

**COUNTY OPTION SALES AND USE TAX FOR  
HIGHWAYS, FIXED GUIDEWAYS, OR  
SYSTEMS FOR PUBLIC TRANSIT**

2003 GENERAL SESSION

STATE OF UTAH

**Sponsor: Jeff Alexander**

**This act modifies the Sales and Use Tax Act to provide definitions and to authorize a county legislative body to impose a local option sales and use tax beginning on or after April 1, 2004 for highways, fixed guideways, or systems for public transit. The act provides procedures and requirements for imposing the tax and establishes the duties of the State Tax Commission to administer, collect, and enforce the tax. The act authorizes the State Tax Commission to retain a portion of the tax to cover the costs of administering the tax. The act creates the State Highway Projects Within Counties Fund. The act requires the Department of Transportation to make a separate accounting for each county for which revenues are deposited into the fund. This act provides the purposes for which revenues and interest deposited into the fund may be expended. The act provides that the fund shall earn interest and the interest shall be allocated to each county for which revenues are deposited into the fund.**

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

ENACTS:

**59-12-1501**, Utah Code Annotated 1953

**59-12-1502**, Utah Code Annotated 1953

**59-12-1503**, Utah Code Annotated 1953

**72-2-121.1**, Utah Code Annotated 1953

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

Section 1. Section **59-12-1501** is enacted to read:

**Part 15. County Option Sales and Use Tax for Highways, Fixed Guideways,  
or Systems for Public Transit**

**59-12-1501. Title.**

This part is known as the "County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems for Public Transit Act."

Section 2. Section **59-12-1502** is enacted to read:

**59-12-1502. Definitions.**

As used in this part:

(1) "Annexation" means an annexation to a county under Title 17, Chapter 2, Annexation to County.

(2) "Annexing area" means an area that is annexed into a county.

(3) "Qualifying county" means a county in which a sales and use tax authorized by Section 59-12-502 is not imposed by:

(a) the county;

(b) a city within the county; or

(c) a town within the county.

(4) "State highway" means a highway designated as a state highway under Title 72, Chapter 4, Designation of State Highways Act.

(5) (a) Except as provided in Subsection (5)(b), "public transit" is as defined in Section 17A-2-1004.

(b) Notwithstanding Subsection (5)(a), "public transit" does not include a fixed guideway system.

Section 3. Section **59-12-1503** is enacted to read:

**59-12-1503. Opinion question election -- Imposition of tax -- Use of tax revenues -- Administration, collection, and enforcement of tax by commission -- Administrative fee -- Enactment or repeal of tax -- Annexation -- Notice.**

(1) (a) Beginning on or after April 1, 2004, and subject to the other provisions of this part, the county legislative body of a qualifying county may impose a sales and use tax of .25%:

(i) except as provided in Subsection (1)(b), on the transactions:

(A) described in Subsection 59-12-103(1); and

(B) within the county, including the cities and towns within the county;

(ii) for the purposes determined by the county legislative body in accordance with Subsection (2); and

(iii) in addition to any other sales and use tax authorized under this chapter.

(b) Notwithstanding Subsection (1)(a)(i), a county legislative body may not impose a tax under this section on:

(i) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104; and

(ii) any amount paid or charged by a vendor that collects a tax under Subsection 59-12-107(1)(b).

(2) (a) Subject to Subsection (2)(b), before obtaining the approval required by Subsection (3), a county legislative body shall adopt a resolution specifying the percentage of revenues the county will receive from the tax under this part that will be allocated to fund one or more of the following:

(i) a project or service relating to a fixed guideway system:

(A) for the portion of the project or service that is performed within the county; and

(B) if the fixed guideway system is owned and operated by a public transit district organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act;

(ii) a project or service relating to a system for public transit:

(A) for the portion of the project or service that is performed within the county; and

(B) if the system for public transit is owned and operated by a public transit district organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act; or

(iii) the following relating to a state highway within the county:

(A) a project beginning on or after the day on which a county legislative body imposes a tax under this part only within the county involving:

(I) new construction;

(II) a renovation;

(III) an improvement; or

(IV) an environmental study;

(B) debt service on a project described in Subsections (2)(a)(iii)(A)(I) through (IV); or  
(C) bond issuance costs relating to a project described in Subsections (2)(a)(iii)(A)(I) through (IV).

