

Representative David Ure proposes to substitute the following bill:

REPEAL OF SALES AND USE TAX

DIVERSION FOR OLYMPICS

1999 GENERAL SESSION

STATE OF UTAH

Sponsor: David Ure

AN ACT RELATING TO THE SALES AND USE TAX ACT; BEGINNING ON JULY 1, 1999, TERMINATING THE REQUIREMENT THAT CERTAIN REVENUES GENERATED UNDER THE LOCAL SALES AND USE TAX ACT BE DEPOSITED INTO THE OLYMPICS SPECIAL REVENUE FUND; BEGINNING ON AUGUST 30, 1999, REQUIRING CERTAIN SALES AND USE TAX REVENUES IN THE OLYMPIC SPECIAL REVENUE FUND AND INTEREST ON THOSE REVENUES TO BE DISTRIBUTED TO COUNTIES AND MUNICIPALITIES; AND MAKING TECHNICAL CHANGES.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

59-12-103, as last amended by Chapters 12, 202, 210, 270, 291 and 318, Laws of Utah 1998

59-12-204, as last amended by Chapter 261, Laws of Utah 1997

59-12-205, as last amended by Chapter 261, Laws of Utah 1997

63A-7-113, as enacted by Chapter 202, Laws of Utah 1998

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

Section 1. Section **59-12-103** is amended to read:

59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.

(1) There is levied a tax on the purchaser for the amount paid or charged for the following:

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

(b) amount paid to common carriers or to telephone or telegraph corporations, whether the

26 corporations are municipally or privately owned, for:

27 (i) all transportation;

28 (ii) intrastate telephone service; or

29 (iii) telegraph service;

30 (c) gas, electricity, heat, coal, fuel oil, or other fuels sold for commercial use;

31 (d) gas, electricity, heat, coal, fuel oil, or other fuels sold for residential use;

32 (e) meals sold;

33 (f) admission or user fees for theaters, movies, operas, museums, planetariums, shows of
34 any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses,
35 menageries, fairs, races, contests, sporting events, dances, boxing and wrestling matches, closed
36 circuit television broadcasts, billiard or pool parlors, bowling lanes, golf and miniature golf, golf
37 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis
38 courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback
39 rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or
40 athletic activity;

41 (g) services for repairs or renovations of tangible personal property or services to install
42 tangible personal property in connection with other tangible personal property;

43 (h) except as provided in Subsection 59-12-104(7), cleaning or washing of tangible
44 personal property;

45 (i) tourist home, hotel, motel, or trailer court accommodations and services for less than
46 30 consecutive days;

47 (j) laundry and dry cleaning services;

48 (k) leases and rentals of tangible personal property if the property situs is in this state, if
49 the lessee took possession in this state, or if the property is stored, used, or otherwise consumed
50 in this state;

51 (l) tangible personal property stored, used, or consumed in this state; and

52 (m) prepaid telephone calling cards.

53 (2) Except for Subsection (1)(d), the rates of the tax levied under Subsection (1) shall be:

54 (a) 5% through June 30, 1994;

55 (b) 4.875% beginning on July 1, 1994 through June 30, 1997; and

56 (c) 4.75% beginning on July 1, 1997.

57 (3) The rates of the tax levied under Subsection (1)(d) shall be 2% from and after January
58 1, 1990.

59 (4) (a) [~~From January 1, 1990, through December 31, 1999, there~~] There shall be deposited
60 in an Olympics special revenue fund or funds as determined by the Division of Finance under
61 Section 51-5-4, for the use of the Utah Sports Authority created under Title 63A, Chapter 7, Utah
62 Sports Authority Act:

63 (i) from January 1, 1990, through December 31, 1999, the amount of sales and use tax
64 generated by a 1/64% tax rate on the taxable items and services under Subsection (1);

65 (ii) from January 1, 1990, through June 30, 1999, the amount of revenue generated by a
66 1/64% tax rate under Section 59-12-204 or Section 59-12-205 on the taxable items and services
67 under Subsection (1); and

68 (iii) interest earned on the amounts under Subsections (4)(a)(i) and (ii).

