

**PUBLIC TRANSIT DISTRICT ANNEXATION
AND FUNDING AMENDMENTS**

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Dan R. Eastman

LONG TITLE

General Description:

This bill modifies the Utah Public Transit District Act, the Limited Purpose Local Government Entities Title, and the Sales and Use Tax Act by amending provisions related to the funding and annexation of certain public transit districts.

Highlighted Provisions:

This bill:

- ▶ provides that a general obligation bond issued by a public transit district shall be secured as required for municipal general obligation bonds;
- ▶ sets the initial sales and use tax that a county, city, or town within a public transit district may impose at .25% rather than of up to .25% under the public transit tax;
- ▶ provides that beginning on July 1, 2005, bonds may not be issued that are secured by the 1/16% allocated under the additional public transit tax for public transportation costs and interstate improvements to a county of the first class for new construction, major renovations, and improvements to Interstate 15 or state highways within the county;
- ▶ provides that when all bonded indebtedness that is secured by the 1/16% allocated under the additional public transit tax for public transportation costs and interstate improvements to a county of the first class for new construction, major renovations, and improvements to Interstate 15 or state highways within the county has been paid off, the revenues allocated to a county of the first class shall be allocated to fund a



28 fixed guideway and expanded public transportation system;

29 ▶ authorizes a county to impose a sales and use tax of .50% for public transportation
30 costs and improvements if a single public transit district serves 60% or more of the
31 population of the county;

32 ▶ requires a county with 60% or more of the population served by a single transit
33 district to submit a proposal to the county's registered voters on the next municipal
34 general election to determine whether the county should be a part of that public
35 transit district;

36 ▶ provides that if the county's registered voters vote to approve becoming a part of the
37 public transit district:

- 38 • the county shall be annexed into the public transit district;
- 39 • a countywide sales tax of .50% shall be imposed for public transportation; and
- 40 • certain existing sales and use taxes imposed by cities or towns within the county
41 are superseded;

42 ▶ provides procedures and requirements for imposing the countywide .50% tax;

43 ▶ provides that if the county's registered voters do not vote to approve becoming a
44 part of the public transit district:

- 45 • any city or town within the county annexed into the public transit district shall
46 be withdrawn from the public transit district; and
- 47 • sales and use taxes imposed by a city or town within the county shall be used to
48 pay the proportionate share of the withdrawn areas' bonded indebtedness or
49 judgments against the public transit district incurred prior to the election and to
50 pay for transit services provided by interlocal agreement;

51 ▶ provides that a city or town that has been withdrawn from a public transit district
52 may enter into an interlocal agreement with a public transit district to provide public
53 transportation to the area;

54 ▶ amends the definition of qualifying county for purposes of imposing the county
55 option sales and use tax for highways, fixed guideways, or systems for public
56 transit; and

57 ▶ makes technical changes.

58 **Monies Appropriated in this Bill:**

59 None

60 **Other Special Clauses:**

61 This bill takes effect on July 1, 2005.

62 **Utah Code Sections Affected:**

63 AMENDS:

64 **17A-2-1058**, as last amended by Chapter 9, Laws of Utah 2001

65 **17B-2-512**, as last amended by Chapters 89 and 170, Laws of Utah 2003

66 **59-12-501**, as last amended by Chapters 255 and 336, Laws of Utah 2004

67 **59-12-502**, as last amended by Chapter 255, Laws of Utah 2004

68 **59-12-503**, as enacted by Chapter 131, Laws of Utah 1997

69 **59-12-504**, as last amended by Chapter 255, Laws of Utah 2004

70 **59-12-1502**, as enacted by Chapter 282, Laws of Utah 2003

71 **72-2-121**, as enacted by Chapter 217, Laws of Utah 2001

72 ENACTS:

73 **59-12-502.5**, Utah Code Annotated 1953



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

76 Section 1. Section **17A-2-1058** is amended to read:

77 **17A-2-1058. District may issue bonds.**

78 ~~[Any]~~ (1) A district organized under this part may, in the manner and subject to the
79 limitations and restrictions contained in Title 11, Chapter 14, Utah Municipal Bond Act,
80 authorize, issue and dispose of its negotiable bonds for purposes of paying all or part of the
81 cost of acquiring, improving, or extending any one or more improvements, facilities, or
82 property authorized to be acquired under this part.

