

Representative Rebecca D. Lockhart proposes the following substitute bill:

TRANSPORTATION INVESTMENT ACT

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rebecca D. Lockhart

Senate Sponsor: Carlene M. Walker

Cosponsors:

Brad L. Dee

Lorie D. Fowlke

J. Stuart Adams

John Dougall

Todd E. Kiser

LONG TITLE

General Description:

This bill modifies the Sales and Use Tax Act and the Transportation Code by increasing funding for transportation.

Highlighted Provisions:

This bill:

- ▶ provides that a portion of the sales and use tax revenue shall be deposited annually into the Centennial Highway Fund Restricted Account;

- ▶ provides that the portion of the sales and use tax revenue that is deposited annually into the Centennial Highway Fund Restricted Account shall be deposited annually in the Transportation Investment Fund of 2005 when the highway general obligation bonds have been paid off and the highway projects completed that are intended to be paid from revenues deposited in the Centennial Highway Fund Restricted Account; and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 This bill takes effect on July 1, 2006.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-12-103 (Effective 07/01/06)**, as last amended by Chapter 1, Laws of Utah 2005,
31 First Special Session

32 **72-2-124**, as enacted by Chapter 1, Laws of Utah 2005, First Special Session

33

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

35 Section 1. Section **59-12-103 (Effective 07/01/06)** is amended to read:

36 **59-12-103 (Effective 07/01/06). Sales and use tax base -- Rates -- Effective dates --**
37 **Use of sales and use tax revenues.**

38 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
39 charged for the following transactions:

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

41 (b) amounts paid:

42 (i) (A) to a common carrier; or

43 (B) whether the following are municipally or privately owned, to a:

44 (I) telephone service provider; or

45 (II) telegraph corporation as defined in Section 54-2-1; and

46 (ii) for:

47 (A) all transportation;

48 (B) telephone service, other than mobile telecommunications service, that originates
49 and terminates within the boundaries of this state;

50 (C) mobile telecommunications service that originates and terminates within the
51 boundaries of one state only to the extent permitted by the Mobile Telecommunications
52 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

53 (D) telegraph service;

54 (c) sales of the following for commercial use:

55 (i) gas;

56 (ii) electricity;

- 57 (iii) heat;
- 58 (iv) coal;
- 59 (v) fuel oil; or
- 60 (vi) other fuels;
- 61 (d) sales of the following for residential use:
- 62 (i) gas;
- 63 (ii) electricity;
- 64 (iii) heat;
- 65 (iv) coal;
- 66 (v) fuel oil; or
- 67 (vi) other fuels;
- 68 (e) sales of prepared food;
- 69 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 70 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 71 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 72 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 73 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 74 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 75 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 76 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 77 exhibition, cultural, or athletic activity;
- 78 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 79 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 80 (i) the tangible personal property; and
- 81 (ii) parts used in the repairs or renovations of the tangible personal property described
- 82 in Subsection (1)(g)(i), whether or not any parts are actually used in the repairs or renovations
- 83 of that tangible personal property;
- 84 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 85 cleaning or washing of tangible personal property;
- 86 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 87 accommodations and services that are regularly rented for less than 30 consecutive days;

88 (j) amounts paid or charged for laundry or dry cleaning services;

89 (k) amounts paid or charged for leases or rentals of tangible personal property if within

90 this state the tangible personal property is:

91 (i) stored;

92 (ii) used; or

93 (iii) otherwise consumed;

94 (l) amounts paid or charged for tangible personal property if within this state the

95 tangible personal property is:

96 (i) stored;

97 (ii) used; or

98 (iii) consumed; and

99 (m) amounts paid or charged for prepaid telephone calling cards.

100 (2) (a) Except as provided in Subsection (2)(b), beginning on July 1, 2001, a state tax
101 and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

102 (i) a state tax imposed on the transaction at a rate of 4.75%; and

103 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
104 transaction under this chapter other than this part.

105 (b) Notwithstanding Subsection (2)(a), beginning on July 1, 2001, a state tax and a
106 local tax is imposed on a transaction described in Subsection (1)(d) equal to the sum of:

107 (i) a state tax imposed on the transaction at a rate of 2%; and

108 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
109 transaction under this chapter other than this part.

110 (c) Subject to Subsections (2)(d) and (e), a tax rate repeal or tax rate change for a tax
111 rate imposed under the following shall take effect on the first day of a calendar quarter:

112 (i) Subsection (2)(a)(i); or

113 (ii) Subsection (2)(b)(i).

114 (d) (i) For a transaction described in Subsection (2)(d)(iii), a tax rate increase shall take
115 effect on the first day of the first billing period:

116 (A) that begins after the effective date of the tax rate increase; and

117 (B) if the billing period for the transaction begins before the effective date of a tax rate
118 increase imposed under:

119 (I) Subsection (2)(a)(i); or

120 (II) Subsection (2)(b)(i).