69 (b) These funds shall be used:

70 (i) by the Utah Sports Authority as follows:

71 (A) to the extent funds are available, to transfer directly to a debt service fund or to
72 otherwise reimburse to the state any amount expended on debt service or any other cost of any
73 bonds issued by the state to construct any public sports facility as defined in Section 63A-7-103;

74 (B) to pay for the actual and necessary operating, administrative, legal, and other expenses
75 of the Utah Sports Authority, but not including protocol expenses for seeking and obtaining the
76 right to host the Winter Olympic Games; and

77 (C) unless the Legislature appropriates additional funds from the Olympics Special
78 Revenue Fund to the Utah Sports Authority, the Utah Sports Authority may not expend, loan, or
79 pledge in the aggregate more than:

80 (I) \$59,000,000 of sales and use tax deposited into the Olympics special revenue fund
81 under Subsection (4)(a);

82 (II) the interest earned on the amount described in Subsection (4)(b)(i)(C)(I); and

83 (III) the revenues deposited into the Olympics Special Revenue Fund that are not sales and
84 use taxes deposited under Subsection (4)(a) or interest on the sales and use taxes;

85 (ii) to pay salary, benefits, or administrative costs associated with the State Olympic
86 Officer under Subsection 63A-10-103(3), except that the salary, benefits, or administrative costs
87 may not be paid from the sales and tax revenues generated by municipalities or counties and

88 deposited under Subsection (4)(a)(ii).

89 (c) A payment of salary, benefits, or administrative costs under Subsection 63A-10-103(3)
90 is not considered an expenditure of the Utah Sports Authority.

91 (d) If the Legislature appropriates additional funds under Subsection (4)(b)(i)(C), the
92 authority may not expend, loan, pledge, or enter into any agreement to expend, loan, or pledge the
93 appropriated funds unless the authority:

94 (i) contracts in writing for the full reimbursement of the monies to the Olympics special
95 revenue fund by a public sports entity or other person benefitting from the expenditure; and

96 (ii) obtains a security interest that secures payment or performance of the obligation to
97 reimburse.

98 (e) A contract or agreement entered into in violation of Subsection (4)(d) is void.

99 (5) (a) From July 1, 1997, the annual amount of sales and use tax generated by a 1/8% tax
100 rate on the taxable items and services under Subsection (1) shall be used as follows:

101 (i) 50% shall be used for water and wastewater projects as provided in Subsections (5)(b)
102 through (f); and

103 (ii) 50% shall be used for transportation projects as provided in Subsections (5)(g) through
104 (h).

105 (b) Five hundred thousand dollars each year shall be transferred to the Agriculture
106 Resource Development Fund created in Section 4-18-6.

107 (c) Fifty percent of the remaining amount generated by 50% of the 1/8% tax rate shall be
108 transferred to the Water Resources Conservation and Development Fund created in Section
109 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed of the fund
110 under Section 73-10-24, the fund may also be used to:

111 (i) provide a portion of the local cost share, not to exceed in any fiscal year 50% of the
112 funds made available to the Division of Water Resources under this section, of potential project
113 features of the Central Utah Project;

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

119 (iii) fund state required dam safety improvements; and

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

122 (d) Twenty-five percent of the remaining amount generated by 50% of the 1/8% tax rate
123 shall be transferred to the Utah Wastewater Loan Program subaccount created in Section 73-10c-5
124 for use by the Water Quality Board to fund wastewater projects as defined in Section 73-10b-2.

125 (e) Twenty-five percent of the remaining amount generated by 50% of the 1/8% tax rate
126 shall be transferred to the Drinking Water Loan Program subaccount created in Section 73-10c-5
127 for use by the Division of Drinking Water to:

128 (i) provide for the installation and repair of collection, treatment, storage, and distribution
129 facilities for any public water system, as defined in Section 19-4-102;

130 (ii) develop underground sources of water, including springs and wells; and

131 (iii) develop surface water sources.

