

Senator Gregory S. Bell proposes the following substitute bill:

PUBLIC TRANSIT DISTRICT ANNEXATION

AND FUNDING AMENDMENTS

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Gregory S. Bell

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 intended to be paid 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 bonds that are intended to be paid 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,



26 and improvements to Interstate 15 or state highways within the county have been paid off, the
27 revenues allocated to a county of the first class shall be allocated to fund a fixed guideway and
28 expanded public transportation system;

29 ▶ authorizes a county to impose a sales and use tax of .25% or .50% for public
30 transportation costs and improvements if a single public transit district has 60% or
31 more of the population of the county residing within the public transit district
32 boundaries;

33 ▶ authorizes a county that has 60% or more of the population residing within a single
34 public transit district's boundaries to submit a proposal to the county's registered
35 voters on the next municipal general election to determine whether the county
36 should be a part of that public transit district;

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

- 39 • the county shall be annexed into the public transit district;
- 40 • a countywide sales tax of .25% or .50% shall be imposed for public
41 transportation; and

42 • certain existing sales and use taxes imposed by cities or towns within the county
43 are superseded;

44 ▶ provides procedures and requirements for imposing the countywide .25% or .50%
45 tax;

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

48 • any city or town within the county annexed into the public transit district shall
49 be withdrawn from the public transit district; and

50 • sales and use taxes imposed by a city or town within the county shall be used to
51 pay the proportionate share of the withdrawn areas' bonded indebtedness or
52 judgments against the public transit district incurred prior to the election and to
53 pay for transit services provided by interlocal agreement;

54 ▶ provides that a city or town that has been withdrawn from a public transit district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

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

60 ▶ makes technical changes.

61 **Monies Appropriated in this Bill:**

62 None

63 **Other Special Clauses:**

64 This bill takes effect on July 1, 2005.

65 **Utah Code Sections Affected:**

66 AMENDS:

67 **17A-2-1058**, as last amended by Chapter 9, Laws of Utah 2001

68 **17B-2-512**, as last amended by Chapters 89 and 170, Laws of Utah 2003

69 **59-12-501**, as last amended by Chapters 255 and 336, Laws of Utah 2004

70 **59-12-502**, as last amended by Chapter 255, Laws of Utah 2004

71 **59-12-503**, as enacted by Chapter 131, Laws of Utah 1997

72 **59-12-504**, as last amended by Chapter 255, Laws of Utah 2004

73 **59-12-1502**, as enacted by Chapter 282, Laws of Utah 2003

74 **72-2-121**, as enacted by Chapter 217, Laws of Utah 2001

75 ENACTS:

76 **59-12-501.5**, Utah Code Annotated 1953

77 **59-12-502.5**, Utah Code Annotated 1953



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

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

81 **17A-2-1058. District may issue bonds.**

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

87 (2) Notwithstanding any other provision of law and notwithstanding any limitations

88 contained in Sections 17A-2-1044 and 17A-2-1059, a general obligation bond issued by a
89 district shall be secured as provided in Section 11-14-19.

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

91 **17B-2-512. Protests -- Election.**

92 (1) (a) An owner of private real property located within or a registered voter residing
93 within an area proposed to be annexed may protest an annexation by filing a written protest
94 with the board of trustees of the proposed annexing local district, except:

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

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

97 (iii) for an annexation proposed by a local district that receives sales and use tax funds
98 from the counties, cities, and towns within the local district that impose a sales and use tax
99 under Section 59-12-501, 59-12-501.5, or 59-12-502.5.

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

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

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

106 (i) timely protests are filed by:

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

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

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

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

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

117 (ii) the proposed annexing local district is one that receives sales and use tax funds
118 from the counties, cities, and towns within the local district that impose a sales and use tax

119 under Section 59-12-501, 59-12-501.5, or 59-12-502.5.

120 (b) (i) At each election held under Subsection (3)(a)(ii), the ballot question shall be
121 phrased to indicate that a voter's casting a vote for or against the annexation includes also a
122 vote for or against the imposition of the sales and use tax as provided in Section 59-12-501,
123 59-12-501.5, or 59-12-502.5.

124 (ii) Except as otherwise provided in this part, each election under Subsection (3)(a)
125 shall be governed by Title 20A, Election Code.

