricultural related operations;
139 and
140 (ii) limited to 100 miles round trip on a highway.
- 141 (3)(a) Unless otherwise exempted under Subsection (2), registration under this chapter is
142 required for any motor vehicle, combination of vehicles, trailer, semitrailer, vintage
143 vehicle, or restored-modified vehicle within 60 days of the owner establishing
144 residency in this state.
- 145 (b)(i) The commission may contract with a designated agent described in Chapter
146 12a, Part 8, Uninsured Motorist Identification Database Program, to determine the
147 address for which a contract for owner's or operator's security pertaining to a
148 certain vehicle or vessel is tied.
- 149 (ii) If the information provided by the designated agent under Subsection (3)(b)(i)
150 indicates that the owner of a vehicle or vessel is a resident of this state, the
151 commission may investigate to ensure compliance with this chapter, Chapter 22,
152 Off-highway Vehicles, Title 59, Chapter 12, Sales and Use Tax Act, and Title 73,
153 Chapter 18, State Boating Act.
- 154 (c) If the commission's investigation described in Subsection (3)(b)(ii) determines that
155 the owner of the vehicle or vessel is not in compliance with this chapter, Chapter 22,
156 Off-highway Vehicles, Title 59, Chapter 12, Sales and Use Tax Act, or Title 73,
157 Chapter 18, State Boating Act, the commission[;]
158 ~~[(i) may impose a penalty on the owner of the vehicle or vessel of \$150; and]~~
159 ~~[(ii) shall provide notice of noncompliance to the owner of the vehicle or vessel and~~
160 ~~allow 60 days after the date on which the notice was issued for the owner of the~~
161 ~~vehicle or vessel to comply with the provisions identified in the commission's~~
162 ~~investigation described in Subsection (3)(b)(ii).]~~
163 ~~[(d) If the owner of a vehicle or vessel fails to comply as directed within the time period~~
164 ~~described in Subsection (3)(c), the commission created in Section 41-3-104 may] shall~~

- 165 impose on the owner of the vehicle or vessel a penalty equal to the greater of:
- 166 (i) if the commission finds there was an underpayment of tax under Title 59, Chapter
- 167 12, Sales and Use Tax Act, a penalty as provided in Subsection 59-1-401(7); or
- 168 (ii) ~~[\$500]~~ \$650.
- 169 ~~[(e)]~~ (d) Upon making a record of the commission's actions, and upon reasonable cause
- 170 shown, the commission may waive, reduce, or compromise ~~[any-]~~ the penalty
- 171 imposed under Subsection (3)(c)~~[-or-(3)(d)]~~.
- 172 ~~[(f)(i) The commission shall deposit money from a penalty under Subsections~~
- 173 ~~(3)(e)(i) and (3)(d)(ii) for failure to properly register or title a vehicle or vessel~~
- 174 ~~pursuant to this chapter, Chapter 22, Off-highway Vehicles, or Title 73, Chapter~~
- 175 ~~18, State Boating Act, into the Uninsured Motorist Identification Restricted~~
- 176 ~~Account created in Section 41-12a-806.]~~
- 177 ~~[(ii) The commission shall deposit money from a penalty under this Subsection~~
- 178 ~~(3)(d)(i) for failure to pay a sales and use tax under Title 59, Chapter 12, Sales and~~
- 179 ~~Use Tax Act, into the General Fund.]~~
- 180 (e) The commission shall deposit money from a penalty under this Subsection (3) into
- 181 the Motor Vehicle Sales Tax Restricted Account created in Section 59-1-104.
- 182 (4) A motor vehicle that is registered under Section 41-3-306 is exempt from the
- 183 registration requirements of this part for the time period that the registration under
- 184 Section 41-3-306 is valid.
- 185 (5) A vehicle that has been issued a nonrepairable certificate may not be registered under
- 186 this chapter.
- 187 Section 2. Section **41-1a-203** is amended to read:
- 188 **41-1a-203 (Effective 05/06/26). Prerequisites for registration, transfer of**
- 189 **ownership, or registration renewal.**
- 190 (1)(a) Except as provided in Subsections (1)(b) and (1)(c), the division shall mail a
- 191 notification to the owner of a vehicle at least 30 days before the date the vehicle's
- 192 registration is due to expire.
- 193 (b)(i) The division shall provide a process for a vehicle owner to choose to receive
- 194 electronic notification of the pending expiration of a vehicle's registration.
- 195 (ii) If a vehicle owner chooses electronic notification, the division shall notify by
- 196 email the owner of a vehicle at least 30 days before the date the vehicle's
- 197 registration is due to expire.
- 198 (c) If at the time the owner renews the vehicle registration, the previous registration

period has been expired at least 270 days, the division is not required to comply with the notification requirement described in Subsection (1)(a) for the next registration period.