132 (f) Notwithstanding Subsections (5)(b), (c), (d), and (e), \$100,000 of the remaining amount
133 generated by 50% of the 1/8% tax rate each year shall be transferred as dedicated credits to the
134 Division of Water Rights to cover the costs incurred in hiring legal and other technical staff for the
135 adjudication of water rights. Any remaining balance at the end of each fiscal year shall lapse back
136 to the contributing funds on a prorated basis.

137 (g) Fifty percent of the 1/8% tax rate shall be transferred to the class B and class C roads
138 account to be expended as provided in Title 72, Chapter 2, Transportation Finances Act, for the
139 use of class B and C road funds except as provided in Subsection (5)(h).

140 (h) (i) If H.B. 53, "Transportation Corridor Preservation," passes in the 1996 General
141 Session, \$500,000 each year shall be transferred to the Transportation Corridor Preservation
142 Revolving Loan Fund, and if H.B. 121, "State Park Access Roads," passes in the 1996 General
143 Session, from July 1, 1997, through June 30, 2006, \$500,000 shall be transferred to the Department
144 of Transportation for the State Park Access Highways Improvement Program. The remaining
145 amount generated by 50% of the 1/8% tax rate shall be transferred to the class B and class C roads
146 account.

147 (ii) At least 50% of the money transferred to the Transportation Corridor Preservation
148 Revolving Loan Fund under Subsection (5)(h)(i) shall be used to fund loan applications made by
149 the Department of Transportation at the request of local governments.

150 (6) (a) Beginning on January 1, 2000, the Division of Finance shall deposit into the
151 Centennial Highway Fund created in Section 72-2-118 a portion of the state sales and use tax
152 under Subsections (2) and (3) equal to the revenues generated by a 1/64% tax rate on the taxable
153 items and services under Subsection (1).

154 (b) Beginning on [~~January 1, 2000~~] July 1, 1999, the revenues generated by the 1/64% tax
155 rate:

156 (i) retained under Subsection 59-12-204(7)(a) shall be retained by the counties, cities, or
157 towns as provided in Section 59-12-204; and

158 (ii) retained under Subsection 59-12-205(4)(a) shall be distributed to each county, city, and
159 town as provided in Section 59-12-205.

160 Section 2. Section **59-12-204** is amended to read:

161 **59-12-204. Sales and use tax ordinance provisions -- Tax rate -- Distribution of tax**
162 **revenues.**

163 (1) The tax ordinance adopted pursuant to this part shall impose a tax upon those items
164 listed in Section 59-12-103.

165 (2) Except as provided in Subsection 59-12-205(2), such tax ordinance shall include a
166 provision imposing a tax upon every retail sale of items listed in Section 59-12-103 made within
167 a county, including areas contained within the cities and towns thereof at the rate of 3/4% or any
168 fractional part of such 3/4% of the purchase price paid or charged.

169 (3) Such tax ordinance shall include provisions substantially the same as those contained
170 in Part 1, Tax Collection, insofar as they relate to sales or use tax, except that the name of the
171 county as the taxing agency shall be substituted for that of the state where necessary for the
172 purpose of this part and that an additional license is not required if one has been or is issued under
173 Section 59-12-106.

174 (4) Such tax ordinance shall include a provision that the county shall contract, prior to the
175 effective date of the ordinance, with the commission to perform all functions incident to the
176 administration or operation of the ordinance.

177 (5) Such tax ordinance shall include a provision that the sale, storage, use, or other
178 consumption of tangible personal property, the purchase price or the cost of which has been subject
179 to sales or use tax under a sales and use tax ordinance enacted in accordance with this part by any
180 county, city, or town in any other county in this state, shall be exempt from the tax due under this

181 ordinance.