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

128 (i) in favor of annexation, the board of trustees shall, subject to Subsections
129 17B-2-514(1)(b), (2), and (3), complete the annexation by adopting a resolution approving
130 annexation of the area; or

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

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

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

139 **59-12-501. Public transit tax -- Base -- Rate -- Voter approval.**

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

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

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

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

154 (ii) An election under Subsection 17B-2-512(3)(a)(ii) approving the annexation of an
155 area to a public transit district or local district and approving for that annexed area the sales and
156 use tax authorized by this section satisfies the election requirement of Subsection (1)(c)(i) for
157 the area to be annexed to the public transit district or local district.

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

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

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

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

167 Section 4. Section **59-12-501.5** is enacted to read:

168 **59-12-501.5. Countywide public transit tax -- Base -- Rate -- Voter Approval.**

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

172 (2) (a) Subject to the other provisions of this part, if a single public transit district has
173 60% or more of the population of a county residing within the public transit district boundaries,
174 beginning on or after July 1, 2005, the county legislative body may impose a sales and use tax
175 of .25%:

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

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

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

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

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

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

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

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

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

192 (i) adopt a resolution to impose a tax under this section; and

193 (ii) submit an opinion question to the county's registered voters voting on the
194 imposition of the tax so that each registered voter has the opportunity to express the registered
195 voter's opinion on whether a tax should be imposed under this section.

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

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

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

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

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

203 (C) in accordance with the procedures and requirements of Title 20A, Election Code,
204 for holding municipal general elections.

205 (c) The ballot question for the opinion question submitted under Subsection (3)(a) shall
206 read:

207 "Shall a county be a part of that public transit district?"

208 (1) If a majority of the county's registered voters voting in the election approve
209 becoming a part of that public transit district, the county shall be annexed into the public transit
210 district and a sales and use tax of .25% shall be imposed countywide to fund public
211 transportation operations, costs, and improvements of the transit district. The .25% sales and

212 use tax shall supersede all sales and use taxes imposed by a city or town within the county to
213 fund public transportation.

214 (2) If a majority of the county's registered voters voting in the election vote against
215 becoming a part of that public transit district, all cities or towns annexed in the public transit
216 district shall be withdrawn from the public transit district and all sales and uses taxes imposed
217 by a city or town to fund public transportation within the county shall be used to pay a
218 proportionate share of all bonded indebtedness secured by the sales and use tax revenues and to
219 pay for public transit services provided by interlocal agreement."

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

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

223 (b) the county legislative body shall provide notice to the commission of the imposition
224 of a tax under this section within 30 days after the canvass of the election described in
225 Subsection (3):

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

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

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

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

233 (e) (i) if, on the day on which a tax under this section takes effect as provided in
234 Subsection (4)(c), any revenues generated by a tax imposed by a city or town under Section
235 59-12-501 are used as a source of repayment for debt service on any bonded indebtedness or
236 other obligations:

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

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

242 (ii) the city or town may through an interlocal agreement, authorize the distribution

243 directly to the public transit district or other entity to pay the debt or other obligation; and

244 (f) if a county has adopted a resolution under Subsection (3)(a), a transit district may
245 not incur any new debt or obligation using revenue under Section 59-12-501 for a county that
246 has expressed its intent to hold an election under this section until after the election results
247 have been certified.

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

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

252 (ii) a tax imposed under Section 59-12-501 may continue to be imposed for purposes
253 of paying:

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

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

257 (b) Except as provided in Subsection (5)(c), a city or town that is withdrawn from a
258 public transit district under Subsection (5)(a)(i) is exempt from the withdrawal requirements of
259 Title 17B, Chapter 2, Part 6, Withdrawal.

260 (c) A public transit district and a city or town that is withdrawn from the public transit
261 district under Subsection (5)(a)(i) shall comply with the withdrawal requirements under
262 Subsection 17B-2-608(5) and Sections 17B-2-609 through 17B-2-611.

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

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

269 (c) If public transportation is provided to a withdrawn area by interlocal agreement, the
270 public transportation service provider shall:

271 (i) charge no more than the reasonable costs attributable to the services provided under
272 the interlocal agreement; and

273 (ii) provide an annual accounting of the costs for the service to the withdrawn area.

