

1                                   **COUNTY OPTION FUNDING FOR**  
2                                   **REGIONALLY SIGNIFICANT**  
3                                   **TRANSPORTATION INFRASTRUCTURE**

4                                   2006 FOURTH SPECIAL SESSION

5                                   STATE OF UTAH

6                                   **Chief Sponsor: Rebecca D. Lockhart**

7                                   Senate Sponsor: Sheldon L. Killpack

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9   **LONG TITLE**

10 **General Description:**

11           This bill modifies the County Powers, the Sales and Use Tax Act, and Transportation  
12 Finances Act to address transportation funding for counties.

13 **Highlighted Provisions:**

14           This bill:

- 15           ▶ prohibits a county legislative body from using property taxes to fund fixed  
16 guideways;
- 17           ▶ provides definitions;
- 18           ▶ authorizes a county legislative body to impose a local option sales and use tax of up  
19 to .25% beginning on or after April 1, 2007 for certain transportation uses;
- 20           ▶ requires a county imposing the tax to establish a prioritization process with  
21 weighted criteria;
- 22           ▶ requires at least 25% of the revenues collected in a county of the first or second  
23 class to be expended on corridor preservation;
- 24           ▶ provides the purposes for which revenues collected for the tax may be expended;
- 25           ▶ provides procedures and requirements for imposing the tax;
- 26           ▶ establishes the duties of the State Tax Commission to administer, collect, and  
27 enforce the tax; and

**\*HB4001\***



28           ▶ makes technical changes.

29 **Monies Appropriated in this Bill:**

30           None

31 **Other Special Clauses:**

32           This bill provides an effective date.

33           This bill provides revisor instructions.

34 **Utah Code Sections Affected:**

35 AMENDS:

36           **59-12-102 (Effective 01/01/07)**, as last amended by Chapter 9, Laws of Utah 2006,

37 Third Special Session

38           **72-2-117.5**, as enacted by Chapter 284, Laws of Utah 2005

39           **72-2-121**, as last amended by Chapter 329, Laws of Utah 2006

40 ENACTS:

41           **17-50-322**, Utah Code Annotated 1953

42           **59-12-1701**, Utah Code Annotated 1953

43           **59-12-1702**, Utah Code Annotated 1953

44           **59-12-1703**, Utah Code Annotated 1953

45           **59-12-1704**, Utah Code Annotated 1953

46           **59-12-1705**, Utah Code Annotated 1953



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

49           Section 1. Section **17-50-322** is enacted to read:

50           **17-50-322. County funding for a fixed guideway.**

51           (1) For purposes of this section, "fixed guideway" means a public transit facility that  
52 uses and occupies:

53           (a) rail for the use of public transit; or

54           (b) a separate right-of-way for the use of public transit.

55           (2) (a) Except as provided in Subsection (2)(b), a county legislative body may not levy  
56 a property tax or expend revenues from uniform fees or any tax or fee imposed in lieu of a  
57 property tax, to purchase, erect, repair, rebuild, maintain, or otherwise fund a fixed guideway.

58           (b) Subsection (2)(a) does not apply to a property tax levy imposed by a county for the



59 purpose of paying for bonds if:

60 (i) before January 1, 2007, the bonds were issued or approved by voters for issuance to  
61 fund a fixed guideway; and

62 (ii) the county does not impose a sales and use tax authorized by Section 59-12-1703.

63 Section 2. Section **59-12-102 (Effective 01/01/07)** is amended to read:

64 **59-12-102 (Effective 01/01/07). Definitions.**

65 As used in this chapter:

66 (1) (a) "Admission or user fees" includes season passes.

67 (b) "Admission or user fees" does not include annual membership dues to private  
68 organizations.

69 (2) "Agreement" means the Streamlined Sales and Use Tax Agreement described in  
70 Section 59-12-102.1.

71 (3) "Agreement combined tax rate" means the sum of the tax rates:

72 (a) listed under Subsection (4); and

73 (b) that are imposed within a local taxing jurisdiction.

74 (4) "Agreement sales and use tax" means a tax imposed under:

75 (a) Subsection 59-12-103(2)(a)(i) or (2)(b)(iii)(A);

76 (b) Section 59-12-204;

77 (c) Section 59-12-401;

78 (d) Section 59-12-402;

79 (e) Section 59-12-501;

80 (f) Section 59-12-502;

81 (g) Section 59-12-703;

82 (h) Section 59-12-802;

83 (i) Section 59-12-804;

84 (j) Section 59-12-1001;

85 (k) Section 59-12-1102;

86 (l) Section 59-12-1302;

87 (m) Section 59-12-1402; or

88 (n) Section 59-12-1503.

89 (5) "Aircraft" is as defined in Section 72-10-102.

