

Proposed Legislation on Sales and Use Tax Diversion

Overview

- Utah Code Ann. § 59-12-103(4) provides that the lesser of 1/16% of the state sales or \$17,500,000 be used for certain uses (including water related projects) specified in statute. The proposed legislation would provide that revenues generated by the 1/16% state sales and use tax in excess of \$17,500,000 be deposited in the Water Resources Conservation and Development (WRCD) Fund for use in funding the Bear River (BR) development and the Lake Powell Pipeline (LPP).

Questions

Uses

- What should be the statutorily specified uses of the funds (e.g. rights of way acquisitions, land acquisition, engineering studies, environmental impact statements, building a reserve for construction)?

Control

- Who should determine how, when, and to which projects the funds are allocated?

Use of funds for other water projects

- If funds in a given year exceed the needs of the BR development and the LPP, should the funds be used for other water projects financed through the WRCD Fund? If yes:
 - Is there a demand for additional loans from the WRCD Fund? If yes, how much?
 - If funds are used for other water projects, do the WRCD Fund repayment terms (typically 20 years at 3%) match the timing and needs of the BR development and the LPP?
 - How and when should an accounting of mingled funds take place?

Matching funds

- Should participating entities be required to provide matching funds? If yes, how much?