121 (ii) For a transaction described in Subsection (2)(d)(iii), the repeal of a tax or a tax rate
122 decrease shall take effect on the first day of the last billing period:

123 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;
124 and

125 (B) if the billing period for the transaction begins before the effective date of the repeal
126 of the tax or the tax rate decrease imposed under:

127 (I) Subsection (2)(a)(i); or

128 (II) Subsection (2)(b)(i).

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

130 (A) Subsection (1)(b);

131 (B) Subsection (1)(c);

132 (C) Subsection (1)(d);

133 (D) Subsection (1)(e);

134 (E) Subsection (1)(f);

135 (F) Subsection (1)(g);

136 (G) Subsection (1)(h);

137 (H) Subsection (1)(i);

138 (I) Subsection (1)(j); or

139 (J) Subsection (1)(k).

140 (e) (i) If a tax due under Subsection (2)(a)(i) on a catalogue sale is computed on the
141 basis of sales and use tax rates published in the catalogue, a tax rate repeal or change in a tax
142 rate imposed under Subsection (2)(a)(i) takes effect:

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

144 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change
145 under Subsection (2)(a)(i).

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

148 (3) (a) Except as provided in Subsections (4) through (7), the following state taxes
149 shall be deposited into the General Fund:

150 (i) the tax imposed by Subsection (2)(a)(i); or

151 (ii) the tax imposed by Subsection (2)(b)(i).

152 (b) The local taxes described in Subsections (2)(a)(ii) and (2)(b)(ii) shall be distributed
153 to a county, city, or town as provided in this chapter.

154 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
155 2003, the lesser of the following amounts shall be used as provided in Subsections (4)(b)
156 through (g):

157 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

158 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

159 (B) for the fiscal year; or

160 (ii) \$17,500,000.

161 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
162 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
163 Department of Natural Resources to:

164 (A) implement the measures described in Subsections 63-34-14(4)(a) through (d) to
165 protect sensitive plant and animal species; or

166 (B) award grants, up to the amount authorized by the Legislature in an appropriations
167 act, to political subdivisions of the state to implement the measures described in Subsections
168 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

169 (ii) Money transferred to the Department of Natural Resources under Subsection
170 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
171 person to list or attempt to have listed a species as threatened or endangered under the
172 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

173 (iii) At the end of each fiscal year:

174 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
175 Conservation and Development Fund created in Section 73-10-24;

176 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
177 Program Subaccount created in Section 73-10c-5; and

178 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
179 Program Subaccount created in Section 73-10c-5.

180 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in

181 Subsection (4)(b)(i) shall be deposited each year in the Agriculture Resource Development
182 Fund created in Section 4-18-6.

183 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
184 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
185 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
186 water rights.

187 (ii) At the end of each fiscal year:

188 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
189 Conservation and Development Fund created in Section 73-10-24;

190 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
191 Program Subaccount created in Section 73-10c-5; and

192 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
193 Program Subaccount created in Section 73-10c-5.

194 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
195 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development
196 Fund created in Section 73-10-24 for use by the Division of Water Resources.

197 (ii) In addition to the uses allowed of the Water Resources Conservation and
198 Development Fund under Section 73-10-24, the Water Resources Conservation and
199 Development Fund may also be used to:

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

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

208 (C) fund state required dam safety improvements; and

209 (D) protect the state's interest in interstate water compact allocations, including the
210 hiring of technical and legal staff.

211 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described

212 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
213 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

214 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
215 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
216 created in Section 73-10c-5 for use by the Division of Drinking Water to:

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

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

220 (iii) develop surface water sources.

221 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
222 2003, the lesser of the following amounts shall be used as provided in Subsections (5)(b)
223 through (d):

224 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

225 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

226 (B) for the fiscal year; or

227 (ii) \$18,743,000.

228 (b) (i) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described
229 in Subsection (5)(a) shall be deposited each year in the Transportation Corridor Preservation
230 Revolving Loan Fund created in Section 72-2-117.

231 (ii) At least 50% of the money deposited in the Transportation Corridor Preservation
232 Revolving Loan Fund under Subsection (5)(b)(i) shall be used to fund loan applications made
233 by the Department of Transportation at the request of local governments.

234 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
235 Subsection (5)(a) shall be transferred each year as nonlapsing dedicated credits to the
236 Department of Transportation for the State Park Access Highways Improvement Program
237 created in Section 72-3-207.

238 (d) For a fiscal year beginning on or after July 1, 2003, 94% of the amount described in
239 Subsection (5)(a) shall be deposited in the class B and class C roads account to be expended as
240 provided in Title 72, Chapter 2, Transportation Finances Act, for the use of class B and C
241 roads.

242 (6) (a) Notwithstanding Subsection (3)(a) and until Subsection (6)(b) applies,

243 beginning on January 1, 2000, the Division of Finance shall deposit into the Centennial
244 Highway Fund Restricted Account created in Section 72-2-118 a portion of the taxes listed
245 under Subsection (3)(a) equal to the revenues generated by a 1/64% tax rate on the taxable
246 transactions under Subsection (1).