90 (6) "Alcoholic beverage" means a beverage that:

91 (a) is suitable for human consumption; and

92 (b) contains .5% or more alcohol by volume.

93 (7) "Area agency on aging" is as defined in Section 62A-3-101.

94 (8) "Assisted amusement device" means an amusement device, skill device, or ride  
95 device that is started and stopped by an individual:

96 (a) who is not the purchaser or renter of the right to use or operate the amusement  
97 device, skill device, or ride device; and

98 (b) at the direction of the seller of the right to use the amusement device, skill device,  
99 or ride device.

100 (9) "Assisted cleaning or washing of tangible personal property" means cleaning or  
101 washing of tangible personal property if the cleaning or washing labor is primarily performed  
102 by an individual:

103 (a) who is not the purchaser of the cleaning or washing of the tangible personal  
104 property; and

105 (b) at the direction of the seller of the cleaning or washing of the tangible personal  
106 property.

107 (10) "Authorized carrier" means:

108 (a) in the case of vehicles operated over public highways, the holder of credentials  
109 indicating that the vehicle is or will be operated pursuant to both the International Registration  
110 Plan and the International Fuel Tax Agreement;

111 (b) in the case of aircraft, the holder of a Federal Aviation Administration operating  
112 certificate or air carrier's operating certificate; or

113 (c) in the case of locomotives, freight cars, railroad work equipment, or other rolling  
114 stock, the holder of a certificate issued by the United States Surface Transportation Board.

115 (11) (a) Except as provided in Subsection (11)(b), "biomass energy" means any of the  
116 following that is used as the primary source of energy to produce fuel or electricity:

117 (i) material from a plant or tree; or

118 (ii) other organic matter that is available on a renewable basis, including:

119 (A) slash and brush from forests and woodlands;

120 (B) animal waste;

121 (C) methane produced:  
122 (I) at landfills; or  
123 (II) as a byproduct of the treatment of wastewater residuals;  
124 (D) aquatic plants; and  
125 (E) agricultural products.  
126 (b) "Biomass energy" does not include:  
127 (i) black liquor;  
128 (ii) treated woods; or  
129 (iii) biomass from municipal solid waste other than methane produced:  
130 (A) at landfills; or  
131 (B) as a byproduct of the treatment of wastewater residuals.  
132 (12) (a) "Bundled transaction" means the sale of two or more items of tangible personal  
133 property if:  
134 (i) one or more of the items of tangible personal property is food and food ingredients;  
135 and  
136 (ii) the items of tangible personal property are:  
137 (A) distinct and identifiable; and  
138 (B) sold for one price that is not itemized.  
139 (b) "Bundled transaction" does not include the sale of tangible personal property if the  
140 sales price varies, or is negotiable, on the basis of the selection by the purchaser of the items of  
141 tangible personal property included in the transaction.  
142 (c) For purposes of Subsection (12)(a)(ii)(A), tangible personal property that is distinct  
143 and identifiable does not include:  
144 (i) packaging that:  
145 (A) accompanies the sale of the tangible personal property; and  
146 (B) is incidental or immaterial to the sale of the tangible personal property;  
147 (ii) tangible personal property provided free of charge with the purchase of another  
148 item of tangible personal property; or  
149 (iii) an item of tangible personal property included in the definition of "purchase  
150 price."  
151 (d) For purposes of Subsection (12)(c)(ii), an item of tangible personal property is

152 provided free of charge with the purchase of another item of tangible personal property if the  
153 sales price of the purchased item of tangible personal property does not vary depending on the  
154 inclusion of the tangible personal property provided free of charge.

155 (13) "Certified automated system" means software certified by the governing board of  
156 the agreement in accordance with Section 59-12-102.1 that:

157 (a) calculates the agreement sales and use tax imposed within a local taxing  
158 jurisdiction:

159 (i) on a transaction; and

160 (ii) in the states that are members of the agreement;

161 (b) determines the amount of agreement sales and use tax to remit to a state that is a  
162 member of the agreement; and

163 (c) maintains a record of the transaction described in Subsection (13)(a)(i).

164 (14) "Certified service provider" means an agent certified:

165 (a) by the governing board of the agreement in accordance with Section 59-12-102.1;

166 and

167 (b) to perform all of a seller's sales and use tax functions for an agreement sales and  
168 use tax other than the seller's obligation under Section 59-12-107.4 to remit a tax on the seller's  
169 own purchases.

170 (15) (a) Subject to Subsection (15)(b), "clothing" means all human wearing apparel  
171 suitable for general use.

172 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
173 commission shall make rules:

174 (i) listing the items that constitute "clothing"; and

175 (ii) that are consistent with the list of items that constitute "clothing" under the  
176 agreement.

177 (16) "Coal-to-liquid" means the process of converting coal into a liquid synthetic fuel.