182 (6) Such tax ordinance shall include a provision that any person subject to the provisions
183 of a city or town sales and use tax shall be exempt from the county sales and use tax if the city or
184 town sales and use tax is levied under an ordinance including provisions in substance as follows:

185 (a) a provision imposing a tax upon every retail sale of items listed in Section 59-12-103
186 made within the city or town at the rate imposed by the county in which it is situated pursuant to
187 Subsection (2);

188 (b) provisions substantially the same as those contained in Part 1, Tax Collection, insofar
189 as they relate to sales and use taxes, except that the name of the city or town as the taxing agency
190 shall be substituted for that of the state where necessary for the purposes of this part;

191 (c) a provision that the city or town shall contract prior to the effective date of the city or
192 town sales and use tax ordinance with the commission to perform all functions incident to the
193 administration or operation of the sales and use tax ordinance of the city or town;

194 (d) a provision that the sale, storage, use, or other consumption of tangible personal
195 property, the gross receipts from the sale of or the cost of which has been subject to sales or use
196 tax under a sales and use tax ordinance enacted in accordance with this part by any county other
197 than the county in which the city or town is located, or city or town in this state, shall be exempt
198 from the tax; and

199 (e) a provision that the amount of any tax paid under Part 1, Tax Collection, shall not be
200 included as a part of the purchase price paid or charged for a taxable item.

201 (7) (a) Notwithstanding any other provision of this section, from January 1, 1990, through
202 [~~December 31~~] June 30, 1999, the commission shall determine and retain the amount of revenue
203 generated by a 1/64% tax rate and deposit it in the Olympics Special Revenue Fund or funds
204 provided for in Subsection 59-12-103(4) for the purposes of the Utah Sports Authority described
205 in Title 63A, Chapter 7, Utah Sports Authority Act.

206 (b) Beginning on [~~January~~] July 1, [~~2000~~] 1999, the amount of revenue generated by the
207 1/64% tax rate under Subsection (7)(a) shall be retained by the county, city, or town levying a tax
208 under this section.

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

210 **59-12-205. Ordinances to conform with statutory amendments -- Distribution of tax**
211 **revenues.**

212 (1) Each county, city, and town, in order to maintain in effect sales and use tax ordinances
213 pursuant to this part, shall, within 30 days of any amendment of any applicable provisions of Part
214 1, Tax Collection, adopt amendments of their respective sales and use tax ordinances to conform
215 with the amendments to Part 1, Tax Collection, insofar as they relate to sales and use taxes.

216 (2) Any county, city, or town may distribute its sales or use tax revenues by means other
217 than point of sale or use by notifying the commission in writing of such decision, no later than 30
218 days before commencement of the next tax accrual period. After such notice is given, a county,
219 city, or town may increase the tax authorized by this part to a total of 1% from and after January
220 1, 1990, of the purchase price paid or charged, excluding a public transit sales and use tax as
221 provided in Section 59-12-501 and a resort communities sales tax as provided in Section
222 59-12-401. This tax shall be collected and distributed as follows:

223 (a) from July 1, 1992, through June 30, 1993, 45% of each dollar collected from the sales
224 and use tax authorized by this part shall be paid to each county, city, and town providing notice
225 under this section, based upon the percentage that the population of the county, city, or town bears
226 to the total population of all such entities providing notice under this section, and 55% based upon
227 the point of sale or use of the transaction; and

228 (b) from and after July 1, 1993, 50% of each dollar collected from the sales and use tax
229 authorized by this part shall be paid to each county, city, and town providing notice under this
230 section, based upon the percentage that the population of the county, city, or town bears to the total
231 population of all such entities providing notice under this section, and 50% based upon the point
232 of sale or use of the transaction.

233 (3) Notwithstanding any provision of Subsection (2), a county, city, or town that has given
234 notice under this section may not receive a tax revenue distribution less than 3/4 of 1% of the
235 taxable sales within its boundaries. The commission shall proportionally reduce quarterly
236 distributions to any county, city, or town, which, but for the reduction, would receive a distribution
237 in excess of 1% beginning January 1, 1990, of the sales and use tax revenue collected within its
238 boundaries.

239 (4) (a) Notwithstanding any other provision of this section, from January 1, 1990, through
240 [~~December 31~~] June 30, 1999, the commission shall determine and retain the amount of revenue
241 generated by a 1/64% tax rate and deposit it in the Olympics Special Revenue Fund or funds
242 provided for in Subsection 59-12-103(4) for the purposes of the Utah Sports Authority described

243 in Title 63A, Chapter 7, Utah Sports Authority Act.