(d) An individual may elect to receive notification through both electronic means and the mail.

(2) Except as otherwise provided, before registration of a vehicle, an owner shall:

(a) obtain an identification number inspection under Section 41-1a-204;

(b) obtain a certificate of emissions inspection, if required in the current year, as provided under Section 41-6a-1642;

(c) pay property taxes, the in lieu fee, or receive a property tax clearance under Section 41-1a-206 or 41-1a-207;

(d) pay the automobile driver education tax required by Section 41-1a-208;

(e) pay the applicable registration fee, including a late registration penalty, under Part 12, Fee and Tax Requirements;

(f) pay the uninsured motorist identification fee under Section 41-1a-1218, if applicable;

(g) pay the motor carrier fee under Section 41-1a-1219, if applicable;

(h) pay any applicable local emissions compliance fee under Section 41-1a-1223;

(i) pay the taxes applicable under Title 59, Chapter 12, Sales and Use Tax Act; and

(j) for a roadable aircraft, provide proof of registration of the roadable aircraft as an aircraft under Section 72-10-109.

(3) In addition to the requirements in Subsection (1), an owner of a vehicle that has not been previously registered or that is currently registered under a previous owner's name shall apply for a valid certificate of title in the owner's name before registration.

(4) The division may not issue a new registration, transfer of ownership, or registration renewal under Section 73-18-7 for a vessel or outboard motor that is subject to this chapter unless a certificate of title has been or is in the process of being issued in the same owner's name.

(5) The division may not issue a new registration, transfer of ownership, or registration renewal under Section 41-22-3 for an off-highway vehicle that is subject to this chapter unless a certificate of title has been or is in the process of being issued in the same owner's name.

(6) The division may not issue a registration renewal for a motor vehicle if the division has received a hold request for the motor vehicle for which a registration renewal has been requested as described in:

(a) Section 72-1-213.1; or

(b) Section 72-6-118.

Section 3. Section **41-1a-215** is amended to read:

41-1a-215 (Effective 05/06/26). Staggered registration dates -- Exceptions.

- (1)(a) Except as provided under Subsections (2) and (3), every vehicle registration, every registration card, and every registration plate issued under this chapter for the first registration of the vehicle in this state, continues in effect for a period of 12 months beginning with the first day of the calendar month of registration and does not expire until the last day of the same month in the following year.
- (b) If the last day of the registration period falls on a day in which the appropriate state or county offices are not open for business, the registration of the vehicle is extended to midnight of the next business day.
- (c)(i) The new registration shall retain the same expiration month as recorded on the original registration even if the registration has expired.
- (ii) The year of registration expiration shall be changed to reflect the renewed registration period.
- (2) The provisions of Subsection (1) do not apply to the following:
- (a) registration issued to government vehicles under Section 41-1a-221;
 - (b) registration issued to apportioned vehicles under Section 41-1a-301;
 - (c) multiyear registration issued under Section 41-1a-222;
 - (d) lifetime trailer registration issued under Section 41-1a-1206;
 - (e) partial year registration issued under Section 41-1a-1207;
 - (f) a six-month registration issued under Section 41-1a-215.5; or
 - (g) plates issued to a dealer, dismantler, manufacturer, remanufacturer, and transporter under Chapter 3, Part 5, Special Dealer License Plates.
- (3)(a) Upon application of the owner or lessee of a fleet of commercial vehicles not apportioned under Section 41-1a-301 and required to be registered in this state, the State Tax Commission may permit the vehicles to be registered for a registration period commencing on the first day of March, June, September, or December of any year and expiring on the last day of March, June, September, or December in the following year.
- (b) Upon application of the owner or lessee of a fleet of commercial vehicles apportioned under Section 41-1a-301 and required to be registered in this state, the State Tax Commission may permit the vehicles to be registered for a registration

period commencing on the first day of January, April, July, or October of any year and expiring on the last day of March, June, September, or December in the following year.