178 (17) "Commercial use" means the use of gas, electricity, heat, coal, fuel oil, or other  
179 fuels that does not constitute industrial use under Subsection [~~(38)~~] (39) or residential use  
180 under Subsection [~~(75)~~] (76).

181 (18) (a) "Common carrier" means a person engaged in or transacting the business of  
182 transporting passengers, freight, merchandise, or other property for hire within this state.



183 (b) (i) "Common carrier" does not include a person who, at the time the person is  
184 traveling to or from that person's place of employment, transports a passenger to or from the  
185 passenger's place of employment.

186 (ii) For purposes of Subsection (18)(b)(i), in accordance with Title 63, Chapter 46a,  
187 Utah Administrative Rulemaking Act, the commission may make rules defining what  
188 constitutes a person's place of employment.

189 (19) "Component part" includes:

190 (a) poultry, dairy, and other livestock feed, and their components;

191 (b) baling ties and twine used in the baling of hay and straw;

192 (c) fuel used for providing temperature control of orchards and commercial  
193 greenhouses doing a majority of their business in wholesale sales, and for providing power for  
194 off-highway type farm machinery; and

195 (d) feed, seeds, and seedlings.

196 (20) "Computer" means an electronic device that accepts information:

197 (a) (i) in digital form; or

198 (ii) in a form similar to digital form; and

199 (b) manipulates that information for a result based on a sequence of instructions.

200 (21) "Computer software" means a set of coded instructions designed to cause:

201 (a) a computer to perform a task; or

202 (b) automatic data processing equipment to perform a task.

203 (22) "Construction materials" means any tangible personal property that will be  
204 converted into real property.

205 (23) "Delivered electronically" means delivered to a purchaser by means other than  
206 tangible storage media.

207 (24) (a) "Delivery charge" means a charge:

208 (i) by a seller of:

209 (A) tangible personal property; or

210 (B) services; and

211 (ii) for preparation and delivery of the tangible personal property or services described  
212 in Subsection (24)(a)(i) to a location designated by the purchaser.

213 (b) "Delivery charge" includes a charge for the following:

- 214 (i) transportation;
- 215 (ii) shipping;
- 216 (iii) postage;
- 217 (iv) handling;
- 218 (v) crating; or
- 219 (vi) packing.
- 220 (25) "Dietary supplement" means a product, other than tobacco, that:
- 221 (a) is intended to supplement the diet;
- 222 (b) contains one or more of the following dietary ingredients:
- 223 (i) a vitamin;
- 224 (ii) a mineral;
- 225 (iii) an herb or other botanical;
- 226 (iv) an amino acid;
- 227 (v) a dietary substance for use by humans to supplement the diet by increasing the total
- 228 dietary intake; or
- 229 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
- 230 described in Subsections (25)(b)(i) through (v);
- 231 (c) (i) except as provided in Subsection (25)(c)(ii), is intended for ingestion in:
- 232 (A) tablet form;
- 233 (B) capsule form;
- 234 (C) powder form;
- 235 (D) softgel form;
- 236 (E) gelcap form; or
- 237 (F) liquid form; or
- 238 (ii) notwithstanding Subsection (25)(c)(i), if the product is not intended for ingestion in
- 239 a form described in Subsections (25)(c)(i)(A) through (F), is not represented:
- 240 (A) as conventional food; and
- 241 (B) for use as a sole item of:
- 242 (I) a meal; or
- 243 (II) the diet; and
- 244 (d) is required to be labeled as a dietary supplement:

245 (i) identifiable by the "Supplemental Facts" box found on the label; and  
246 (ii) as required by 21 C.F.R. Sec. 101.36.

247 (26) (a) "Direct mail" means printed material delivered or distributed by United States  
248 mail or other delivery service:

249 (i) to:

250 (A) a mass audience; or  
251 (B) addressees on a mailing list provided by a purchaser of the mailing list; and  
252 (ii) if the cost of the printed material is not billed directly to the recipients.

253 (b) "Direct mail" includes tangible personal property supplied directly or indirectly by a  
254 purchaser to a seller of direct mail for inclusion in a package containing the printed material.

255 (c) "Direct mail" does not include multiple items of printed material delivered to a  
256 single address.

257 (27) (a) "Drug" means a compound, substance, or preparation, or a component of a  
258 compound, substance, or preparation that is:

259 (i) recognized in:

260 (A) the official United States Pharmacopoeia;  
261 (B) the official Homeopathic Pharmacopoeia of the United States;  
262 (C) the official National Formulary; or  
263 (D) a supplement to a publication listed in Subsections (27)(a)(i)(A) through (C);

264 (ii) intended for use in the:

265 (A) diagnosis of disease;  
266 (B) cure of disease;  
267 (C) mitigation of disease;  
268 (D) treatment of disease; or  
269 (E) prevention of disease; or

270 (iii) intended to affect:

271 (A) the structure of the body; or  
272 (B) any function of the body.