83 (2) Notwithstanding any other provision of law and notwithstanding any limitations
84 contained in Sections 17A-2-1044 and 17A-2-1059, a general obligation bond issued by a
85 district shall be secured as provided in Section 11-14-19.

86 Section 2. Section **17B-2-512** is amended to read:

87 **17B-2-512. Protests -- Election.**

88 (1) (a) An owner of private real property located within or a registered voter residing
89 within an area proposed to be annexed may protest an annexation by filing a written protest

90 with the board of trustees of the proposed annexing local district, except:

91 (i) as provided in Section 17B-2-513;

92 (ii) for an annexation under Section 17B-2-515; and

93 (iii) for an annexation proposed by a local district that receives sales and use tax funds
94 from the counties, cities, and towns within the local district that impose a sales and use tax
95 under Section 59-12-501 or 59-12-502.5.

96 (b) A protest of a boundary adjustment is not governed by this section but is governed
97 by Section 17B-2-516.

98 (2) Each protest under Subsection (1)(a) shall be filed within 30 days after the date of
99 the public hearing under Section 17B-2-509.

100 (3) (a) Except as provided in Subsection (4), the local district shall hold an election on
101 the proposed annexation if:

102 (i) timely protests are filed by:

103 (A) the owners of private real property that:

104 (I) is located within the area proposed to be annexed;

105 (II) covers at least 10% of the total private land area within the entire area proposed to
106 be annexed and within each applicable area; and

107 (III) is equal in assessed value to at least 10% of the assessed value of all private real
108 property within the entire area proposed to be annexed and within each applicable area; or

109 (B) registered voters residing within the entire area proposed to be annexed and within
110 each applicable area equal in number to at least 10% of the number of votes cast within the
111 entire area proposed for annexation and within each applicable area, respectively, for the office
112 of governor at the last regular general election before the filing of the petition; or

113 (ii) the proposed annexing local district is one that receives sales and use tax funds
114 from the counties, cities, and towns within the local district that impose a sales and use tax
115 under Section 59-12-501 or 59-12-502.5.

116 (b) (i) At each election held under Subsection (3)(a)(ii), the ballot question shall be
117 phrased to indicate that a voter's casting a vote for or against the annexation includes also a
118 vote for or against the imposition of the sales and use tax as provided in Section 59-12-501 or
119 59-12-502.5.

120 (ii) Except as otherwise provided in this part, each election under Subsection (3)(a)

121 shall be governed by Title 20A, Election Code.

122 (c) If a majority of registered voters residing within the area proposed to be annexed
123 and voting on the proposal vote:

124 (i) in favor of annexation, the board of trustees shall, subject to Subsections
125 17B-2-514(1)(b), (2), and (3), complete the annexation by adopting a resolution approving
126 annexation of the area; or

127 (ii) against annexation, the annexation process is terminated, the board may not adopt a
128 resolution approving annexation of the area, and the area proposed to be annexed may not for
129 two years be the subject of an effort under this part to annex to the same local district.

130 (4) If sufficient protests are filed under this section to require an election for a
131 proposed annexation to which the protest provisions of this section are applicable, a board of
132 trustees may, notwithstanding Subsection (3), adopt a resolution rejecting the annexation and
133 terminating the annexation process without holding an election.

134 Section 3. Section **59-12-501** is amended to read:

135 **59-12-501. Public transit tax -- Base -- Rate -- Voter approval.**

136 (1) (a) (i) Except as provided in Subsections (1)(a)(ii) and 59-12-207.1(7)(c), in
137 addition to other sales and use taxes, any county, city, or town within a transit district
138 organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act, may impose a
139 sales and use tax of ~~up to~~ .25% on the transactions described in Subsection 59-12-103(1)
140 located within the county, city, or town, to fund a public transportation system.

141 (ii) Notwithstanding Subsection (1)(a)(i), a county, city, or town may not impose a tax
142 under this section on the sales and uses described in Section 59-12-104 to the extent the sales
143 and uses are exempt from taxation under Section 59-12-104.

