

1 **Local Sales Tax Distribution Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Nate Blouin

House Sponsor:

2 **LONG TITLE**

3 **General Description:**

4 This bill addresses the distribution of local sales tax revenue.

5 **Highlighted Provisions:**

6 This bill:

7 ▶ provides for the total distribution of local sales tax revenue on the basis of transaction
8 location; and

9 ▶ makes technical and conforming changes.

10 **Money Appropriated in this Bill:**

11 None

12 **Other Special Clauses:**

13 This bill provides a special effective date.

14 **Utah Code Sections Affected:**

15 AMENDS:

16 **59-12-205**, as last amended by Laws of Utah 2025, Chapters 490, 495

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

18 Section 1. Section **59-12-205** is amended to read:

19 **59-12-205 . Ordinances to conform with statutory amendments -- Distribution of**
20 **tax revenue -- Determination of population.**

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

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

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

27 (2)[(a) Except as provided in Subsections (3), (4), and (5) and subject to Subsection (6):]

28 [(i) 50% of each dollar collected from the sales and use tax authorized by this part
29
30

31 shall be distributed to each county, city, and town on the basis of the percentage
 32 that the population of the county, city, or town bears to the total population of all
 33 counties, cities, and towns in the state; and]

34 [(ii)] (a)[(A)] (i) [except] Except as provided in Subsections [(2)(a)(ii)(B), (C), (D),
 35 (E), and (F)] (2)(a)(ii) through (vi), (3), (4), and (5), and subject to Subsection (6), [
 36 50%] 100% of each dollar collected from the sales and use tax authorized by this
 37 part shall be distributed to each county, city, and town on the basis of the location
 38 of the transaction as determined under Sections 59-12-211 through 59-12-215;

39 [(B)] (ii) except as provided in Subsections (10) through (13), 50% of each dollar
 40 collected from the sales and use tax authorized by this part within a project area
 41 described in a project area plan adopted by the military installation development
 42 authority under Title 63H, Chapter 1, Military Installation Development Authority
 43 Act, shall be distributed to the military installation development authority created
 44 in Section 63H-1-201;

45 [(C)] (iii) except as provided in Subsections (10) through (13), beginning July 1,
 46 2024, 20% of each dollar collected from the sales and use tax authorized by this
 47 part within a project area under Title 11, Chapter 58, Utah Inland Port Authority
 48 Act, shall be distributed to the Utah Inland Port Authority, created in Section
 49 11-58-201;

50 [(D)] (iv) except as provided in Subsections (10) through (13), 50% of each dollar
 51 collected from the sales and use tax authorized by this part within the lake
 52 authority boundary, as defined in Section 11-65-101, shall be distributed to the
 53 Utah Lake Authority, created in Section 11-65-201, beginning the next full
 54 calendar quarter following the creation of the Utah Lake Authority;[-and]

55 [(E)] (v) except as provided in Subsections (10) through (13), beginning January 1,
 56 2026, 50% of each dollar collected from the sales and use tax authorized by this
 57 part within the boundary of an eligible basic special district, as that term is defined
 58 in Section 17B-1-1405, and if applicable, the boundary of a public infrastructure
 59 district created by the eligible basic special district, shall be distributed to the
 60 eligible basic special district[-] ; and

61 [(F)] (vi) except as provided in Subsections (10) through (13), beginning the first day
 62 of a calendar quarter after the sales and use tax boundary for a major sporting
 63 event venue zone is established, the commission, at least annually, shall transfer
 64 an amount equal to 50% of the sales and use tax increment, as defined in Section

65 63N-3-1701, from the sales and use tax imposed under this part on transactions
 66 occurring within a sales and use tax boundary, as defined in Section 63N-3-1710,
 67 to the creating entity of the major sporting event venue zone.

68 (b) Subsection [~~(2)(a)(ii)(C)~~] (2)(a)(iii) does not apply to sales and use tax revenue
 69 collected before July 1, 2022.

70 (3) Beginning no sooner than January 1, 2026, and before application of Subsections (2), (4),
 71 (5), and (6), and except as provided in Subsections (8) and (9), and as described in
 72 Section 63N-3-610.1, beginning the first day of a calendar quarter after the year set in
 73 the proposal and after the sales and use tax boundary for a convention center
 74 reinvestment zone is established under Title 63N, Chapter 3, Part 6, Housing and Transit
 75 Reinvestment Zone Act, the commission, at least annually, shall transfer an amount
 76 equal to 100% of the sales and use tax increment, as defined in Section 63N-3-602, from
 77 the sales and use tax imposed under this part on transactions occurring within an
 78 established sales and use tax boundary, as defined in Section 63N-3-602, to the entity
 79 specified in the convention center reinvestment zone proposal submitted [~~pursuant to~~] in
 80 accordance with Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone
 81 Act.