274 (7) If a county legislative body imposes a tax under this section and a majority of the
275 county's registered voters voting in an election under Subsection (3) vote in favor of the
276 imposition of a tax under this section, beginning on the date the tax under this section is
277 imposed:

278 (a) the county legislative body may not impose a sales and use tax under Section
279 59-12-501; and

280 (b) a city or town within the county may not impose a sales and use tax under Section
281 59-12-501 or 59-12-502.

282 Section 5. Section **59-12-502** is amended to read:

283 **59-12-502. Additional public transit tax for expanded system and fixed guideway**
284 **and interstate improvements -- Base -- Rate -- Voter approval.**

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

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

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

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

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

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

304 (3) (a) This section may not be construed to require an election in jurisdictions where

305 voters have previously approved a public transit sales or use tax.

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

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

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

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

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

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

322 (c) When all bonds incurred before July 1, 2005 for new construction, major
323 renovations, and improvements to Interstate 15 and state highways within the county which
324 were intended to be paid from revenues allocated under Subsection (5)(a)(ii) have been paid
325 off, the revenues generated by the tax imposed under this section that are allocated under
326 Subsection (5)(a)(ii) shall be allocated to fund a fixed guideway and expanded public
327 transportation system.

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

332 Section 6. Section **59-12-502.5** is enacted to read:

333 **59-12-502.5. Countywide public transit tax for public transportation costs and**
334 **improvements - Base -- Equalized rate -- Voter approval.**

335 (1) As used in this section, "public transit district" means a public transit district

336 organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act, that has more
337 than 200,000 people residing within the district boundaries.

338 (2) (a) Subject to the other provisions of this part, if a single public transit district has
339 60% or more of the population of a county residing within the public transit district boundaries,
340 beginning on or after July 1, 2005, the county legislative body may impose a sales and use tax
341 of .50%:

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

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

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

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

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

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

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

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

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

358 (i) adopt a resolution to impose a tax under this part; and

359 (ii) submit an opinion question to the county's registered voters voting on the
360 imposition of the tax so that each registered voter has the opportunity to express the registered
361 voter's opinion on whether a tax should be imposed under this section.

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

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

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

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

367 (B) only on the date of a municipal general election provided in Subsection
368 20A-1-202(1); and

369 (C) in accordance with the procedures and requirements of Title 20A, Election Code,
370 for holding municipal general elections.

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

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

379 (2) If a majority of the county's registered voters voting in the election vote against
380 becoming a part of that public transit district, all cities or towns annexed in the public transit
381 district shall be withdrawn from the public transit district and all sales and uses taxes imposed
382 by a city or town to fund public transportation within the county shall be used to pay a
383 proportionate share of all bonded indebtedness secured by the sales and use tax revenues and to
384 pay for public transit services provided by interlocal agreement."

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

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

388 (b) the county legislative body shall provide notice to the commission of the imposition
389 of a tax under this section within 30 days after the canvass of the election described in
390 Subsection (3):

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

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

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

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

398 (e) (i) if, on the day on which a tax under this section takes effect as provided in
399 Subsection (4)(c), any revenues generated by a tax imposed by a city or town under Section
400 59-12-501 or 59-12-502 are used as a source of repayment for debt service on any bonded
401 indebtedness or other obligations:

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

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

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

409 (f) if a county has adopted a resolution under Subsection (3)(a), a transit district may
410 not incur any new debt or obligation using revenue under Section 59-12-501 or 59-12-502 for a
411 county that has expressed its intent to hold an election under this section until after the election
412 results have been certified.

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

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

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

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

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

423 (b) Except as provided in Subsection (5)(c), a city or town that is withdrawn from a
424 public transit district under Subsection (5)(a)(i) is exempt from the withdrawal requirements of
425 Title 17B, Chapter 2, Part 6, Withdrawal.

426 (c) A public transit district and a city or town that is withdrawn from the public transit
427 district under Subsection (5)(a)(i) shall comply with the withdrawal requirements under
428 Subsection 17B-2-608(5) and Sections 17B-2-609 through 17B-2-611.

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

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

435 (c) If public transportation is provided to a withdrawn area by interlocal agreement, the
436 public transportation service provider shall:

437 (i) charge no more than the reasonable costs attributable to the services provided under
438 to the interlocal agreement; and

439 (ii) provide an annual accounting of the costs for the service to the withdrawn area.