144 (b) For purposes of this Subsection (1), the location of a transaction shall be
145 determined in accordance with Sections 59-12-207.1 through 59-12-207.4.

146 (c) (i) A county, city, or town may impose a tax under this section only if the governing
147 body of the county, city, or town, by resolution, submits the proposal to all the qualified voters
148 within the county, city, or town for approval at a general or special election conducted in the
149 manner provided by statute.

150 (ii) An election under Subsection 17B-2-512(3)(a)(ii) approving the annexation of an
151 area to a public transit district or local district and approving for that annexed area the sales and

152 use tax authorized by this section satisfies the election requirement of Subsection (1)(c)(i) for
153 the area to be annexed to the public transit district or local district.

154 (2) (a) If only a portion of a county is included within a public transit district, the
155 proposal may be submitted only to the qualified voters residing within the boundaries of the
156 proposed or existing public transit district.

157 (b) Notice of any such election shall be given by the county, city, or town governing
158 body 15 days in advance in the manner prescribed by statute.

159 (c) If a majority of the voters voting in such election approve the proposal, it shall
160 become effective on the date provided by the county, city, or town governing body.

161 (3) This section may not be construed to require an election in jurisdictions where
162 voters have previously approved a public transit sales or use tax.

163 Section 4. Section **59-12-502** is amended to read:

164 **59-12-502. Additional public transit tax for expanded system and fixed guideway**
165 **and interstate improvements -- Base -- Rate -- Voter approval.**

166 (1) (a) (i) Except as provided in Subsections (1)(a)(ii) and 59-12-207.1(7)(c), and in
167 addition to other sales and use taxes, including the public transit district tax authorized by
168 Section 59-12-501, a county, city, or town within a transit district organized under Title 17A,
169 Chapter 2, Part 10, Utah Public Transit District Act, may impose a sales and use tax of .25% on
170 the transactions described in Subsection 59-12-103(1) located within the county, city, or town,
171 to fund a fixed guideway and expanded public transportation system.

172 (ii) Notwithstanding Subsection (1)(a)(i), a county, city, or town may not impose a tax
173 under this section on the sales and uses described in Section 59-12-104 to the extent the sales
174 and uses are exempt from taxation under Section 59-12-104.

175 (b) For purposes of this Subsection (1), the location of a transaction shall be
176 determined in accordance with Sections 59-12-207.1 through 59-12-207.4.

177 (c) (i) A county, city, or town may impose the tax under this section only if the
178 governing body of the county, city, or town submits, by resolution, the proposal to all the
179 qualified voters within the county, city, or town for approval at a general or special election
180 conducted in the manner provided by statute.

181 (ii) Notice of the election under Subsection (1)(c)(i) shall be given by the county, city,
182 or town governing body 15 days in advance in the manner prescribed by statute.

183 (2) If the majority of the voters voting in this election approve the proposal, it shall
184 become effective on the date provided by the county, city, or town governing body.

185 (3) (a) This section may not be construed to require an election in jurisdictions where
186 voters have previously approved a public transit sales or use tax.

187 (b) This section shall be construed to require an election to impose the sales and use
188 tax authorized by this section, including jurisdictions where the voters have previously
189 approved the sales and use tax authorized by Section 59-12-501, but this section may not be
190 construed to affect the sales and use tax authorized by Section 59-12-501.

191 (4) No public funds shall be spent to promote the required election.

192 (5) (a) Notwithstanding the designated use of revenues in Subsection (1) and subject to
193 Subsections (5)(b) and (c), of the revenues generated by the tax imposed under this section by
194 any county of the first class:

195 [~~(a)~~] (i) 75% shall be allocated to fund a fixed guideway and expanded public
196 transportation system; and

197 [~~(b)~~] (ii) 25% shall be allocated to fund new construction, major renovations, and
198 improvements to Interstate 15 and state highways within the county and to pay any debt service
199 and bond issuance costs related to those projects.

200 (b) Beginning on July 1, 2005, a bond which is intended to be paid from revenues
201 allocated under Subsection (5)(a)(ii) may not be issued to fund new construction, major
202 renovations, and improvements to Interstate 15 and state highways within the county if the
203 bond is intended to be paid from revenues allocated under Subsection (5)(a)(ii).