(c)(i) Upon application of the owner or lessee of a fleet of personal vehicles required to be registered in this state, the State Tax Commission may permit the vehicles to be registered for a registration period commencing on the first day of February, May, August, or November of any year and expiring on the last day of February, May, August, or November of the following year.

(ii) If the registration period for a personal vehicle is adjusted under Subsection (3)(c)(i), the registration fees for the adjustment are:

(A) 25% of the regular registration fees if the adjustment is for not more than three months;

(B) 50% of the regular registration fees if the adjustment is in excess of three months but not more than six months;

(C) 75% of the regular registration fees if the adjustment is in excess of six months but not more than nine months; and

(D) 100% of the regular registration fees if the adjustment is in excess of nine months but not more than 12 months.

(4) When the expiration of a registration plate is extended by affixing a registration decal to it, the expiration of the decal governs the expiration date of the plate.

Section 4. Section **41-1a-416** is amended to read:

41-1a-416 (Effective 05/06/26). Original issue license plates -- Alternative stickers -- Rulemaking.

(1) The owner of a motor vehicle that is a model year 1973 or older may apply to the division for permission to display an original issue license plate.

(2) An owner described in Subsection (1) shall:

(a) complete an application on a form provided by the division;

(b) supply and submit to the division for approval the original issue license plate that the owner intends to display on the motor vehicle; and

(c) pay the fees ~~[prescribed in]~~ and any applicable penalty required by Sections 41-1a-1206 and 41-1a-1211.

(3) Before approving an application described in this section, the division shall determine that the original issue license plate:

(a) is of a format and type issued by the state for use on a motor vehicle;

(b) has numbers and characters that are unique and do not conflict with existing license plate series in this state;

(c) is legible, durable, and otherwise in a condition that serves the purposes of this chapter; and

(d) is from the same year of issue as the model year of the motor vehicle on which the original issue license plate is to be displayed.

(4)(a) Except as provided in this section, the owner of a motor vehicle displaying an original issue license plate approved under this section is not exempt from any requirement described in this chapter.

(b) An original issue license plate approved under this section is exempt from:

(i) the provisions of Section 41-1a-401 regarding reflectorization; and

(ii) Section 41-1a-403.

(c) Notwithstanding Subsection (4)(a), if a motor vehicle displaying an original issue license plate is also a vintage vehicle as defined in Section 41-21-1, the motor vehicle qualifies for the same exemptions as a vintage vehicle.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division may make rules for the implementation of this section.

Section 5. Section **41-1a-1201** is amended to read:

41-1a-1201 (Effective 05/06/26) (Partially Repealed 07/01/29). Disposition of fees.

(1) All fees received and collected under this part shall be transmitted daily to the state treasurer.

(2) Except as provided in Subsections (3), (5), (6), (7), (8), and (9), Subsection 41-1a-1206(13), and Sections 41-1a-1205, 41-1a-1220, 41-1a-1221, 41-1a-1222, 41-1a-1223, and 41-1a-1603, all fees collected under this part shall be deposited into the Transportation Fund.

(3) Funds generated under Subsections 41-1a-1211(1)(b)(ii), (6)(b)(ii), (7), and (9), and Section 41-1a-1212 shall be deposited into the License Plate Restricted Account created in Section 41-1a-122.

(4)(a) Except as provided in Subsections (3) and (4)(b) and Section 41-1a-1205, the expenses of the commission in enforcing and administering this part shall be provided for by legislative appropriation from the revenues of the Transportation Fund.

(b) Three dollars of the registration fees imposed under Subsections 41-1a-1206(2)(a) and (b) for each vehicle registered for a six-month registration period under Section

41-1a-215.5 may be used by the commission to cover the costs incurred in enforcing and administering this part.

