

1                                   **SALES AND USE TAX FUNDING FOR**  
2   **HEALTH CARE**

3   2006 GENERAL SESSION  
4   STATE OF UTAH

5                                   **Chief Sponsor: John G. Mathis**

6                                   Senate Sponsor: Beverly Ann Evans

---

---

7  
8   **LONG TITLE**

9   **General Description:**

10           This bill amends the Sales and Use Tax Act to address sales and use tax funding for  
11 health care.

12   **Highlighted Provisions:**

13           This bill:

- 14           ▶ provides definitions;
- 15           ▶ modifies definitions;
- 16           ▶ expands the purposes for which a county of the sixth class may expend revenues

17 generated by a county option sales and use tax for rural county health care facilities  
18 to include:

- 19           • emergency medical services;
- 20           • federally qualified health centers;
- 21           • freestanding urgent care centers; or
- 22           • rural health clinics;
- 23           ▶ addresses the purposes for which a county of the third, fourth, or fifth class may
- 24 expend revenues generated by this tax; and
- 25           ▶ makes technical changes.

26   **Monies Appropriated in this Bill:**

27           None



28 **Other Special Clauses:**

29 This bill takes effect on July 1, 2006.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-12-801**, as last amended by Chapters 253 and 318, Laws of Utah 2000

33 **59-12-802** (See **59-1-1201 re: Eff**), as last amended by Chapter 105, Laws of Utah

34 2005

35 

---

---

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

37 Section 1. Section **59-12-801** is amended to read:

38 **Part 8. Funding for Health Care**

39 **59-12-801. Definitions.**

40 As used in this part:

41 (1) "Emergency medical services" is as defined in Section 26-8a-102.

42 (2) "Federally qualified health center" is as defined in 42 U.S.C. Sec. 1395x.

43 (3) "Freestanding urgent care center" means a facility that provides outpatient health  
44 care service:

45 (a) on an as-needed basis, without an appointment;

46 (b) to the public;

47 (c) for the diagnosis and treatment of a medical condition if that medical condition  
48 does not require hospitalization or emergency intervention for a life threatening or potentially  
49 permanently disabling condition; and

50 (d) including one or more of the following services:

51 (i) a medical history physical examination;

52 (ii) an assessment of health status; or

53 (iii) treatment:

54 (A) for a variety of medical conditions; and

55 (B) that is commonly offered in a physician's office.

56 [~~1~~] (4) "Nursing care facility" is as defined in Section 26-21-2.

57 [~~2~~] (5) "Rural city hospital" means a hospital owned by a city that is located within a  
58 third, fourth, fifth, or sixth class county.

59           ~~[(3)]~~ (6) "Rural county health care facility" means a:

60           (a) rural county hospital; or ~~[a]~~

61           (b) rural county nursing care facility.

62           ~~[(4)]~~ (7) "Rural county hospital" means a hospital owned by a county that is:

63           (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501~~[-which~~  
64 ~~is];~~ and

65           (b) located outside of a standard metropolitan statistical area, as designated by the  
66 United States Bureau of the Census.

67           ~~[(5)]~~ (8) "Rural county nursing care facility" means a nursing care facility owned by a  
68 county that is:

69           (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501~~[-which~~  
70 ~~is];~~ and

71           (b) located outside of a standard metropolitan statistical area, as designated by the  
72 United States Census Bureau.

73           (9) "Rural emergency medical services" means emergency medical services that are  
74 provided by a county that is:

75           (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and

76           (b) located outside of a standard metropolitan statistical area, as designated by the  
77 United States Census Bureau.

78           (10) "Rural health clinic" is as defined in 42 U.S.C. Sec. 1395x.

