

**PROHIBITION ON SALES AND USE TAX
INCENTIVE PAYMENTS BY A
COUNTY OR MUNICIPALITY**

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Sheldon L. Killpack

LONG TITLE

General Description:

This bill amends the Cities, Counties, and Local Taxing Units title.

Highlighted Provisions:

This bill:

- ▶ creates the Prohibition on Sales and Use Tax Incentive Payments Act;
- ▶ defines terms;
- ▶ prohibits a county or municipality from making a sales and use tax incentive payment

under an agreement entered into on or after July 1, 2004; and

- ▶ prohibits a county or municipality from entering into an agreement on or after July 1, 2004, to make a sales and use tax incentive payment.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2004.

Utah Code Sections Affected:

ENACTS:

11-41-101, Utah Code Annotated 1953

11-41-102, Utah Code Annotated 1953

11-41-103, Utah Code Annotated 1953

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

Section 1. Section **11-41-101** is enacted to read:

CHAPTER 41. Prohibition on Sales and Use Tax Incentive Payments Act

11-41-101. Title.

This chapter is known as the "Prohibition on Sales and Use Tax Incentive Payments Act."

Section 2. Section **11-41-102** is enacted to read:

11-41-102. Definitions.

As used in this chapter:

(1) "Agreement" means an oral or written agreement between a:

(a) (i) county; or

(ii) municipality; and

(b) person.

(2) "Municipality" means a:

(a) city; or

(b) town.

(3) "Payment" includes:

(a) a payment;

(b) a rebate;

(c) a refund; or

(d) an amount similar to Subsections (3)(a) through (c).

(4) "Regional retail business" means a:

(a) retail business that occupies a floor area of more than 80,000 square feet;

(b) dealer as defined in Section 41-1a-102;

(c) retail shopping facility that has at least two anchor tenants if the total number of anchor tenants in the shopping facility occupy a total floor area of more than 150,000 square feet;

or

(d) grocery store that occupies a floor area of more than 30,000 square feet.

(5) (a) "Sales and use tax" means a tax:

(i) imposed on transactions within a:

(A) county; or

(B) municipality; and

(ii) except as provided in Subsection (5)(b), authorized under Title 59, Chapter 12, Sales and Use Tax Act.

(b) Notwithstanding Subsection (5)(a)(ii), "sales and use tax" does not include a tax authorized under:

(i) Subsection 59-12-103(2)(a)(i);

(ii) Subsection 59-12-103(2)(b)(i);

(iii) Section 59-12-301;

(iv) Section 59-12-352;

(v) Section 59-12-353;

(vi) Section 59-12-603; or

(vii) Section 59-12-1201.

(6) (a) "Sales and use tax incentive payment" means a payment of revenues:

(i) to a person;

(ii) by a:

(A) county; or

(B) municipality;

(iii) to induce the person to locate or relocate a regional retail business within the:

(A) county; or

(B) municipality; and

(iv) that are derived from a sales and use tax.

(b) "Sales and use tax incentive payment" does not include funding for public infrastructure.

Section 3. Section **11-41-103** is enacted to read:

11-41-103. Prohibition on a county or municipality making a sales and use tax incentive payment or entering into an agreement to make a sales and use tax incentive payment.

A county or municipality may not:

(1) make a sales and use tax incentive payment under an agreement entered into on or after July 1, 2004; or

(2) enter into an agreement on or after July 1, 2004 to make a sales and use tax incentive payment.

Section 4. **Effective date.**

This bill takes effect on July 1, 2004.