(c) Fifty cents of the registration fee imposed under Subsection 41-1a-1206(1)(i) for each vintage vehicle that has a model year of 1983 or newer may be used by the commission to cover the costs incurred in enforcing and administering this part.

(5)(a) The following portions of the registration fees imposed under Section 41-1a-1206 for each vehicle shall be deposited into the Transportation Investment Fund of 2005 created in Section 72-2-124:

(i) \$30 of the registration fees imposed under Subsections 41-1a-1206(1)(a), (1)(b), (1)(f), (4), and (7);

(ii) \$21 of the registration fees imposed under Subsections 41-1a-1206(1)(c)(i) and (1)(c)(ii);

(iii) \$2.50 of the registration fee imposed under Subsection 41-1a-1206(1)(e)(ii);

(iv) \$23 of the registration fee imposed under Subsection 41-1a-1206(1)(d)(i);

(v) \$24.50 of the registration fee imposed under Subsection 41-1a-1206(1)(e)(i);

(vi) \$1 of the registration fee imposed under Subsection 41-1a-1206(1)(d)(ii); and

(vii) \$17 of the registration fee imposed under Subsection 41-1a-1206(1)(j).

(b) The following portions of the registration fees collected for each vehicle registered for a six-month registration period under Section 41-1a-215.5 shall be deposited into the Transportation Investment Fund of 2005 created in Section 72-2-124:

(i) \$23.25 of each registration fee collected under Subsection 41-1a-1206(2)(a)(i); and

(ii) \$23 of each registration fee collected under Subsection 41-1a-1206(2)(a)(ii).

(6)(a) Ninety-four cents of each registration fee imposed under Subsections

41-1a-1206(1)(a) and (b) for each vehicle shall be deposited into the Public Safety

Restricted Account created in Section 53-3-106.

(b) Seventy-one cents of each registration fee imposed under Subsections

41-1a-1206(2)(a) and (b) for each vehicle registered for a six-month registration

period under Section 41-1a-215.5 shall be deposited into the Public Safety Restricted

Account created in Section 53-3-106.

(7)(a) One dollar of each registration fee imposed under Subsections 41-1a-1206(1)(a)

and (b) for each vehicle shall be deposited into the Motor Vehicle Safety Impact

Restricted Account created in Section 53-8-214.

(b) One dollar of each registration fee imposed under Subsections 41-1a-1206(2)(a) and

(b) for each vehicle registered for a six-month registration period under Section

41-1a-215.5 shall be deposited into the Motor Vehicle Safety Impact Restricted Account created in Section 53-8-214.

(8) Fifty cents of each registration fee imposed under Subsection 41-1a-1206(1)(a) for each motorcycle shall be deposited into the Brain and Spinal Cord Injury Fund created in Section 26B-1-318.

(9)(a) ~~[Beginning on January 1, 2024, subject]~~ Subject to Subsection (9)(b), \$2 of each registration fee imposed under Section 41-1a-1206 shall be deposited into the Rural Transportation Infrastructure Fund created in Section 72-2-133.

(b) ~~[Beginning on January 1, 2025, and each January 1 thereafter]~~ On each January 1, the amount described in Subsection (9)(a) shall be annually adjusted by taking the amount deposited the previous year and adding an amount equal to the greater of:

(i) an amount calculated by multiplying the amount deposited by the previous year by the actual percentage change during the previous fiscal year in the Consumer Price Index; and

(ii) 0.

(c) The amounts calculated as described in Subsection (9)(b) shall be rounded up to the nearest 1 cent.

(10) For a vehicle registered for a 24-month period as provided in Section 41-1a-215.5, the deposits under this section are double the amounts due for a 12-month registration of the same vehicle.

Section 6. Section **41-1a-1206** is amended to read:

41-1a-1206 (Effective 05/06/26). Registration fees -- Fees by gross laden weight.