273 (b) "Drug" does not include:

274 (i) food and food ingredients;  
275 (ii) a dietary supplement;

276 (iii) an alcoholic beverage; or

277 (iv) a prosthetic device.

278 (28) (a) Except as provided in Subsection (28)(c), "durable medical equipment" means  
279 equipment that:

280 (i) can withstand repeated use;

281 (ii) is primarily and customarily used to serve a medical purpose;

282 (iii) generally is not useful to a person in the absence of illness or injury; and

283 (iv) is not worn in or on the body.

284 (b) "Durable medical equipment" includes parts used in the repair or replacement of the  
285 equipment described in Subsection (28)(a).

286 (c) Notwithstanding Subsection (28)(a), "durable medical equipment" does not include  
287 mobility enhancing equipment.

288 (29) "Electronic" means:

289 (a) relating to technology; and

290 (b) having:

291 (i) electrical capabilities;

292 (ii) digital capabilities;

293 (iii) magnetic capabilities;

294 (iv) wireless capabilities;

295 (v) optical capabilities;

296 (vi) electromagnetic capabilities; or

297 (vii) capabilities similar to Subsections (29)(b)(i) through (vi).

298 (30) "Employee" is as defined in Section 59-10-401.

299 (31) "Fixed guideway" means a public transit facility that uses and occupies:

300 (a) rail for the use of public transit; or

301 (b) a separate right-of-way for the use of public transit.

302 [~~31~~] (32) (a) "Food and food ingredients" means substances:

303 (i) regardless of whether the substances are in:

304 (A) liquid form;

305 (B) concentrated form;

306 (C) solid form;

307 (D) frozen form;  
308 (E) dried form; or  
309 (F) dehydrated form; and  
310 (ii) that are:  
311 (A) sold for:  
312 (I) ingestion by humans; or  
313 (II) chewing by humans; and  
314 (B) consumed for the substance's:  
315 (I) taste; or  
316 (II) nutritional value.  
317 (b) "Food and food ingredients" includes an item described in Subsection [~~(62)~~]  
318 (63)(b)(iii).  
319 (c) "Food and food ingredients" does not include:  
320 (i) an alcoholic beverage;  
321 (ii) tobacco; or  
322 (iii) prepared food.  
323 [~~(32)~~] (33) (a) "Fundraising sales" means sales:  
324 (i) (A) made by a school; or  
325 (B) made by a school student;  
326 (ii) that are for the purpose of raising funds for the school to purchase equipment,  
327 materials, or provide transportation; and  
328 (iii) that are part of an officially sanctioned school activity.  
329 (b) For purposes of Subsection [~~(32)~~] (33)(a)(iii), "officially sanctioned school activity"  
330 means a school activity:  
331 (i) that is conducted in accordance with a formal policy adopted by the school or school  
332 district governing the authorization and supervision of fundraising activities;  
333 (ii) that does not directly or indirectly compensate an individual teacher or other  
334 educational personnel by direct payment, commissions, or payment in kind; and  
335 (iii) the net or gross revenues from which are deposited in a dedicated account  
336 controlled by the school or school district.  
337 [~~(33)~~] (34) "Geothermal energy" means energy contained in heat that continuously

338 flows outward from the earth that is used as the sole source of energy to produce electricity.

339 ~~[(34)]~~ (35) "Governing board of the agreement" means the governing board of the  
340 agreement that is:

- 341 (a) authorized to administer the agreement; and
- 342 (b) established in accordance with the agreement.

343 ~~[(35)]~~ (36) (a) "Hearing aid" means:

344 (i) an instrument or device having an electronic component that is designed to:

345 (A) (I) improve impaired human hearing; or

346 (II) correct impaired human hearing; and

347 (B) (I) be worn in the human ear; or

348 (II) affixed behind the human ear;

349 (ii) an instrument or device that is surgically implanted into the cochlea; or

350 (iii) a telephone amplifying device.

351 (b) "Hearing aid" does not include:

352 (i) except as provided in Subsection ~~[(35)]~~ (36)(a)(i)(B) or ~~[(35)]~~ (36)(a)(ii), an

353 instrument or device having an electronic component that is designed to be worn on the body;

354 (ii) except as provided in Subsection ~~[(35)]~~ (36)(a)(iii), an assistive listening device or  
355 system designed to be used by one individual, including:

356 (A) a personal amplifying system;

357 (B) a personal FM system;

358 (C) a television listening system; or

359 (D) a device or system similar to a device or system described in Subsections ~~[(35)]~~

360 ~~(36)~~(b)(ii)(A) through (C); or

361 (iii) an assistive listening device or system designed to be used by more than one

362 individual, including:

363 (A) a device or system installed in:

364 (I) an auditorium;

365 (II) a church;

366 (III) a conference room;

367 (IV) a synagogue; or

368 (V) a theater; or

369 (B) a device or system similar to a device or system described in Subsections [~~35~~]

370 ~~(36)~~(b)(iii)(A)(I) through (V).