244 (b) Beginning on [~~January~~] July 1, [2000] 1999, the amount of revenue generated by the
245 1/64% tax rate under Subsection (4)(a) shall be distributed to each county, city, and town as
246 provided in this section.

247 (5) (a) Population figures for purposes of this section shall be based on the most recent
248 official census or census estimate of the United States Bureau of the Census.

249 (b) If population estimates are not made for any county, city, or town by the United States
250 Bureau of Census, population figures shall be determined according to the biennial estimate from
251 the Utah Population Estimates Committee.

252 (6) The population of a county for purposes of this section shall be determined solely from
253 the unincorporated area of the county.

254 Section 4. Section **63A-7-113** is amended to read:

255 **63A-7-113. Disbursement of the Olympic Special Revenue Fund.**

256 (1) As used in this section:

257 (a) "Base sales and use tax amount" means the first \$59,000,000 deposited in the Olympic
258 Special Revenue Fund under Subsection 59-12-103(4);

259 (b) "Olympics Special Revenue Fund" means the fund or funds created under Subsection
260 59-12-103(4); and

261 (c) "Proportionate share" means the percentage of the total sales and use taxes deposited
262 under Subsection 59-12-103(4) that are generated by a county or municipality.

263 (2) Beginning on [~~January 15, 2002~~] August 30, 1999, the monies in the Olympic Special
264 Revenue Fund shall be distributed as follows:

265 (a) on or before August 30, 1999, each county or municipality described in Subsections
266 (2)(b) and (c) shall receive the county's or municipality's proportionate share of:

267 (i) the sales and use taxes in excess of the base sales and use tax amount; and

268 (ii) interest on the amounts described in Subsection (2)(a)(i) for the period beginning on
269 the day on which the sales and use taxes deposited into the Olympic Special Revenue Fund equal
270 the base amount and ending on the day on which the disbursement is made to the county or
271 municipality;

272 [~~(a)~~] (b) on or before January 15, 2002, each county or municipality other than a county
273 or municipality described in Subsection (2)[~~(b)~~](c) shall receive the county's or municipality's

274 proportionate share of[:(i)] amounts deposited into the Olympic Special Revenue Fund by a public
275 sports entity as reimbursement of sales and use taxes deposited under Subsection 59-12-103(4);
276 and

277 [~~(ii) (A) the sales and use taxes in excess of the base sales and use tax amount; and]~~

278 [~~(B) interest on the amounts described in Subsection (2)(a)(ii)(A) for the period beginning~~
279 ~~on the day on which the sales and use taxes deposited into the Olympic Special Revenue Fund~~
280 ~~equal the base amount and ending on the day on which the disbursement is made to the county or~~
281 ~~municipality;]~~

282 [~~(b)~~ (c) by no later than May 5, 2003, there may be distributed to any county or
283 municipality that has entered into an indemnification agreement with the state regarding risks
284 related to the Winter Olympic Games of 2002:

285 (i) the proportionate share of[:(A)] amounts deposited into the Olympic Special Revenue
286 Fund by a public sports entity as reimbursement of sales and use taxes deposited under Subsection
287 59-12-103(4); and

288 [~~(B) (I) the sales and use taxes in excess of the base sales and use tax amount; and]~~

289 [~~(H) interest on the amounts described in Subsection (2)(b)(i)(B)(I) for the period~~
290 ~~beginning on the day on which the sales and use taxes deposited into the Olympic Special Revenue~~
291 ~~Fund equal the base amount and ending on the day on which the disbursement is made to the~~
292 ~~county or municipality; and]~~

293 (ii) interest on the amounts described in Subsection (2)[~~(b)(i)(A)~~] (c)(i) for the period
294 beginning on January 15, 2002, and ending on the day on which the disbursement is made to the
295 county or municipality; and

296 [~~(c)~~ (d) any monies in the Olympic Special Revenue Fund after the disbursement under
297 Subsection (2)[~~(b)~~] (c) shall be deposited in the General Fund.