82 (4)(a) As used in this Subsection (4):

83 (i) "Eligible county, city, or town" means a county, city, or town that:

- 84 (A) for fiscal year 2012-13, received a tax revenue distribution under Subsection
- 85 (4)(b) equal to the amount described in Subsection (4)(b)(ii); and
- 86 (B) does not impose a sales and use tax under Section 59-12-2103 on or before
- 87 July 1, 2016.

88 (ii) "Minimum tax revenue distribution" means the total amount of tax revenue
 89 distributions an eligible county, city, or town received from a tax imposed in
 90 accordance with this part for fiscal year 2004-05.

91 (b) An eligible county, city, or town shall receive a tax revenue distribution for a tax
 92 imposed in accordance with this part equal to the greater of:

- 93 (i) the payment required by Subsection (2); or
- 94 (ii) the minimum tax revenue distribution.

95 (c) For an eligible county, city, or town that qualifies to receive a distribution described
 96 in this Subsection (4), the commission shall apply the provisions of this Subsection
 97 (4) after the commission applies the provisions of Subsection (3).

98 (5)(a) For purposes of this Subsection (5):

- 99 (i) "Annual local contribution" means the lesser of \$275,000 or an amount equal to
100 2.55% of the participating local government's tax revenue distribution amount
101 under Subsection (2)(a)(i) for the previous fiscal year.
- 102 (ii) "Participating local government" means a county or municipality, as defined in
103 Section 10-1-104, that is not an eligible municipality certified in accordance with
104 Section 35A-16-404.
- 105 (b) For revenue collected from the tax authorized by this part that is distributed on or
106 after January 1, 2019, the commission, before making a tax revenue distribution
107 under Subsection (2)(a)(i) to a participating local government, shall:
- 108 (i) adjust a participating local government's tax revenue distribution under Subsection
109 (2)(a)(i) by:
- 110 (A) subtracting an amount equal to one-twelfth of the annual local contribution for
111 each participating local government from the participating local government's
112 tax revenue distribution; and
- 113 (B) if applicable, reducing the amount described in Subsection (5)(b)(i)(A) by an
114 amount equal to one-twelfth of \$250 for each bed that is available at all
115 homeless shelters located within the boundaries of the participating local
116 government, as reported to the commission by the Office of Homeless Services
117 in accordance with Section 35A-16-405; and
- 118 (ii) deposit the resulting amount described in Subsection (5)(b)(i) into the Homeless
119 Shelter Cities Mitigation Restricted Account created in Section 35A-16-402.
- 120 (c) For a participating local government that qualifies to receive a distribution described
121 in Subsection (4), the commission shall apply the provisions of this Subsection (5)
122 after the commission applies the provisions of Subsections (3) and (4).
- 123 (6)(a) As used in this Subsection (6):
- 124 (i) "Annual dedicated sand and gravel sales tax revenue" means an amount equal to
125 the total revenue an establishment described in NAICS Code 327320, Ready-Mix
126 Concrete Manufacturing, of the 2022 North American Industry Classification
127 System of the federal Executive Office of the President, Office of Management
128 and Budget, collects and remits under this part for a calendar year.
- 129 (ii) "Sand and gravel" means sand, gravel, or a combination of sand and gravel.
- 130 (iii) "Sand and gravel extraction site" means a pit, quarry, or deposit that:
- 131 (A) contains sand and gravel; and
- 132 (B) is assessed by the commission in accordance with Section 59-2-201.

- 133 (iv) "Ton" means a short ton of 2,000 pounds.
- 134 (v) "Tonnage ratio" means the ratio of:
- 135 (A) the total amount of sand and gravel, measured in tons, sold during a calendar
- 136 year from all sand and gravel extraction sites located within a county, city, or
- 137 town; to
- 138 (B) the total amount of sand and gravel, measured in tons, sold during the same
- 139 calendar year from sand and gravel extraction sites statewide.
- 140 (b) For purposes of calculating the ratio described in Subsection (6)(a)(v), the
- 141 commission shall:
- 142 (i) use the gross sales data provided to the commission as part of the commission's
- 143 property tax valuation process; and
- 144 (ii) if a sand and gravel extraction site operates as a unit across municipal or county
- 145 lines, apportion the reported tonnage among the counties, cities, or towns based on
- 146 the percentage of the sand and gravel extraction site located in each county, city,
- 147 or town, as approximated by the commission.
- 148 (c)(i) Each July, the commission shall distribute from total collections under this part
- 149 an amount equal to the annual dedicated sand and gravel sales tax revenue for the
- 150 preceding calendar year to each county, city, or town in the same proportion as the
- 151 county's, city's, or town's tonnage ratio for the preceding calendar year.
- 152 (ii) The commission shall ensure that the revenue distributed under this Subsection
- 153 (6)(c) is drawn from each jurisdiction's collections in proportion to the
- 154 jurisdiction's share of total collections for the preceding 12-month period.
- 155 (d) A county, city, or town shall use revenue described in Subsection (6)(c) for class B
- 156 or class C roads.
- 157 (7)(a) Population figures for purposes of this section shall be based on, to the extent not
- 158 otherwise required by federal law:
- 159 (i) the most recent estimate from the Utah Population Committee created in Section
- 160 63C-20-103; or
- 161 (ii) if the Utah Population Committee estimate is not available for each municipality
- 162 and unincorporated area, the adjusted sub-county population estimate provided by
- 163 the Utah Population Committee in accordance with Section 63C-20-104.
- 164 (b) The population of a county for purposes of this section shall be determined only
- 165 from the unincorporated area of the county.
- 166 (8)(a) As used in Subsections (8) and (9):