371 [~~36~~] (37) (a) "Hearing aid accessory" means a hearing aid:

372 (i) component;

373 (ii) attachment; or

374 (iii) accessory.

375 (b) "Hearing aid accessory" includes:

376 (i) a hearing aid neck loop;

377 (ii) a hearing aid cord;

378 (iii) a hearing aid ear mold;

379 (iv) hearing aid tubing;

380 (v) a hearing aid ear hook; or

381 (vi) a hearing aid remote control.

382 (c) "Hearing aid accessory" does not include:

383 (i) a component, attachment, or accessory designed to be used only with an:

384 (A) instrument or device described in Subsection [~~35~~] (36)(b)(i); or

385 (B) assistive listening device or system described in Subsection [~~35~~] (36)(b)(ii) or

386 (iii); or

387 (ii) a hearing aid battery.

388 [~~37~~] (38) "Hydroelectric energy" means water used as the sole source of energy to  
389 produce electricity.

390 [~~38~~] (39) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil,  
391 or other fuels:

392 (a) in mining or extraction of minerals;

393 (b) in agricultural operations to produce an agricultural product up to the time of  
394 harvest or placing the agricultural product into a storage facility, including:

395 (i) commercial greenhouses;

396 (ii) irrigation pumps;

397 (iii) farm machinery;

398 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not  
399 registered under Title 41, Chapter 1a, Part 2, Registration; and

400 (v) other farming activities;

401 (c) in manufacturing tangible personal property at an establishment described in SIC

402 Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal

403 Executive Office of the President, Office of Management and Budget;

404 (d) by a scrap recycler if:

405 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process

406 one or more of the following items into prepared grades of processed materials for use in new

407 products:

408 (A) iron;

409 (B) steel;

410 (C) nonferrous metal;

411 (D) paper;

412 (E) glass;

413 (F) plastic;

414 (G) textile; or

415 (H) rubber; and

416 (ii) the new products under Subsection [~~(38)~~] (39)(d)(i) would otherwise be made with

417 nonrecycled materials; or

418 (e) in producing a form of energy or steam described in Subsection 54-2-1(2)(a) by a

419 cogeneration facility as defined in Section 54-2-1.

420 [~~(39)~~] (40) (a) Except as provided in Subsection [~~(39)~~] (40)(b), "installation charge"

421 means a charge for installing tangible personal property.

422 (b) Notwithstanding Subsection [~~(39)~~] (40)(a), "installation charge" does not include a

423 charge for repairs or renovations of tangible personal property.

424 [~~(40)~~] (41) (a) "Lease" or "rental" means a transfer of possession or control of tangible

425 personal property for:

426 (i) (A) a fixed term; or

427 (B) an indeterminate term; and

428 (ii) consideration.

429 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the

430 amount of consideration may be increased or decreased by reference to the amount realized



431 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue  
432 Code.

433 (c) "Lease" or "rental" does not include:

434 (i) a transfer of possession or control of property under a security agreement or  
435 deferred payment plan that requires the transfer of title upon completion of the required  
436 payments;

437 (ii) a transfer of possession or control of property under an agreement that requires the  
438 transfer of title:

439 (A) upon completion of required payments; and

440 (B) if the payment of an option price does not exceed the greater of:

441 (I) \$100; or

442 (II) 1% of the total required payments; or

443 (iii) providing tangible personal property along with an operator for a fixed period of  
444 time or an indeterminate period of time if the operator is necessary for equipment to perform as  
445 designed.

446 (d) For purposes of Subsection [~~(40)~~] (41)(c)(iii), an operator is necessary for  
447 equipment to perform as designed if the operator's duties exceed the:

448 (i) set-up of tangible personal property;

449 (ii) maintenance of tangible personal property; or

450 (iii) inspection of tangible personal property.

451 [~~(41)~~] (42) "Load and leave" means delivery to a purchaser by use of a tangible storage  
452 media if the tangible storage media is not physically transferred to the purchaser.

453 [~~(42)~~] (43) "Local taxing jurisdiction" means a:

454 (a) county that is authorized to impose an agreement sales and use tax;

455 (b) city that is authorized to impose an agreement sales and use tax; or

456 (c) town that is authorized to impose an agreement sales and use tax.

457 [~~(43)~~] (44) "Manufactured home" is as defined in Section 58-56-3.