247 (b) Notwithstanding Subsection (3)(a), when the highway general obligation bonds
248 have been paid off and the highway projects completed that are intended to be paid from
249 revenues deposited in the Centennial Highway Fund Restricted Account as determined by the
250 Executive Appropriations Committee under Subsection 72-2-118(6)(d), the Division of
251 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
252 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
253 by a 1/64% tax rate on the taxable transactions under Subsection (1).

254 (7) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal
255 year 2004-05, the commission shall each year on or before the September 30 immediately
256 following the last day of the fiscal year deposit the difference described in Subsection (7)(b)
257 into the Remote Sales Restricted Account created in Section 59-12-103.2 if that difference is
258 greater than \$0.

259 (b) The difference described in Subsection (7)(a) is equal to the difference between:

260 (i) the total amount of the following revenues the commission received from sellers
261 collecting a tax in accordance with Subsection 59-12-107(1)(b) for the fiscal year immediately
262 preceding the September 30 described in Subsection (7)(a):

263 (A) revenues under Subsection (2)(a)(i); and

264 (B) revenues under Subsection (2)(b)(i); and

265 (ii) \$7,279,673.

266 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amount deposited in
267 Subsection (6)(a), and until Subsection (8)(b) applies, for a fiscal year beginning on or after
268 July 1, [2005] 2006, the Division of Finance shall deposit [\$59,594,700] into the Centennial
269 Highway Fund Restricted Account created by Section 72-2-118 a portion of the taxes listed
270 under Subsection (3)(a) equal to 8.3% of the revenues [generated by] collected from the taxes
271 described in Subsections (2)(a)(i) and (2)(b)(i) [into the Centennial Highway Fund Restricted
272 Account created by Section 72-2-118:], which represents a portion of the approximately 17%
273 of sales and use tax revenues generated annually by the sales and use tax on vehicles and

274 vehicle-related products.

275 (b) Notwithstanding Subsection (3)(a) and in addition to the amounts deposited under
276 Subsection (6)(b), when the highway general obligation bonds have been paid off and the
277 highway projects completed that are intended to be paid from revenues deposited in the
278 Centennial Highway Fund Restricted Account as determined by the Executive Appropriations
279 Committee under Subsection 72-2-118(6)(d), the Division of Finance shall deposit
280 ~~[\$59,594,700]~~ into the Transportation Investment Fund of 2005 created by Section 72-2-124 a
281 portion of the taxes listed under Subsection (3)(a) equal to 8.3% of the revenues [generated by]
282 collected from the taxes described in Subsections (2)(a)(i) and (2)(b)(i) [into the Transportation
283 Investment Fund of 2005 created by Section 72-2-124.], which represents a portion of the
284 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
285 on vehicles and vehicle-related products.

286 Section 2. Section **72-2-124** is amended to read:

287 **72-2-124. Transportation Investment Fund of 2005.**

288 (1) There is created a special revenue fund entitled the Transportation Investment Fund
289 of 2005.

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

291 (a) any voluntary contributions received for the maintenance, construction,
292 reconstruction, or renovation of state and federal highways; and

293 (b) appropriations made to the fund by the Legislature.

294 (3) When the highway general obligation bonds have been paid off and the highway
295 projects completed that are intended to be paid from revenues deposited in the Centennial
296 Highway Fund Restricted Account as determined by the Executive Appropriations Committee
297 under Subsection 72-2-118(6)(d), the fund shall also consist of monies generated from the
298 following sources:

299 (a) registration fees designated under Subsection 41-1a-1201(6)(a);

300 (b) the clean special fuel tax certificate surcharge under Subsection 59-13-304(3); and

301 (c) the sales and use tax amounts provided for in ~~Subsections~~ Section
302 59-12-103[(6)(b) and (8)(b)].

303 (4) (a) The fund shall earn interest.

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

305 (5) (a) Except as provided in Subsection (5)(b), the executive director may use fund
306 monies only to pay the costs of maintenance, construction, reconstruction, or renovation to
307 state and federal highways prioritized by the Transportation Commission through the
308 prioritization process for new transportation capacity projects adopted under Section 72-1-304.

309 (b) The executive director may use fund monies deposited into the fund in fiscal year
310 2006 only to pay the costs of maintenance, construction, reconstruction, or renovation to state
311 and federal highways prioritized by the Transportation Commission.

312 Section 3. **Effective date.**

313 This bill takes effect on July 1, 2006.

State Impact

Provisions of this bill requires the Division of Finance to deposit 8.3% of the revenues collected from taxable sales to the Centennial Highway Fund Restricted Account. The FY 2007 deposit to that account is estimated to be \$149,595,000. These funds will replace the current \$149,595,000 General Fund ongoing appropriation to the Centennial Highway Program.

Individual and Business Impact

No additional fiscal impact.