(1) Except as provided in Subsections (2) and (3), at the time application is made for registration or renewal of registration of a vehicle or combination of vehicles under this chapter, a registration fee shall be paid to the division as follows:

(a) \$46.00 for each motorcycle;

(b) \$44 for each motor vehicle of 14,000 pounds or less gross laden weight, excluding motorcycles;

(c) unless the semitrailer or trailer is exempt from registration under Section 41-1a-202 or is registered under Section 41-1a-301:

(i) \$31 for each trailer or semitrailer over 750 pounds gross unladen weight; or

(ii) \$28.50 for each commercial trailer or commercial semitrailer of 750 pounds or less gross unladen weight;

(d)(i) \$53 for each farm truck over 14,000 pounds, but not exceeding 16,000 pounds

- gross laden weight; plus
- (ii) \$9 for each 2,000 pounds over 16,000 pounds gross laden weight;
- (e)(i) \$69.50 for each motor vehicle or combination of motor vehicles, excluding farm trucks, over 14,000 pounds, but not exceeding 16,000 pounds gross laden weight; plus
- (ii) \$19 for each 2,000 pounds over 16,000 pounds gross laden weight;
- (f)(i) \$69.50 for each park model recreational vehicle over 14,000 pounds, but not exceeding 16,000 pounds gross laden weight; plus
- (ii) \$19 for each 2,000 pounds over 16,000 pounds gross laden weight;
- (g) \$45 for each vintage vehicle that has a model year of 1983 or newer;
- (h) in addition to the fee described in Subsection (1)(b):
- (i) an amount equal to the road usage charge cap described in Section 72-1-213.1 for:
- (A) each electric motor vehicle; and
- (B) Each motor vehicle not described in this Subsection (1)(h) that is fueled exclusively by a source other than motor fuel, diesel fuel, natural gas, or propane;
- (ii) \$21.75 for each hybrid electric motor vehicle; and
- (iii) \$56.50 for each plug-in hybrid electric motor vehicle;
- (i) in addition to the fee described in Subsection (1)(g), for a vintage vehicle that has a model year of 1983 or newer, 50 cents; and
- (j) \$28.50 for each roadable aircraft.
- (2)(a) At the time application is made for registration or renewal of registration of a vehicle under this chapter for a six-month registration period under Section 41-1a-215.5, a registration fee shall be paid to the division as follows:
- (i) \$34.50 for each motorcycle; and
- (ii) \$33.50 for each motor vehicle of 14,000 pounds or less gross laden weight, excluding motorcycles.
- (b) In addition to the fee described in Subsection (2)(a)(ii), for registration or renewal of registration of a vehicle under this chapter for a six-month registration period under Section 41-1a-215.5 a registration fee shall be paid to the division as follows:
- (i) an amount equal to the road usage charge cap described in Section 72-1-213.1 for:
- (A) each electric motor vehicle; and
- (B) each motor vehicle not described in this Subsection (2)(b) that is fueled exclusively by a source other than motor fuel, diesel fuel, natural gas, or

- 437 propane;
- 438 (ii) \$16.50 for each hybrid electric motor vehicle; and
- 439 (iii) \$43.50 for each plug-in hybrid electric motor vehicle.
- 440 (3)(a) Beginning on January 1, 2024, at the time of registration:
- 441 (i) in addition to the amounts described in Subsections (1)(a), (1)(b), (1)(c)(i),
- 442 (1)(c)(ii), (1)(d)(i), (1)(e)(i), (1)(f)(i), (1)(g), (1)(h), (4)(a), and (7), the individual
- 443 shall also pay an additional \$7 as part of the registration fee; and
- 444 (ii) in addition to the amounts described in Subsection (2)(a), the individual shall also
- 445 pay an additional \$5 as part of the registration fee.
- 446 (b)(i) Beginning on January 1, 2019, the commission shall, on January 1, annually
- 447 adjust the registration fees described in Subsections (1)(a), (1)(b), (1)(c)(i),
- 448 (1)(c)(ii), (1)(d)(i), (1)(e)(i), (1)(f)(i), (1)(g), (1)(j), (2)(a), (3)(a), (4)(a), and (7),
- 449 by taking the registration fee rate for the previous year and adding an amount
- 450 equal to the greater of:
- 451 (A) an amount calculated by multiplying the registration fee of the previous year
- 452 by the actual percentage change during the previous fiscal year in the
- 453 Consumer Price Index; and
- 454 (B) 0.
- 455 (ii) Beginning on January 1, 2024, the commission shall, on January 1, annually
- 456 adjust the registration fees described in Subsections (1)(h)(ii) and (iii) and
- 457 (2)(b)(ii) and (iii) by taking the registration fee rate for the previous year and
- 458 adding an amount equal to the greater of:
- 459 (A) an amount calculated by multiplying the registration fee of the previous year
- 460 by the actual percentage change during the previous fiscal year in the
- 461 Consumer Price Index; and
- 462 (B) 0.
- 463 (c) The amounts calculated as described in Subsection (3)(b) shall be rounded up to the
- 464 nearest 25 cents.
- 465 (4)(a) The initial registration fee for a vintage vehicle that has a model year of 1982 or
- 466 older is \$40.
- 467 (b) A vintage vehicle that has a model year of 1982 or older is exempt from the renewal
- 468 of registration fees under Subsection (1).
- 469 (c) A vehicle with a Purple Heart special group license plate issued on or before
- 470 December 31, 2023, or issued in accordance with Part 16, Sponsored Special Group