204 (c) When all bonded indebtedness incurred before July 1, 2005 for new construction,
205 major renovations, and improvements to Interstate 15 and state highways within the county
206 which was intended to be paid from revenues allocated under Subsection (5)(a)(ii) have been
207 paid off, the revenues generated by the tax imposed under this section that are allocated under
208 Subsection (5)(a)(ii) shall be allocated to fund a fixed guideway and expanded public
209 transportation system.

210 (6) [~~A~~] Subject to Subsections (5)(b) and (c), a county of the first class may, through an
211 interlocal agreement, authorize the deposit or transfer of the portion of the revenues described
212 in Subsection (5)[~~(b)~~] (a)(ii) to the Public Transportation System Tax Highway Fund created in
213 Section 72-2-121.

214 Section 5. Section **59-12-502.5** is enacted to read:

215 **59-12-502.5. Public transit tax for public transportation costs and improvements -**
216 **Base -- Equalized rate -- Voter approval.**

217 (1) As used in this section, "public transit district" means a public transit district
218 organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act, that has more
219 than 200,000 people residing within the district boundaries.

220 (2) (a) Subject to the other provisions of this part, if a single public transit district
221 serves 60% or more of the population of a county, beginning on or after July 1, 2005, the
222 county legislative body may impose a sales and use tax of .50%:

223 (i) except as provided in Subsections (2)(b) and 59-12-207.1(7)(c), on the transactions:

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

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

226 (ii) for the purpose of funding public transportation system operations, costs, and
227 improvements.

228 (b) Notwithstanding Subsection (2)(a)(i), a county legislative body may not impose a
229 tax under this section on the sales and uses described in Section 59-12-104 to the extent the
230 sales and uses are exempt from taxation under Section 59-12-104.

231 (c) For purposes of this Subsection (2), the location of a transaction shall be
232 determined in accordance with Sections 59-12-207.1 through 59-12-207.4.

233 (d) (i) Population figures for purposes of this section shall be based on the most recent
234 official census or census estimate of the United States Census Bureau.

235 (ii) If a needed population estimate is not available from the United States Census
236 Bureau, population figures shall be derived from the estimate from the Utah Population
237 Estimates Committee created by executive order of the governor.

238 (3) (a) Subject to Subsection (3)(b), if a single public transit district serves 60% or
239 more of the population of a county, the county legislative body shall submit a proposal to all of
240 the county's registered voters within the county for approval:

241 (i) on the date of the next municipal general election provided in Subsection
242 20A-1-202(1); and

243 (ii) in accordance with the procedures and requirements of Title 20A, Election Code,
244 for holding municipal general elections.

245 (b) The ballot question for the proposal submitted under Subsection (3)(a) shall read:
246 "Shall the county be a part of the public transit district?"

247 (1) If a majority of the county's registered voters voting in the election approve
248 becoming a part of that public transit district, the county shall be annexed into the public transit
249 district and a sales and use tax of .50% shall be imposed countywide to fund public
250 transportation operations, costs, and improvements of the transit district. The .50% sales and
251 use tax shall supersede all sales and use taxes imposed by a city or town to fund public
252 transportation.

253 (2) If a majority of the county's registered voters voting in the election vote against
254 becoming a part of that public transit district, all cities or towns annexed in the public transit
255 district that serves more than 60% of the population of the county shall be withdrawn from the
256 public transit district and all sales and uses taxes imposed by a city or town to fund public
257 transportation within the county shall be used to pay a proportionate share of all bonded
258 indebtedness secured by the sales and use tax revenues and to pay for public transit services
259 provided by interlocal agreement."