458 [~~(44)~~] (45) For purposes of Section 59-12-104, "manufacturing facility" means:

459 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard

460 Industrial Classification Manual of the federal Executive Office of the President, Office of  
461 Management and Budget;

462 (b) a scrap recycler if:  
463 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process  
464 one or more of the following items into prepared grades of processed materials for use in new  
465 products:

- 466 (A) iron;
- 467 (B) steel;
- 468 (C) nonferrous metal;
- 469 (D) paper;
- 470 (E) glass;
- 471 (F) plastic;
- 472 (G) textile; or
- 473 (H) rubber; and

474 (ii) the new products under Subsection [~~(44)~~] (45)(b)(i) would otherwise be made with  
475 nonrecycled materials; or

476 (c) a cogeneration facility as defined in Section 54-2-1.

477 [~~(45)~~] (46) "Member of the immediate family of the producer" means a person who is  
478 related to a producer described in Subsection 59-12-104(20)(a) as a:

479 (a) child or stepchild, regardless of whether the child or stepchild is:

- 480 (i) an adopted child or adopted stepchild; or
- 481 (ii) a foster child or foster stepchild;

- 482 (b) grandchild or stepgrandchild;
- 483 (c) grandparent or stepgrandparent;
- 484 (d) nephew or stepnephew;
- 485 (e) niece or stepniece;
- 486 (f) parent or stepparent;
- 487 (g) sibling or stepsibling;
- 488 (h) spouse;

489 (i) person who is the spouse of a person described in Subsections [~~(45)~~] (46)(a) through  
490 (g); or

491 (j) person similar to a person described in Subsections [~~(45)~~] (46)(a) through (i) as  
492 determined by the commission by rule made in accordance with Title 63, Chapter 46a, Utah

493 Administrative Rulemaking Act.

494 [~~46~~] (47) "Mobile home" is as defined in Section 58-56-3.

495 [~~47~~] (48) "Mobile telecommunications service" is as defined in the Mobile  
496 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

497 [~~48~~] (49) (a) Except as provided in Subsection [~~48~~] (49)(c), "mobility enhancing  
498 equipment" means equipment that is:

499 (i) primarily and customarily used to provide or increase the ability to move from one  
500 place to another;

501 (ii) appropriate for use in a:

502 (A) home; or

503 (B) motor vehicle; and

504 (iii) not generally used by persons with normal mobility.

505 (b) "Mobility enhancing equipment" includes parts used in the repair or replacement of  
506 the equipment described in Subsection [~~48~~] (49)(a).

507 (c) Notwithstanding Subsection [~~48~~] (49)(a), "mobility enhancing equipment" does  
508 not include:

509 (i) a motor vehicle;

510 (ii) equipment on a motor vehicle if that equipment is normally provided by the motor  
511 vehicle manufacturer;

512 (iii) durable medical equipment; or

513 (iv) a prosthetic device.

514 [~~49~~] (50) "Model 1 seller" means a seller that has selected a certified service provider  
515 as the seller's agent to perform all of the seller's sales and use tax functions for agreement sales  
516 and use taxes other than the seller's obligation under Section 59-12-107.4 to remit a tax on the  
517 seller's own purchases.

518 [~~50~~] (51) "Model 2 seller" means a seller that:

519 (a) except as provided in Subsection [~~50~~] (51)(b), has selected a certified automated  
520 system to perform the seller's sales tax functions for agreement sales and use taxes; and

521 (b) notwithstanding Subsection [~~50~~] (51)(a), retains responsibility for remitting all of  
522 the sales tax:

523 (i) collected by the seller; and

524 (ii) to the appropriate local taxing jurisdiction.  
525 [~~51~~] (52) (a) Subject to Subsection [~~51~~] (52)(b), "model 3 seller" means a seller that  
526 has:  
527 (i) sales in at least five states that are members of the agreement;  
528 (ii) total annual sales revenues of at least \$500,000,000;  
529 (iii) a proprietary system that calculates the amount of tax:  
530 (A) for an agreement sales and use tax; and  
531 (B) due to each local taxing jurisdiction; and  
532 (iv) entered into a performance agreement with the governing board of the agreement.  
533 (b) For purposes of Subsection [~~51~~] (52)(a), "model 3 seller" includes an affiliated  
534 group of sellers using the same proprietary system.  
535 [~~52~~] (53) "Modular home" means a modular unit as defined in Section 58-56-3.  
536 [~~53~~] (54) "Motor vehicle" is as defined in Section 41-1a-102.  
537 [~~54~~] (55) "Oil shale" means a group of fine black to dark brown shales containing  
538 bituminous material that yields petroleum upon distillation.  
539 [~~55~~] (56) (a) "Other fuels" means products that burn independently to produce heat or  
540 energy.  
541 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible  
542 personal property.  
543 [~~56~~] (57) "Pawnbroker" is as defined in Section 13-32a-102.  
544 [~~57~~] (58) "Pawn transaction" is as defined in Section 13-32a-102.  
545 [~~58~~] (59) (a) "Permanently attached to real property" means that for tangible personal  
546 property attached to real property:  
547 (i) the attachment of the tangible personal property to the real property:  
548 (A) is essential to the use of the tangible personal property; and  
549 (B) suggests that the tangible personal property will remain attached to the real  
550 property in the same place over the useful life of the tangible personal property; or  
551 (ii) if the tangible personal property is detached from the real property, the detachment  
552 would:  
553 (A) cause substantial damage to the tangible personal property; or  
554 (B) require substantial alteration or repair of the real property to which the tangible

555 personal property is attached.