License Plates, is exempt from the registration fees under Subsection (1).

(d) A camper is exempt from the registration fees under Subsection (1).

(5) If a motor vehicle is operated in combination with a semitrailer or trailer, each motor vehicle shall register for the total gross laden weight of all units of the combination if the total gross laden weight of the combination exceeds 14,000 pounds.

(6)(a) Registration fee categories under this section are based on the gross laden weight declared in the licensee's application for registration.

(b) Gross laden weight shall be computed in units of 2,000 pounds. A fractional part of 2,000 pounds is a full unit.

(7) The owner of a trailer described in Section 41-1a-228 may, as an alternative to registering under Subsection (1)(c), apply for and obtain a special registration and license plate, as provided in Section 41-1a-228, for a fee of \$130.

(8) For a vehicle registered for a 24-month period as provided in Section 41-1a-215.5, the fee amounts are double the amounts due for a 12-month registration of the same vehicle.

(9) Except as provided in Section 41-6a-1642, a truck may not be registered as a farm truck unless:

(a) the truck meets the definition of a farm truck under Section 41-1a-102; and

(b)(i) the truck has a gross vehicle weight rating of more than 14,000 pounds; or

(ii) the truck has a gross vehicle weight rating of 14,000 pounds or less and the owner submits to the division a certificate of emissions inspection or a waiver in compliance with Section 41-6a-1642.

(10) A violation of Subsection (9) is an infraction that shall be punished by a fine of not less than \$200.

(11) A motor vehicle registered as a street-legal all-terrain vehicle is:

(a) subject to the registration and other fees described in Section 41-22-9; and

(b) not required to pay an additional registration fee under this section.

(12) Trucks used exclusively to pump cement, bore wells, or perform crane services with a crane lift capacity of five or more tons, are exempt from 50% of the amount of the fees required for those vehicles under this section.

(13)(a) In addition to the registration fee this section requires, a late registration penalty shall be paid for each month that begins 30 or more days after the last day of the month in which a previous registration expires until the earlier of:

(i) eleven months of late registration penalties accrue; or

(ii) registration is renewed.

(b) The late registration penalty per month is equal to the amount listed as the suggested fine for a violation of Section 41-1a-1303 on the uniform fine schedule published by the Judicial Council in accordance with Section 76-3-301.5.

(c) A penalty is not due for a vehicle that was exempt from registration during the time period since the registration was due.

(d) The commission shall deposit the late registration penalty into the Motor Vehicle Sales Tax Restricted Account created in Section 59-1-104.

Section 7. Section **41-12a-806** is amended to read:

41-12a-806 (Effective 05/06/26). Restricted account -- Creation -- Funding -- Interest -- Purposes.

(1) There is created within the Transportation Fund a restricted account known as the "Uninsured Motorist Identification Restricted Account."

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

~~[(a) money received by the state under Subsection 41-1a-202(3);]~~

~~[(b)]~~ (a) money received by the state under Section 41-1a-1218, the uninsured motorist identification fee;

~~[(c)]~~ (b) money received by the state under Section 41-1a-1220, the registration reinstatement fee; and

~~[(d)]~~ (c) appropriations made to the account by the Legislature.

(3)(a) The account shall earn interest.