260 (4) If a majority of the county's registered voters voting in the election on the proposal
261 under Subsection (3), vote in favor of the proposal described in Subsection (3):

262 (a) the county shall be annexed into the public transit district;

263 (b) the county legislative body shall provide notice to the commission of the imposition
264 of a tax under this section within 30 days after the canvass of the election described in
265 Subsection (3);

266 (c) the tax under this section shall take effect on the first day of the first calendar
267 quarter after the 90-day period described in Subsection 59-12-504(2);

268 (d) subject to Subsection (5), if a city or town located within the county imposes a tax
269 under Section 59-12-501 or 59-12-502 the tax shall be repealed:

270 (i) on the day on which a tax under this section takes effect in accordance with
271 Subsection (4)(c); and

272 (ii) in accordance with Section 59-12-504;

273 (e) (i) if, on the day on which a tax under this section takes effect as provided in
274 Subsection (4)(c), any revenues generated by a tax imposed by a city or town under Section
275 59-12-501 or 59-12-502 are used as a source of repayment for debt service on any bonded

276 indebtedness or other obligations:

277 (A) the county legislative body shall distribute to the city or town an amount of
278 revenues generated by a tax under this part equal to the amount necessary to pay the debt
279 service on the bonded indebtedness or other obligations; and

280 (B) the city or town shall expend the amount described in Subsection (4)(e)(i)(A) to
281 repay the bonded indebtedness;

282 (ii) the city or town may through an interlocal agreement, authorize the distribution
283 directly to the public transit district or other entity to pay the debt or other obligation; and

284 (f) beginning on July 1, 2005 a transit district may not incur any new debt or obligation
285 using revenue under Section 59-12-501 or 59-12-502 for a county that is required to hold an
286 election under the this section.

287 (5) (a) If a majority of the county's registered voters voting in an election on the
288 proposal under Subsection (3), vote against the proposal described in Subsection (3):

289 (i) subject to Subsection (5)(b), all cities or towns within the public transit district
290 located within the county shall be withdrawn from the public transit district; and

291 (ii) a tax imposed under Section 59-12-501 or 59-12-502 may continue to be imposed
292 for purposes of paying:

293 (A) the withdrawn area's proportionate share of bonded indebtedness or judgments
294 against the public transit district incurred prior to the date of the election held under Subsection
295 (3); and

296 (B) for a public transportation system provided by interlocal agreement.

297 (b) A city or town that is withdrawn from a public transit district under Subsection
298 (5)(a)(i) is exempt from the withdrawal requirements of Title 17B, Chapter 2, Part 6,
299 Withdrawal.

300 (6) (a) A city or town that is withdrawn from a public transit district under Subsection
301 (5)(a)(i) may enter into interlocal agreements with other cities or towns and with a public
302 transit district to provide a public transportation system to the area using revenues made
303 available under this part.

304 (b) An interlocal agreement under Subsection (5) and (6)(a) shall be established in
305 accordance with Title 11, Chapter 13, Interlocal Cooperation Act.

306 (7) If a county legislative body imposes a tax under this section and a majority of the

307 county's registered voters voting in an election under Subsection (3) vote in favor of the
308 imposition of a tax under this section, beginning on the date the tax under this section is
309 imposed:

310 (a) the county legislative body may not impose a sales and use tax under Sections
311 59-12-501, 59-12-502, and 59-12-1503; and

312 (b) a city or town within the county may not impose a sales and use tax under Section
313 59-12-501 or 59-12-502.

314 Section 6. Section **59-12-503** is amended to read:

315 **59-12-503. Public transit taxes -- Local option direct transfer.**

316 A county or municipality may elect, in writing, to have the portion of the monthly funds
317 transfer that is collected as a public transit sales and use tax under Sections 59-12-501 [~~and~~],
318 59-12-502, and 59-12-502.5 to be transferred directly to a designated public transit district,
319 subject to the same charge as described under Section 59-12-206.

320 Section 7. Section **59-12-504** is amended to read:

321 **59-12-504. Enactment or repeal of tax -- Effective date -- Notice requirements --**
322 **Administration, collection, and enforcement of tax.**

323 (1) For purposes of this section:

324 (a) "Annexation" means an annexation to:

325 (i) a county under Title 17, Chapter 2, Annexation to County; or

326 (ii) a city or town under Title 10, Chapter 2, Part 4, Annexation.

327 (b) "Annexing area" means an area that is annexed into a county, city, or town.

328 (2) (a) Except as provided in Subsection (2)(c) or (d), if, on or after July 1, 2004, a
329 county, city, or town enacts or repeals a tax under this part, the enactment or repeal shall take
330 effect:

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

332 (ii) after a 90-day period beginning on the date the commission receives notice meeting
333 the requirements of Subsection (2)(b) from the county, city, or town.