556 (b) "Permanently attached to real property" includes:

557 (i) the attachment of an accessory to the tangible personal property if the accessory is:

558 (A) essential to the operation of the tangible personal property; and

559 (B) attached only to facilitate the operation of the tangible personal property;

560 (ii) a temporary detachment of tangible personal property from real property for a

561 repair or renovation if the repair or renovation is performed where the tangible personal

562 property and real property are located; or

563 (iii) an attachment of the following tangible personal property to real property,

564 regardless of whether the attachment to real property is only through a line that supplies water,

565 electricity, gas, telephone, cable, or supplies a similar item as determined by the commission by

566 rule made in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act:

567 (A) property attached to oil, gas, or water pipelines, other than the property listed in

568 Subsection [~~58~~] (59)(c)(iii);

569 (B) a hot water heater;

570 (C) a water softener system; or

571 (D) a water filtration system, other than a water filtration system manufactured as part

572 of a refrigerator.

573 (c) "Permanently attached to real property" does not include:

574 (i) the attachment of portable or movable tangible personal property to real property if

575 that portable or movable tangible personal property is attached to real property only for:

576 (A) convenience;

577 (B) stability; or

578 (C) for an obvious temporary purpose;

579 (ii) the detachment of tangible personal property from real property other than the

580 detachment described in Subsection [~~58~~] (59)(b)(ii); or

581 (iii) an attachment of the following tangible personal property to real property if the

582 attachment to real property is only through a line that supplies water, electricity, gas, telephone,

583 cable, or supplies a similar item as determined by the commission by rule made in accordance

584 with Title 63, Chapter 46a, Utah Administrative Rulemaking Act:

585 (A) a refrigerator;

- 586 (B) a washer;
- 587 (C) a dryer;
- 588 (D) a stove;
- 589 (E) a television;
- 590 (F) a computer;
- 591 (G) a telephone; or
- 592 (H) tangible personal property similar to Subsections [~~58~~] (59)(c)(iii)(A) through (G)
- 593 as determined by the commission by rule made in accordance with Title 63, Chapter 46a, Utah
- 594 Administrative Rulemaking Act.

595 [~~59~~] (60) "Person" includes any individual, firm, partnership, joint venture,  
596 association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county,  
597 city, municipality, district, or other local governmental entity of the state, or any group or  
598 combination acting as a unit.

599 [~~60~~] (61) "Place of primary use":

600 (a) for telephone service other than mobile telecommunications service, means the  
601 street address representative of where the purchaser's use of the telephone service primarily  
602 occurs, which shall be:

- 603 (i) the residential street address of the purchaser; or
- 604 (ii) the primary business street address of the purchaser; or
- 605 (b) for mobile telecommunications service, is as defined in the Mobile
- 606 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

607 [~~61~~] (62) "Postproduction" means an activity related to the finishing or duplication of  
608 a medium described in Subsection 59-12-104(56)(a).

609 [~~62~~] (63) (a) "Prepared food" means:

- 610 (i) food:
  - 611 (A) sold in a heated state; or
  - 612 (B) heated by a seller;
- 613 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
- 614 item; or
- 615 (iii) except as provided in Subsection [~~62~~] (63)(c), food sold with an eating utensil
- 616 provided by the seller, including a:

- 617 (A) plate;  
618 (B) knife;  
619 (C) fork;  
620 (D) spoon;  
621 (E) glass;  
622 (F) cup;  
623 (G) napkin; or  
624 (H) straw.
- 625 (b) "Prepared food" does not include:  
626 (i) food that a seller only:  
627 (A) cuts;  
628 (B) repackages; or  
629 (C) pasteurizes; or  
630 (ii) (A) the following:  
631 (I) raw egg;  
632 (II) raw fish;  
633 (III) raw meat;  
634 (IV) raw poultry; or  
635 (V) a food containing an item described in Subsections [~~62~~] (63)(b)(ii)(A)(I) through  
636 (IV); and  
637 (B) if the Food and Drug Administration recommends in Chapter 3, Part 401.11 of the  
638 Food and Drug Administration's Food Code that a consumer cook the items described in  
639 Subsection [~~62~~] (63)(b)(ii)(A) to prevent food borne illness; or  
640 (iii) the following if sold without eating utensils provided by the seller:  
641 (A) food and food ingredients sold by a seller if the seller's proper primary  
642 classification under the 2002 North American Industry Classification System of the federal  
643 Executive Office of the President, Office of Management and Budget, is manufacturing in  
644 Sector 311, Food Manufacturing, except for Subsector 3118, Bakeries and Tortilla  
645 Manufacturing;  
646 (B) food and food ingredients sold in an unheated state:  
647 (I) by weight or volume; and