440 (7) If a county legislative body imposes a tax under this section and a majority of the
441 county's registered voters voting in an election under Subsection (3) vote in favor of the
442 imposition of a tax under this section, beginning on the date the tax under this section is
443 imposed:

444 (a) the county legislative body may not impose a sales and use tax under Sections
445 59-12-501, 59-12-502, and 59-12-1503; and

446 (b) a city or town within the county may not impose a sales and use tax under Section
447 59-12-501 or 59-12-502.

448 Section 7. Section **59-12-503** is amended to read:

449 **59-12-503. Public transit taxes -- Local option direct transfer.**

450 A county or municipality may elect, in writing, to have the portion of the monthly funds
451 transfer that is collected as a public transit sales and use tax under Sections 59-12-501 [~~and~~],
452 59-12-501.5, 59-12-502, and 59-12-502.5 to be transferred directly to a designated public
453 transit district, subject to the same charge as described under Section 59-12-206.

454 Section 8. Section **59-12-504** is amended to read:

455 **59-12-504. Enactment or repeal of tax -- Effective date -- Notice requirements --**
456 **Administration, collection, and enforcement of tax.**

457 (1) For purposes of this section:

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

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

460 (ii) a city or town under Title 10, Chapter 2, Part 4, Annexation.
461 (b) "Annexing area" means an area that is annexed into a county, city, or town.
462 (2) (a) Except as provided in Subsection (2)(c) or (d), if, on or after July 1, 2004, a
463 county, city, or town enacts or repeals a tax under this part, the enactment or repeal shall take
464 effect:
465 (i) on the first day of a calendar quarter; and
466 (ii) after a 90-day period beginning on the date the commission receives notice meeting
467 the requirements of Subsection (2)(b) from the county, city, or town.
468 (b) The notice described in Subsection (2)(a)(ii) shall state:
469 (i) that the county, city, or town will enact or repeal a tax under this part;
470 (ii) the statutory authority for the tax described in Subsection (2)(b)(i);
471 (iii) the effective date of the tax described in Subsection (2)(b)(i); and
472 (iv) if the county, city, or town enacts the tax described in Subsection (2)(b)(i), the rate
473 of the tax.
474 (c) (i) Notwithstanding Subsection (2)(a), for a transaction described in Subsection
475 (2)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:
476 (A) that begins after the effective date of the enactment of the tax; and
477 (B) if the billing period for the transaction begins before the effective date of the
478 enactment of the tax under:
479 (I) Section 59-12-501; [~~or~~]
480 (II) Section 59-12-501.5;
481 [~~(III)~~] (III) Section 59-12-502[-]; or
482 (IV) Section 59-12-502.5.
483 (ii) Notwithstanding Subsection (2)(a), for a transaction described in Subsection
484 (2)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:
485 (A) that began before the effective date of the repeal of the tax; and
486 (B) if the billing period for the transaction begins before the effective date of the repeal
487 of the tax imposed under:
488 (I) Section 59-12-501; [~~or~~]
489 (II) Section 59-12-501.5;
490 [~~(III)~~] (III) Section 59-12-502[-]; or

- 491 (IV) Section 59-12-502.5.
- 492 (iii) Subsections (2)(c)(i) and (ii) apply to transactions subject to a tax under:
- 493 (A) Subsection 59-12-103(1)(b);
- 494 (B) Subsection 59-12-103(1)(c);
- 495 (C) Subsection 59-12-103(1)(d);
- 496 (D) Subsection 59-12-103(1)(e);
- 497 (E) Subsection 59-12-103(1)(f);
- 498 (F) Subsection 59-12-103(1)(g);
- 499 (G) Subsection 59-12-103(1)(h);
- 500 (H) Subsection 59-12-103(1)(i);
- 501 (I) Subsection 59-12-103(1)(j); or
- 502 (J) Subsection 59-12-103(1)(k).
- 503 (d) (i) Notwithstanding Subsection (2)(a), if a tax due under this chapter on a catalogue
- 504 sale is computed on the basis of sales and use tax rates published in the catalogue, an
- 505 enactment or repeal of a tax described in Subsection (2)(a) takes effect:
- 506 (A) on the first day of a calendar quarter; and
- 507 (B) beginning 60 days after the effective date of the enactment or repeal under
- 508 Subsection (2)(a).
- 509 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
- 510 the commission may by rule define the term "catalogue sale."
- 511 (3) (a) Except as provided in Subsection (3)(c) or (d), if, for an annexation that occurs
- 512 on or after July 1, 2004, the annexation will result in the enactment or repeal of a tax under this
- 513 part for an annexing area, the enactment or repeal shall take effect:
- 514 (i) on the first day of a calendar quarter; and
- 515 (ii) after a 90-day period beginning on the date the commission receives notice meeting
- 516 the requirements of Subsection (3)(b) from the county, city, or town that annexes the annexing
- 517 area.
- 518 (b) The notice described in Subsection (3)(a)(ii) shall state:
- 519 (i) that the annexation described in Subsection (3)(a) will result in an enactment or
- 520 repeal of a tax under this part for the annexing area;
- 521 (ii) the statutory authority for the tax described in Subsection (3)(b)(i);