334 (b) The notice described in Subsection (2)(a)(ii) shall state:

335 (i) that the county, city, or town will enact or repeal a tax under this part;

336 (ii) the statutory authority for the tax described in Subsection (2)(b)(i);

337 (iii) the effective date of the tax described in Subsection (2)(b)(i); and

338 (iv) if the county, city, or town enacts the tax described in Subsection (2)(b)(i), the rate
339 of the tax.

340 (c) (i) Notwithstanding Subsection (2)(a), for a transaction described in Subsection
341 (2)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

342 (A) that begins after the effective date of the enactment of the tax; and

343 (B) if the billing period for the transaction begins before the effective date of the
344 enactment of the tax under:

345 (I) Section 59-12-501; [~~or~~]

346 (II) Section 59-12-502[~~;~~]; or

347 (III) Section 59-12-502.5.

348 (ii) Notwithstanding Subsection (2)(a), for a transaction described in Subsection
349 (2)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

350 (A) that began before the effective date of the repeal of the tax; and

351 (B) if the billing period for the transaction begins before the effective date of the repeal
352 of the tax imposed under:

353 (I) Section 59-12-501; [~~or~~]

354 (II) Section 59-12-502[~~;~~]; or

355 (III) Section 59-12-502.5.

356 (iii) Subsections (2)(c)(i) and (ii) apply to transactions subject to a tax under:

357 (A) Subsection 59-12-103(1)(b);

358 (B) Subsection 59-12-103(1)(c);

359 (C) Subsection 59-12-103(1)(d);

360 (D) Subsection 59-12-103(1)(e);

361 (E) Subsection 59-12-103(1)(f);

362 (F) Subsection 59-12-103(1)(g);

363 (G) Subsection 59-12-103(1)(h);

364 (H) Subsection 59-12-103(1)(i);

365 (I) Subsection 59-12-103(1)(j); or

366 (J) Subsection 59-12-103(1)(k).

367 (d) (i) Notwithstanding Subsection (2)(a), if a tax due under this chapter on a catalogue
368 sale is computed on the basis of sales and use tax rates published in the catalogue, an

369 enactment or repeal of a tax described in Subsection (2)(a) takes effect:

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

371 (B) beginning 60 days after the effective date of the enactment or repeal under
372 Subsection (2)(a).

373 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
374 the commission may by rule define the term "catalogue sale."

375 (3) (a) Except as provided in Subsection (3)(c) or (d), if, for an annexation that occurs
376 on or after July 1, 2004, the annexation will result in the enactment or repeal of a tax under this
377 part for an annexing area, the enactment or repeal shall take effect:

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

379 (ii) after a 90-day period beginning on the date the commission receives notice meeting
380 the requirements of Subsection (3)(b) from the county, city, or town that annexes the annexing
381 area.

382 (b) The notice described in Subsection (3)(a)(ii) shall state:

383 (i) that the annexation described in Subsection (3)(a) will result in an enactment or
384 repeal of a tax under this part for the annexing area;

385 (ii) the statutory authority for the tax described in Subsection (3)(b)(i);

386 (iii) the effective date of the tax described in Subsection (3)(b)(i); and

387 (iv) the rate of the tax described in Subsection (3)(b)(i).

388 (c) (i) Notwithstanding Subsection (3)(a), for a transaction described in Subsection
389 (3)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

390 (A) that begins after the effective date of the enactment of the tax; and

391 (B) if the billing period for the transaction begins before the effective date of the
392 enactment of the tax under:

393 (I) Section 59-12-501; [~~or~~]

394 (II) Section 59-12-502[~~;~~]; or

395 (III) Section 59-12-502.5.

396 (ii) Notwithstanding Subsection (3)(a), for a transaction described in Subsection
397 (3)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

398 (A) that began before the effective date of the repeal of the tax; and

399 (B) if the billing period for the transaction begins before the effective date of the repeal

400 of the tax imposed under:

401 (I) Section 59-12-501; [~~or~~]

402 (II) Section 59-12-502[~~;~~]; or

403 (III) Section 59-12-502.5.