- 167 (i) "Applicable percentage" means, for a convention center reinvestment zone created
168 under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act,
169 for sales occurring within the qualified development zone described in Subsection
170 (8)(a)(ii), 100% of the sales and use tax increment, as that term is defined in
171 Section 63N-3-602, from the sales and use tax:
- 172 (A) imposed by a city of the first class in a county of the first class under this part;
 - 173 (B) imposed by a city of the first class in a county of the first class under Section
174 59-12-402.1;
 - 175 (C) imposed by a county of the first class under Section 59-12-1102; and
 - 176 (D) imposed by a county of the first class under Part 22, Local Option Sales and
177 Use Taxes for Transportation Act.
- 178 (ii) "Qualified development zone" means the sales and use tax boundary of a
179 convention center reinvestment zone created under Title 63N, Chapter 3, Part 6,
180 Housing and Transit Reinvestment Zone Act.
- 181 (iii) "Qualifying construction materials" means construction materials that are:
- 182 (A) delivered to a delivery outlet within a qualified development zone; and
 - 183 (B) intended to be permanently attached to real property within the qualified
184 development zone.
- 185 (b) For a sale of qualifying construction materials, the commission shall distribute the
186 product calculated in Subsection (8)(c) to a qualified development zone if the seller
187 of the construction materials:
- 188 (i) establishes a delivery outlet with the commission within the qualified development
189 zone;
 - 190 (ii) reports the sales of the construction materials to the delivery outlet described in
191 Subsection (8)(b)(i); and
 - 192 (iii) does not report the sales of the construction materials on a simplified electronic
193 return.
- 194 (c) For the purposes of Subsection (8)(b), the product is equal to:
- 195 (i) the sales price or purchase price of the qualifying construction materials; and
 - 196 (ii) the applicable percentage.
- 197 (9)(a) As used in this Subsection (9), "Schedule J sale" means a sale reported on State
198 Tax Commission Form TC-62M, Schedule J, or a substantially similar form as
199 designated by the commission.
- 200 (b) Revenue generated from the applicable percentage by a Schedule J sale within a

201 qualified development zone shall be distributed into the jurisdiction that would have
 202 received the revenue in the absence of the qualified development zone.

203 (10)(a) As used in this Subsection (10):

204 (i) "Applicable percentage" means:

205 (A) for a project area adopted by the military installation development authority
 206 under Title 63H, Chapter 1, Military Installation Development Authority Act,
 207 for sales occurring within a qualified development zone described in
 208 Subsection (10)(a)(iii)(A):

209 (I) 50% of the revenue from the sales and use tax imposed under this part;

210 (II) 100% of the revenue from the sales and use tax imposed by the military
 211 installation development authority under Section 59-12-401; and

212 (III) 100% of the revenue from the sales and use tax imposed by the military
 213 installation development authority under Section 59-12-402; ~~and~~

214 (B) for a project area under Title 11, Chapter 58, Utah Inland Port Authority Act,
 215 for sales occurring within a qualified development zone described in
 216 Subsection (10)(a)(iii)(B), 20% of the revenue from the sales and use tax under
 217 this part;

218 (C) for the lake authority boundary, as defined in Section 11-65-101, for sales
 219 occurring within the qualified development zone described in Subsection
 220 (10)(a)(ii)(C), 50% of the revenue from the sales and use tax under this part;

221 (D) for the Utah Fairpark Area Investment and Restoration District, created in
 222 Section 11-70-201, for sales occurring within the qualified development zone
 223 described in Subsection (10)(a)(iii)(D), 100% of the revenue from the sales and
 224 use tax imposed by the Utah Fairpark Area Investment and Restoration District
 225 under Sections 59-12-401 and 59-12-402; and

226 (E) for an eligible basic special district created under Title 17B, Chapter 1, Part 14,
 227 Basic Special District, for sales occurring within a qualified development zone
 228 described in Subsection (10)(a)(iii)(E), 50% of the revenue from the sales and
 229 use tax imposed under this part[;] .