- 522 (iii) the effective date of the tax described in Subsection (3)(b)(i); and
- 523 (iv) the rate of the tax described in Subsection (3)(b)(i).
- 524 (c) (i) Notwithstanding Subsection (3)(a), for a transaction described in Subsection
- 525 (3)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:
- 526 (A) that begins after the effective date of the enactment of the tax; and
- 527 (B) if the billing period for the transaction begins before the effective date of the
- 528 enactment of the tax under:
 - 529 (I) Section 59-12-501; [~~or~~]
 - 530 (II) Section 59-12-501.5;
 - 531 [~~(III)~~] (III) Section 59-12-502[-]; or
 - 532 (IV) Section 59-12-502.5.
- 533 (ii) Notwithstanding Subsection (3)(a), for a transaction described in Subsection
- 534 (3)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:
- 535 (A) that began before the effective date of the repeal of the tax; and
- 536 (B) if the billing period for the transaction begins before the effective date of the repeal
- 537 of the tax imposed under:
 - 538 (I) Section 59-12-501; [~~or~~]
 - 539 (II) Section 59-12-501.5;
 - 540 [~~(III)~~] (III) Section 59-12-502[-]; or
 - 541 (IV) Section 59-12-502.5.
- 542 (iii) Subsections (3)(c)(i) and (ii) apply to transactions subject to a tax under:
 - 543 (A) Subsection 59-12-103(1)(b);
 - 544 (B) Subsection 59-12-103(1)(c);
 - 545 (C) Subsection 59-12-103(1)(d);
 - 546 (D) Subsection 59-12-103(1)(e);
 - 547 (E) Subsection 59-12-103(1)(f);
 - 548 (F) Subsection 59-12-103(1)(g);
 - 549 (G) Subsection 59-12-103(1)(h);
 - 550 (H) Subsection 59-12-103(1)(i);
 - 551 (I) Subsection 59-12-103(1)(j); or
 - 552 (J) Subsection 59-12-103(1)(k).

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

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

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

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

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

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

564 (A) Part 1, Tax Collection; or

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

566 (ii) Chapter 1, General Taxation Policies.

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

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

571 (A) 1.5%; or

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

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

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

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

576 Section 9. Section **59-12-1502** is amended to read:

577 **59-12-1502. Definitions.**

578 As used in this part:

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

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

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

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

584 [~~(a)~~] (i) the county;
585 [~~(b)~~] (ii) a city within the county; or
586 [~~(c)~~] (iii) a town within the county[-]; or
587 (b) a sales and use tax authorized by Section 59-12-502.5 is not imposed by the county.

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

590 (5) (a) Except as provided in Subsection (5)(b), "public transit" is as defined in Section
591 17A-2-1004.

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

594 Section 10. Section **72-2-121** is amended to read:

595 **72-2-121. Public Transportation System Tax Highway Fund.**

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

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

599 (a) any voluntary contributions received for new construction, major renovations, and
600 improvements to Interstate 15 and state highways within a county of the first class; and

601 (b) the portion of the sales and use tax described in Subsection 59-12-502(5)[~~(b)~~]
602 (a)(ii) deposited in or transferred to the fund through an interlocal agreement.

603 (3) (a) The fund shall earn interest.

604 (b) All interest earned on fund monies shall be deposited into the fund.

605 (4) The executive director may use fund monies, as prioritized by the Transportation
606 Commission, only for new construction, major renovations, and improvements to Interstate 15
607 and state highways within a county of the first class and to pay any debt service and bond
608 issuance costs related to those projects.

609 Section 11. **Effective date.**

610 This bill takes effect on July 1, 2005.