(b) (i) A county legislative body shall in the resolution required by Subsection (2)(a) allocate as required by Subsection (2)(a) 100% of the revenues the county will receive from the tax under this part.

(ii) For purposes of Subsection (2)(b), the revenues a county will receive from the tax under this part do not include amounts retained by the commission in accordance with Subsection (8).

(3) (a) Before imposing a tax under this part, a county legislative body shall:

(i) obtain approval from a majority of the members of the county legislative body to:

(A) impose the tax; and

(B) allocate the revenues the county will receive from the tax in accordance with the resolution adopted in accordance with Subsection (2); and

(ii) subject to Subsection (3)(b), submit an opinion question to the county's registered voters voting on the imposition of the tax so that each registered voter has the opportunity to express the registered voter's opinion on whether a tax should be imposed under this part.

(b) The opinion question required by Subsection (3)(a)(ii) shall state the allocations specified in the resolution:

(i) adopted in accordance with Subsection (2); and

(ii) approved by the county legislative body in accordance with Subsection (3)(a).

(c) The election required by this Subsection (3) shall be held:

(i) (A) at a regular general election; and

(B) in accordance with the procedures and requirements of Title 20A, Election Code, governing regular general elections; or

(ii) (A) at a special election called by the county legislative body;

(B) only on the date of a municipal general election provided in Subsection 20A-1-202(1); and

(C) in accordance with the procedures and requirements of Section 20A-a-203.

(4) (a) Subject to Subsection (8), if a county legislative body determines that a majority of the county's registered voters voting on the imposition of the tax have voted in favor of the imposition of the tax in accordance with Subsection (3), the county legislative body may impose the tax by a majority vote of all of the members of the county legislative body.

(b) If a county legislative body imposes a tax under Subsection (4)(a), the revenues generated by the tax shall be:

(i) allocated in accordance with the allocations specified in the resolution under Subsection (2); and

(ii) expended as provided in this part.

(5) If a county legislative body allocates revenues generated by the tax for a project described in Subsection (2)(a)(iii)(A), before beginning the project the county legislative body shall:

(a) obtain approval from the Transportation Commission to complete the project; and

(b) enter into an interlocal agreement:

(i) established in accordance with Title 11, Chapter 13, Interlocal Cooperation Act;

(ii) with the Department of Transportation; and

(iii) to complete the project.

(6) (a) If after a county legislative body imposes a tax under Subsection (4) the county legislative body seeks to change the allocation of the tax specified in the resolution under Subsection (2), the county legislative body may change the allocation of the tax by:

(i) adopting a resolution in accordance with Subsection (2) specifying the percentage of revenues the county will receive from the tax under this part that will be allocated to fund one or more of the systems or projects described in Subsection (2);

(ii) obtaining approval to change the allocation of the tax from a majority of the members of the county legislative body; and

(iii) (A) submitting an opinion question to the county's registered voters voting on changing the allocation of the tax so that each registered voter has the opportunity to express the

registered voter's opinion on whether the allocation of the tax should be changed; and

(B) obtaining approval to change the allocation of the tax from a majority of the county's registered voters voting on changing the allocation of the tax.

(b) (i) The opinion question required by Subsection (6)(a)(iii) shall state the allocations specified in the resolution:

(A) adopted in accordance with Subsection (6)(a)(i); and

(B) approved by the county legislative body in accordance with Subsection (6)(a)(ii).

(ii) The election required by Subsection (6)(a)(iii) shall follow the procedures and requirements of Title 11, Chapter 14, Utah Municipal Bond Act.

(7) (a) (i) Except as provided in Subsection (7)(a)(ii), revenues generated by a tax under this part that are allocated for a purpose described in Subsection (2)(a)(i) or (ii) shall be transmitted:

(A) by the commission;

(B) to the county;

(C) monthly; and

(D) by electronic funds transfer.