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

(4) The Legislature shall appropriate money from the account to:

(a) the department to fund the contract with the designated agent;

(b) the department to offset the costs to state and local law enforcement agencies of using the information for the purposes authorized under this part;

(c) the State Tax Commission to:

(i) offset the costs to the Motor Vehicle Division for revoking and reinstating vehicle registrations under Subsection 41-1a-110(2)(a)(ii); and

(ii) cover the contract and other costs of the designated agent for address verification described in Subsection 41-1a-202(3); and

(d) the department to reimburse a person for the costs of towing and storing the person's vehicle if:

(i) the person's vehicle was impounded in accordance with Subsection 41-1a-1101(4);

(ii) the impounded vehicle had owner's or operator's security in effect for the vehicle

- 539 at the time of the impoundment;
- 540 (iii) the database indicated that owner's or operator's security was not in effect for the
- 541 impounded vehicle; and
- 542 (iv) the department determines that the person's vehicle was wrongfully impounded.
- 543 (5) The Legislature may appropriate not more than \$2,000,000 annually from the account to
- 544 the Peace Officer Standards and Training Division, created under Section 53-6-103, for
- 545 use in law enforcement training, including training on the use of the Uninsured Motorist
- 546 Identification Database Program created under Part 8, Uninsured Motorist Identification
- 547 Database Program.
- 548 (6)(a) By following the procedures in Title 63G, Chapter 4, Administrative Procedures
- 549 Act, the department shall hold a hearing to determine whether a person's vehicle was
- 550 wrongfully impounded under Subsection 41-1a-1101(4).
- 551 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 552 division shall make rules establishing procedures for a person to apply for a
- 553 reimbursement under Subsection (4)(d).
- 554 (c) A person is not eligible for a reimbursement under Subsection (4)(d) unless the
- 555 person applies for the reimbursement within six months from the date that the motor
- 556 vehicle was impounded.

557 Section 8. Section **59-1-104** is enacted to read:

558 **59-1-104 (Effective 05/06/26). Motor Vehicle Sales Tax Restricted Account.**

- 559 (1) As used in this section, "account" means the Motor Vehicle Sales Tax Restricted
- 560 Account created in Subsection (2).
- 561 (2) There is created within the General Fund a restricted account known as the "Motor
- 562 Vehicle Sales Tax Restricted Account."
- 563 (3) The account shall be funded by the revenue deposited into the account in accordance
- 564 with Subsection (5).
- 565 (4)(a) The account shall earn interest.
- 566 (b) The interest described in Subsection (4)(a) shall be deposited into the General Fund.
- 567 (5) The commission shall deposit the penalties described in Subsections 41-1a-202(3) and
- 568 41-1a-1206(13) into the account.
- 569 (6) After notification from the commission, the Division of Finance shall transfer the
- 570 amount the commission projects in accordance with Subsections 59-7-628(5) and
- 571 59-10-1049(5) into the General Fund.

572 Section 9. Section **59-7-628** is enacted to read:

59-7-628 (Effective 01/01/27). Nonrefundable tax credit for sales tax paid on replacement vehicle.

(1) As used in this section:

(a) "Qualifying motor vehicle" means a motor vehicle that a person purchases:

(i) in a separate transaction:

(A) from the sale of another motor vehicle that is titled in Utah; and

(B) within 30 days before or after the date of the sale of the motor vehicle

described in Subsection (1)(a)(i)(A); or

(ii) within 30 days after an insurance company paid on a claim for a totaled motor vehicle.

(b) "Replacement vehicle" means a qualifying motor vehicle:

(i) titled in the state; and

(ii) for which the titleholder matches the titleholder of the motor vehicle described in:

(A) Subsection (1)(a)(i)(A) immediately before the sale; or

(B) Subsection (1)(a)(ii) at the time of the insurance claim.

(2) A taxpayer may claim a nonrefundable tax credit against liability due under this part if the taxpayer:

(a) purchases a replacement vehicle; and

(b) does not receive the sales and use tax exemption described in Subsection 59-12-104(17).

