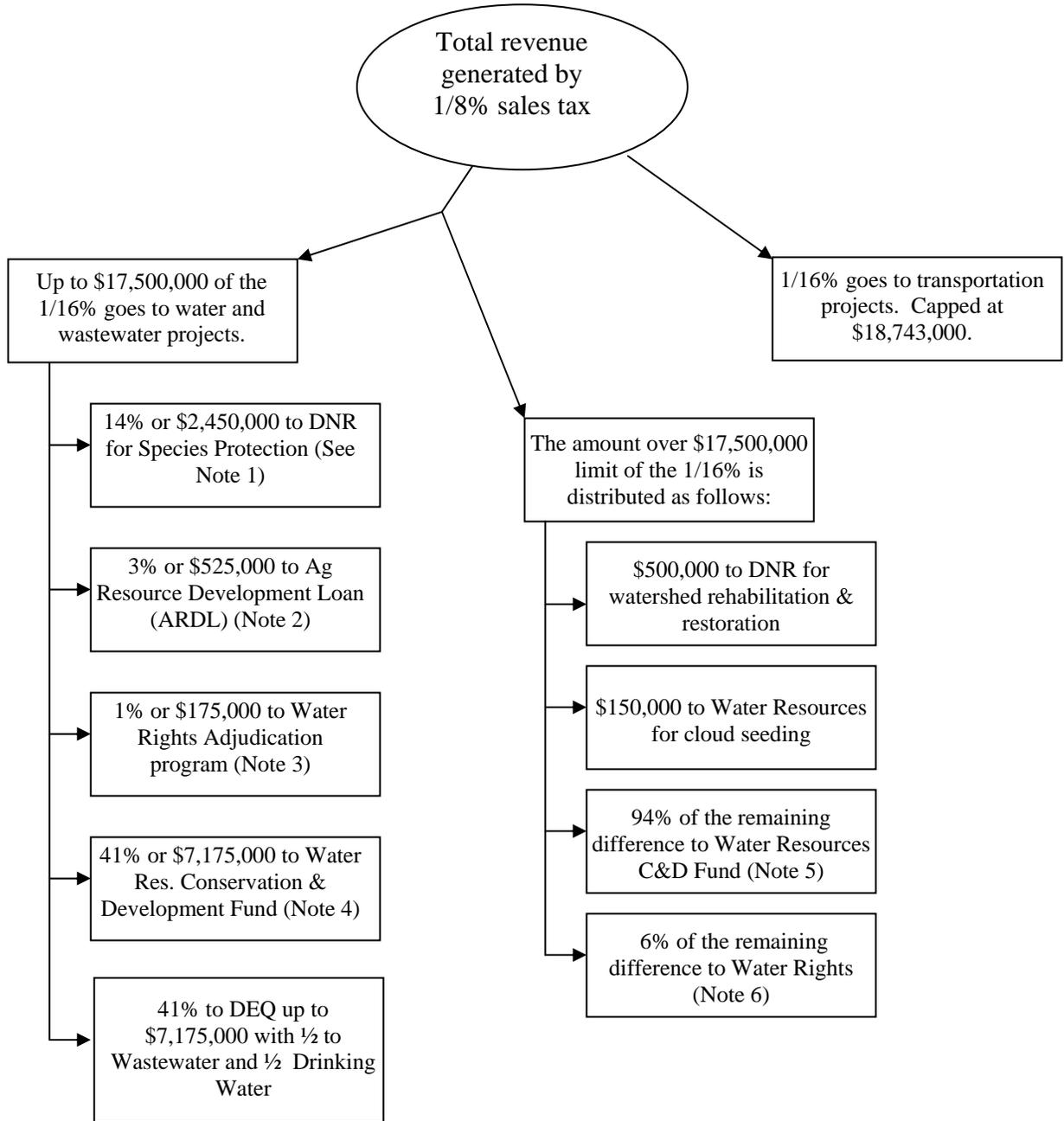


Distribution of 1/16% Sales Tax

UCA 59-12-103



Last updated: Spring 2008

Notes

Note 1: Species Protection Program

Prior to H.B. 6004, H.B. 275 (2000 General Session) authorized \$2.3 million to be distributed to DNR's Species Protection program. Prior to H.B.275, \$3 million of the funding distributed to Water Resources was passed through to the federal government for Central Utah Project (CUP) mitigation. The final CUP payment was made in FY 2001; the new payment for Species Protection began in FY 2002. H.B. 6004 changed the program's dedicated funding to \$2,450,000.

Note 2: Agriculture Resource Development Loan (ARDL) Fund

The ARDL was established as a revolving loan fund. House Bill 393, which passed during the 1996 legislative session, authorized \$500,000 to be added annually from the 1/16% sales tax revenue. This provides an automatic growth mechanism to the fund. Other funding sources include loan repayments and interest. Low interest loans may be made to farmers and ranchers for rangeland improvement, watershed protection, flood prevention, soil and water conservation, and energy efficient farming projects. Senate Bill 200 (2002 General Session) reduced the FY 2003 distribution by \$310,000 (one time). H.B. 6004 changed the program's dedicated funding to \$525,000.

Note 3: Division of Water Rights' Adjudication Program

Current statute requires that \$175,000 per year from the 1/16% sales tax go as dedicated credits to the Division of Water Rights to cover legal costs of water rights adjudication. In addition, the Adjudication program has been receiving an annual appropriation of approximately \$500,000 from the General Fund.

The Division of Water Rights has another connection to the 1/16% sales tax. The State Engineer oversees the Dam Safety program, which regulates the construction, repair, and long-term maintenance of dams. Some 350 dams are inspected annually. When the State Engineer requires a safety improvement, sales tax revenue may be used by the Board of Water Resources to finance the improvement. Approximately \$3.8 million of the sales tax revenue that goes to the Water Resources C&D Fund each year is granted for this purpose.

Note 4: Water Resources Conservation and Development Fund

Forty-one percent of the sales tax revenue goes to the Conservation and Development (C&D) Fund administered by the Board of Water Resources. The C&D Fund helps finance large multipurpose dams and water systems. The Board of Water Resources also administers two other loan funds: the Revolving Construction Fund (which includes dam safety) and the Cities Water Loan Fund.

Aside from construction, other statutory uses of the sales tax money include:

- Dam safety improvements. \$3.8 million has been transferred annually to the Revolving Construction Fund for grants to finance state-mandated dam safety improvements.

- Operating costs. Approximately \$2.2 million per year is transferred to the Water Resources operating budget to investigate applications and manage construction.

Note 5: 94% of the Remaining Difference to Water Resources C&D Fund

After transferring the \$500,000 to DNR watershed and \$150,000 to Water Resources for Cloudseeding, 94% of the remaining funds will be deposited in the Water Resources' Conservation and Development Fund for preconstruction costs for projects defined in the Bear River Development Act (Title 73, Chapter 26) and the Lake Powell Pipeline Development Act (Title 73, Chapter 28), the cost of a civil engineer to oversee the Bear River Development Project and the Lake Powell Pipeline Project (Title 59-12-103 (5)). Any unexpended monies are to be nonlapsing.

Note 6: 6% of the Remaining Difference to Water Rights

After transferring the \$500,000 to DNR watershed and \$150,000 to Water Resources for Cloudseeding, six percent of the remaining funds will be transferred each year as dedicated credits to Water Rights to cover the costs of additional technical staff for the administration of water rights. The unexpended funds over \$150,000 will lapse to the Water Resources C&D Fund.