(ii) Notwithstanding Subsection (7)(a)(i), a county may request that the commission transfer the revenues described in Subsection (7)(a)(i):

(A) directly to a public transit district:

(I) organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act; and

(II) designated by the county; and

(B) by providing written notice to the commission:

(I) requesting the revenues to be transferred directly to a public transit district as provided in Subsection (7)(a)(ii)(A); and

(II) designating the public transit district to which the revenues are requested to be transferred.

(b) Revenues generated by a tax under this part that are allocated for a purpose described in Subsection (2)(a)(iii) shall be:

(i) deposited into the State Highway Projects Within Counties Fund created by Section 72-2-121.1; and

(ii) expended as provided in Section 72-2-121.1.

(8) (a) The commission shall administer, collect, and enforce the tax under this part in accordance with the procedures outlined in:

(i) Part 1, Tax Collection, for the administration, collection, and enforcement of the state sales and use tax; and

(ii) Chapter 1, General Taxation Policies.

(b) (i) The commission may retain an amount of tax collected under this part of not to exceed the lesser of:

(A) 1.5%; or

(B) an amount equal to the cost to the commission of administering this part.

(ii) Any amount the commission retains under Subsection (8)(b)(i) shall be:

(A) placed in the Sales and Use Tax Administrative Fees Account; and

(B) used as provided in Subsection 59-12-206(2).

(9) (a) (i) If, on or after April 1, 2004, a county enacts or repeals a tax under this part, the enactment or repeal shall take effect:

(A) on the first day of a calendar quarter; and

(B) after a 75-day period beginning on the date the commission receives notice meeting the requirements of Subsection (9)(a)(ii) from the county.

(ii) The notice described in Subsection (9)(a)(i)(B) shall state:

(A) that the county will enact or repeal a tax under this part;

(B) the statutory authority for the tax described in Subsection (9)(a)(ii)(A);

(C) the effective date of the tax described in Subsection (9)(a)(ii)(A); and

(D) if the county enacts the tax described in Subsection (9)(a)(ii)(A), the rate of the tax.

(b) (i) If, for an annexation that occurs on or after April 1, 2004, the annexation will result in the enactment or repeal of a tax under this part for an annexing area, the enactment or repeal shall take effect:

(A) on the first day of a calendar quarter; and

(B) after a 75-day period beginning on the date the commission receives notice meeting the requirements of Subsection (9)(b)(ii) from the county that annexes the annexing area.

(ii) The notice described in Subsection (9)(b)(i)(B) shall state:

(A) that the annexation described in Subsection (9)(b)(i)(B) will result in an enactment or repeal of a tax under this part for the annexing area;

(B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);

(C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and

(D) the rate of the tax described in Subsection (9)(b)(ii)(A).

Section 4. Section **72-2-121.1** is enacted to read:

**72-2-121.1. State Highway Projects Within Counties Fund -- Accounting for revenues -- Interest -- Expenditure of revenues.**

(1) There is created a special revenue fund known as the State Highway Projects Within Counties Fund.

(2) The State Highway Projects Within Counties Fund shall be funded by revenues generated by a tax imposed by a county under Title 59, Chapter 12, Part 15, County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems for Public Transit Act, if those revenues are allocated:

(a) for a purpose described in Subsection 59-12-1503(2)(a)(iii); and

(b) in accordance with Section 59-12-1503.

(3) The department shall make a separate accounting for:

(a) the revenues described in Subsection (2); and

(b) each county for which revenues are deposited into the State Highway Projects Within Counties Fund.

(4) (a) The State Highway Projects Within Counties Fund shall earn interest.

(b) The department shall allocate the interest earned on the State Highway Projects Within Counties Fund:

(i) proportionately;



(ii) to each county's balance in the State Highway Projects Within Counties Fund; and  
(iii) on the basis of each county's balance in the State Highway Projects Within Counties  
Fund.

(5) The department shall expend the revenues and interest deposited into the State  
Highway Projects Within Counties Fund to pay:

(a) for a project:

(i) described in Subsection 59-12-1503(2)(a)(iii)(A); and

(ii) for which the requirements of Subsection 59-12-1503(5) are met;

(b) debt service on a project described in Subsection (5)(a); or

(c) bond issuance costs relating to a project described in Subsection (5)(a).