230 (ii) "Eligible basic special district" means the same as that term is defined in Section
 231 17B-1-1405.

232 (iii) "Qualified development zone" means the sales and use tax boundary of:

233 (A) a project area adopted by the military installation development authority under
 234 Title 63H, Chapter 1, Military Installation Development Authority Act;

- 235 (B) a project area under Title 11, Chapter 58, Utah Inland Port Authority Act;
- 236 (C) the lake authority boundary, as defined in Section 11-65-101;
- 237 (D) the Utah Fairpark Investment and Restoration District, created in Section
- 238 11-70-201; or
- 239 (E) the area within the boundary of an eligible basic special district, and if
- 240 applicable, the boundary of a public infrastructure district created by the basic
- 241 special district;
- 242 (iv) "Qualifying construction materials" means construction materials that are:
- 243 (A) delivered to a delivery outlet within a qualified development zone; and
- 244 (B) intended to be permanently attached to real property within the qualified
- 245 development zone.
- 246 (b) For a sale of qualifying construction materials, the commission shall distribute the
- 247 product calculated in Subsection (10)(c) to a qualified development zone if the seller
- 248 of the construction materials:
- 249 (i) establishes a delivery outlet with the commission within the qualified development
- 250 zone;
- 251 (ii) reports the sales of the construction materials to the delivery outlet described in
- 252 Subsection (10)(b)(i); and
- 253 (iii) does not report the sales of the construction materials on a simplified electronic
- 254 return[; or] .
- 255 (c) For the purposes of Subsection (10)(b), the product is equal to:
- 256 (i) the sales price or purchase price of the qualifying construction materials; and
- 257 (ii) the applicable percentage.
- 258 (11)(a) As used in this Subsection (11):
- 259 (i) "Applicable percentage" means the same as that term is defined in Subsection (10).
- 260 (ii) "Qualified development zone" means the same as that term is defined in
- 261 Subsection (10).
- 262 (iii) "Schedule J sale" means a sale reported on State Tax Commission Form
- 263 TC-62M, Schedule J or a substantially similar form as designated by the
- 264 commission.
- 265 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
- 266 qualified development zone shall be distributed to the jurisdiction that would have
- 267 received the revenue in the absence of the qualified development zone.
- 268 (12)(a) As used in this Subsection (12):

- 269 (i) "Applicable percentage" means, for a major sporting event venue zone created
270 under Title 63N, Chapter 3, Part 17, Major Sporting Event Venue Zone Act, for
271 sales occurring within the qualified development zone described in Subsection
272 (12)(a)(ii):
273 (A) 50% of the sales and use tax increment, as that term is defined in Section
274 63N-3-601, from the sales and use tax imposed under this part;
275 (B) 100% of the revenue from the sales and use tax imposed by the creating entity
276 of a major sporting event venue zone under Section 59-12-401; and
277 (C) 100% of the revenue from the sales and use tax imposed by the creating entity
278 of a major sporting event venue zone under Section 59-12-402.
- 279 (ii) "Qualified development zone" means the sales and use tax boundary, as described
280 in Section 63N-3-1710, of a major sporting event venue zone created under Title
281 63N, Chapter 3, Part 17, Major Sporting Event Venue Zone Act.
- 282 (iii) "Qualifying construction materials" means construction materials that are:
283 (A) delivered to a delivery outlet within a qualified development zone; and
284 (B) intended to be permanently attached to real property within the qualified
285 development zone.
- 286 (b) For a sale of qualifying construction materials, the commission shall distribute the
287 product calculated in Subsection (12)(c) to the creating entity of a qualified
288 development zone if the seller of the construction materials:
289 (i) establishes a delivery outlet with the commission within the qualified development
290 zone;
291 (ii) reports the sales of the construction materials to the delivery outlet described in
292 Subsection (12)(b)(i); and
293 (iii) does not report the sales of the construction materials on a simplified electronic
294 return; or
- 295 (c) For the purposes of Subsection (12)(b), the product is equal to:
296 (i) the sales price or purchase price of the qualifying construction materials; and
297 (ii) the applicable percentage.
- 298 (13)(a) As used in this Subsection (13):
299 (i) "Applicable percentage" means the same as that term is defined in Subsection (12).
300 (ii) "Qualified development zone" means the same as that term is defined in
301 Subsection (12).
302 (iii) "Schedule J sale" means a sale reported on State Tax Commission Form

303 TC-62M, Schedule J or a substantially similar form as designated by the
304 commission.

305 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
306 qualified development zone shall be distributed to the jurisdiction that would have
307 received the revenue in the absence of the qualified development zone.

308 **Section 2. Effective Date.**

309 This bill takes effect on July 1, 2026.