79           Section 2. Section **59-12-802** (See **59-1-1201 re: Eff**) is amended to read:

80           **59-12-802** (See **59-1-1201 re: Eff**). **Imposition of rural county health care facilities**  
81 **tax -- Base -- Rate -- Administration, collection, and enforcement of tax.**

82           (1) (a) A county legislative body of a county of the third, fourth, fifth, or sixth class  
83 may impose a sales and use tax of up to 1%:

84           (i) except as provided in Subsections (1)(b) and 59-12-207.1(7)(c), on the transactions  
85 described in Subsection 59-12-103(1) located within the county; and

86           (ii) subject to Subsection (3), to fund:

87           (A) for a county of the third, fourth, or fifth class, rural county health care facilities in  
88 that county~~[-];~~ or

89           (B) for a county of the sixth class:

90 (I) emergency medical services in that county;

91 (II) federally qualified health centers in that county;

92 (III) freestanding urgent care centers in that county;

93 (IV) rural county health care facilities in that county;

94 (V) rural health clinics in that county; or

95 (VI) a combination of Subsections (1)(a)(ii)(B)(I) through (V).

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

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

100 (ii) a transaction to the extent a rural city hospital tax is imposed on that transaction in  
101 a city that imposes a tax under Section 59-12-804.

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

104 (2) (a) Before imposing a tax under Subsection (1)(a), a county legislative body shall  
105 obtain approval to impose the tax from a majority of the:

106 (i) members of the county's legislative body; and

107 (ii) county's registered voters voting on the imposition of the tax.

108 (b) The county legislative body shall conduct the election according to the procedures  
109 and requirements of Title 11, Chapter 14, Local Government Bonding Act.

110 (3) (a) The monies generated by a tax imposed under Subsection (1) by a county  
111 legislative body of a county of the third, fourth, or fifth class may only be used for the  
112 financing of:

113 ~~[(a)]~~ (i) ongoing operating expenses of a rural county health care facility within that  
114 county;

115 ~~[(b)]~~ (ii) the acquisition of land for a rural county health care facility within that  
116 county; or

117 ~~[(c)]~~ (iii) the design, construction, equipping, or furnishing of a rural county health care  
118 facility[-] within that county.

119 (b) The monies generated by a tax imposed under Subsection (1) by a county of the  
120 sixth class may only be used for the financing of:

121 (i) ongoing operating expenses of a center, clinic, or facility described in Subsection  
122 (1)(a)(ii)(B) within that county;

123 (ii) the acquisition of land for a center, clinic, or facility described in Subsection  
124 (1)(a)(ii)(B) within that county;

125 (iii) the design, construction, equipping, or furnishing of a center, clinic, or facility  
126 described in Subsection (1)(a)(ii)(B) within that county; or

127 (iv) the provision of rural emergency medical services within that county.

128 (4) (a) A tax under this section shall be:

129 (i) except as provided in Subsection (4)(b), administered, collected, and enforced in  
130 accordance with:

131 (A) the same procedures used to administer, collect, and enforce the tax under:

132 (I) Part 1, Tax Collection; or

133 (II) Part 2, Local Sales and Use Tax Act; and

134 (B) Chapter 1, General Taxation Policies; and

135 (ii) levied for a period of ten years and may be reauthorized at the end of the ten-year  
136 period by the county legislative body as provided in Subsection (1).

137 (b) Notwithstanding Subsection (4)(a)(i), a tax under this section is not subject to  
138 Subsections 59-12-205(2) through (9).

139 (5) The commission may retain an amount not to exceed 1-1/2% of the tax collected  
140 under this section for the cost of administering this tax.

141 Section 3. **Effective date.**

142 This bill takes effect on July 1, 2006.

---

---

**Legislative Review Note**  
**as of 1-25-06 4:56 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**

---

---

**Fiscal Note**  
**Bill Number HB0193**

**Sales and Use Tax Funding for Health Care**

*31-Jan-06*

*9:38 AM*

---

---

**State Impact**

Passage of this bill would have no net fiscal impact. There could be a shift in the entities receiving revenues.

---

**Individual and Business Impact**

No fiscal impact.

---

**Office of the Legislative Fiscal Analyst**