(3) The amount of the tax credit is equal to the product of:

(a) the percentage the commission calculates in accordance with Subsection (4); and

(b) the lesser of:

(i)(A) for a replacement vehicle that is a qualifying vehicle described in

Subsection (1)(a)(i), the amount calculated by multiplying the sales price listed

on the title for the qualifying motor vehicle described in Subsection (1)(a)(i)(A)

by the sales and use tax rate that applies to the replacement vehicle; or

(B) the amount calculated by multiplying the amount the insurance company paid

on the claim for a motor vehicle by the sales and use tax rate that applies to the

replacement vehicle; or

(ii) the actual sales and use tax paid for the replacement vehicle.

(4)(a) On October 1 of each year, the commission shall determine the percentage, for the current taxable year, of the tax credit described in this section by dividing the total amount of penalties deposited into the Motor Vehicle Sales Tax Restricted Account

during the past 12 months by the amount of sales and use taxes paid under Chapter 12, Sales and Use Tax Act, on motor vehicles during the past 12 months.

(b) If the calculation described in Subsection (4)(a) results in a percentage that is higher than 100%, the rate is 100%.

(5) The commission shall project the amount of reduced income tax revenue resulting from the credit described in this section and Section 59-10-1049 for the next taxable year and notify the Division of Finance of the amount.

(6) A taxpayer may carry forward, to the next three taxable years, the amount of the taxpayer's tax credit described in Subsection (2) that exceeds the taxpayer's income tax liability for the taxable year.

Section 10. Section **59-10-1049** is enacted to read:

59-10-1049 (Effective 01/01/27). Nonrefundable tax credit for sales tax paid on replacement vehicle.

(1) As used in this section:

(a) "Qualifying motor vehicle" means a motor vehicle that a person purchases:

(i) in a separate transaction:

(A) from the sale of another motor vehicle that is titled in Utah; and

(B) within 30 days before or after the date of the sale of the motor vehicle

described in Subsection (1)(a)(i)(A); or

(ii) within 30 days after an insurance company paid on a claim for a totaled motor vehicle.

(b) "Replacement vehicle" means a qualifying motor vehicle:

(i) titled in the state; and

(ii) for which the titleholder matches the titleholder of the motor vehicle described in:

(A) Subsection (1)(a)(i)(A) immediately before the sale; or

(B) Subsection (1)(a)(ii) at the time of the insurance claim.

(2) A claimant, estate, or trust may claim a nonrefundable tax credit against liability due under this part if the claimant, estate, or trust:

(a) purchases a replacement vehicle; and

(b) does not receive the sales and use tax exemption described in Subsection

59-12-104(17).

(3) The amount of the tax credit is equal to the product of:

(a) the percentage the commission calculates in accordance with Subsection (4); and

(b) the lesser of:

- (i)(A) for a replacement vehicle that is a qualifying vehicle described in Subsection (1)(a)(i), the amount calculated by multiplying the sales price listed on the title for the motor vehicle described in Subsection (1)(a)(i)(A) by the sales and use tax rate that applies to the replacement vehicle; or
- (B) the amount calculated by multiplying the amount the insurance company paid on the claim for a motor vehicle by the sales and use tax rate that applies to the replacement vehicle; or
- (ii) the actual sales and use tax paid for the replacement vehicle.

(4)(a) On October 1 of each year, the commission shall determine the percentage, for the current taxable year, of the tax credit described in this section by dividing the total amount of penalties deposited into the Motor Vehicle Sales Tax Restricted Account during the past 12 months by the amount of sales and use taxes paid under Chapter 12, Sales and Use Tax Act, on motor vehicles during the past 12 months.

(b) If the calculation described in Subsection (4)(a) results in a percentage that is higher than 100%, the rate is 100%.

(5) The commission shall project the amount of reduced income tax revenue resulting from the credit described in this section and Section 59-7-628 for the next taxable year and notify the Division of Finance of the amount.

(6) A claimant, estate, or trust may carry forward, to the next three taxable years, the amount of the claimant's, estate's, or trust's tax credit described in Subsection (2) that exceeds the claimant's, estate's, or trust's income tax liability for the taxable year.

Section 11. Effective Date.

(1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.

(2) The actions affecting the following sections take effect for a future taxable year beginning on or after January 1, 2027:

(a) Section 59-7-628 (Effective 01/01/27); and

(b) Section 59-10-1049 (Effective 01/01/27).