404 (iii) Subsections (3)(c)(i) and (ii) apply to transactions subject to a tax under:

405 (A) Subsection 59-12-103(1)(b);

406 (B) Subsection 59-12-103(1)(c);

407 (C) Subsection 59-12-103(1)(d);

408 (D) Subsection 59-12-103(1)(e);

409 (E) Subsection 59-12-103(1)(f);

410 (F) Subsection 59-12-103(1)(g);

411 (G) Subsection 59-12-103(1)(h);

412 (H) Subsection 59-12-103(1)(i);

413 (I) Subsection 59-12-103(1)(j); or

414 (J) Subsection 59-12-103(1)(k).

415 (d) (i) Notwithstanding Subsection (3)(a), if a tax due under this chapter on a catalogue
416 sale is computed on the basis of sales and use tax rates published in the catalogue, an
417 enactment or repeal of a tax described in Subsection (3)(a) takes effect:

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

419 (B) beginning 60 days after the effective date of the enactment or repeal under
420 Subsection (3)(a).

421 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
422 the commission may by rule define the term "catalogue sale."

423 (4) (a) Except as provided in Subsection (4)(b), a tax authorized under this part shall be
424 administered, collected, and enforced in accordance with:

425 (i) the same procedures used to administer, collect, and enforce the tax under:

426 (A) Part 1, Tax Collection; or

427 (B) Part 2, Local Sales and Use Tax Act; and

428 (ii) Chapter 1, General Taxation Policies.

429 (b) Notwithstanding Subsection (4)(a), a tax under this part is not subject to
430 Subsections 59-12-205(2) through (9).

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

433 (A) 1.5%; or

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

435 (ii) Any amount the commission retains under Subsection (4)(c)(i) shall be:

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

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

438 Section 8. Section **59-12-1502** is amended to read:

439 **59-12-1502. Definitions.**

440 As used in this part:

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

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

444 (3) "Qualifying county" means a county in which:

445 (a) a sales and use tax authorized by Section 59-12-502 is not imposed by:

446 ~~[(a)]~~ (i) the county;

447 ~~[(b)]~~ (ii) a city within the county; or

448 ~~[(c)]~~ (iii) a town within the county[-]; or

449 (b) a sales and use tax authorized by Section 59-12-502.5 is not imposed by the county.

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

452 (5) (a) Except as provided in Subsection (5)(b), "public transit" is as defined in Section
 453 17A-2-1004.

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

456 Section 9. Section **72-2-121** is amended to read:

457 **72-2-121. Public Transportation System Tax Highway Fund.**

458 (1) There is created a special revenue fund entitled the Public Transportation System
 459 Tax Highway Fund.

460 (2) The fund consists of monies generated from the following revenue sources:

461 (a) any voluntary contributions received for new construction, major renovations, and

462 improvements to Interstate 15 and state highways within a county of the first class; and
463 (b) the portion of the sales and use tax described in Subsection 59-12-502(5)[~~(b)~~]
464 (a)(ii) deposited in or transferred to the fund through an interlocal agreement.
465 (3) (a) The fund shall earn interest.
466 (b) All interest earned on fund monies shall be deposited into the fund.
467 (4) The executive director may use fund monies, as prioritized by the Transportation
468 Commission, only for new construction, major renovations, and improvements to Interstate 15
469 and state highways within a county of the first class and to pay any debt service and bond
470 issuance costs related to those projects.
471 Section 10. **Effective date.**
472 This bill takes effect on July 1, 2005.

Legislative Review Note
as of 2-16-05 6:24 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

State Impact

Passage of this bill could increase local transit revenues by \$24,532,000 in FY 2006 and by \$25,513,000 in FY 2007. The Sales Tax Administration fee would also increase up to \$310,000 in FY 2007 they would require an appropriation of \$61,000 from this fee to administer the provisions of the bill.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Restricted Funds	\$61,000	\$0	\$298,000	\$310,000
Local Revenue	\$0	\$0	\$24,532,000	\$25,513,000
TOTAL	\$61,000	\$0	\$24,830,000	\$25,823,000

Individual and Business Impact

Individuals in areas who are currently assessing less than the .25 percent identified in the bill would potentially see an increase in sales taxes paid.

Office of the Legislative Fiscal Analyst