- 648 (II) as a single item; or
- 649 (C) a bakery item, including:
- 650 (I) a bagel;
- 651 (II) a bar;
- 652 (III) a biscuit;
- 653 (IV) bread;
- 654 (V) a bun;
- 655 (VI) a cake;
- 656 (VII) a cookie;
- 657 (VIII) a croissant;
- 658 (IX) a danish;
- 659 (X) a donut;
- 660 (XI) a muffin;
- 661 (XII) a pastry;
- 662 (XIII) a pie;
- 663 (XIV) a roll;
- 664 (XV) a tart;
- 665 (XVI) a torte; or
- 666 (XVII) a tortilla.

667 (c) Notwithstanding Subsection [~~62~~] (63)(a)(iii), an eating utensil provided by the  
668 seller does not include the following used to transport the food:

- 669 (i) a container; or
- 670 (ii) packaging.

671 [~~63~~] (64) "Prescription" means an order, formula, or recipe that is issued:

- 672 (a) (i) orally;
- 673 (ii) in writing;
- 674 (iii) electronically; or
- 675 (iv) by any other manner of transmission; and

676 (b) by a licensed practitioner authorized by the laws of a state.

677 [~~64~~] (65) (a) Except as provided in Subsection [~~64~~] (65)(b)(ii) or (iii), "prewritten  
678 computer software" means computer software that is not designed and developed:



679 (i) by the author or other creator of the computer software; and  
680 (ii) to the specifications of a specific purchaser.

681 (b) "Prewritten computer software" includes:

682 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer  
683 software is not designed and developed:

684 (A) by the author or other creator of the computer software; and  
685 (B) to the specifications of a specific purchaser;

686 (ii) notwithstanding Subsection [(64)] (65)(a), computer software designed and  
687 developed by the author or other creator of the computer software to the specifications of a  
688 specific purchaser if the computer software is sold to a person other than the purchaser; or  
689 (iii) notwithstanding Subsection [(64)] (65)(a) and except as provided in Subsection  
690 [(64)] (65)(c), prewritten computer software or a prewritten portion of prewritten computer  
691 software:

692 (A) that is modified or enhanced to any degree; and  
693 (B) if the modification or enhancement described in Subsection [(64)] (65)(b)(iii)(A) is  
694 designed and developed to the specifications of a specific purchaser.

695 (c) Notwithstanding Subsection [(64)] (65)(b)(iii), "prewritten computer software"  
696 does not include a modification or enhancement described in Subsection [(64)] (65)(b)(iii) if  
697 the charges for the modification or enhancement are:

698 (i) reasonable; and  
699 (ii) separately stated on the invoice or other statement of price provided to the  
700 purchaser.

701 [(65)] (66) (a) "Prosthetic device" means a device that is worn on or in the body to:

702 (i) artificially replace a missing portion of the body;  
703 (ii) prevent or correct a physical deformity or physical malfunction; or  
704 (iii) support a weak or deformed portion of the body.

705 (b) "Prosthetic device" includes:

706 (i) parts used in the repairs or renovation of a prosthetic device; or  
707 (ii) replacement parts for a prosthetic device.

708 (c) "Prosthetic device" does not include:

709 (i) corrective eyeglasses;

- 710 (ii) contact lenses;
- 711 (iii) hearing aids; or
- 712 (iv) dental prostheses.
- 713 [~~66~~] (67) (a) "Protective equipment" means an item:
- 714 (i) for human wear; and
- 715 (ii) that is:
- 716 (A) designed as protection:
- 717 (I) to the wearer against injury or disease; or
- 718 (II) against damage or injury of other persons or property; and
- 719 (B) not suitable for general use.
- 720 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
- 721 commission shall make rules:
- 722 (i) listing the items that constitute "protective equipment"; and
- 723 (ii) that are consistent with the list of items that constitute "protective equipment"
- 724 under the agreement.
- 725 [~~67~~] (68) (a) "Purchase price" and "sales price" mean the total amount of
- 726 consideration:
- 727 (i) valued in money; and
- 728 (ii) for which tangible personal property or services are:
- 729 (A) sold;
- 730 (B) leased; or
- 731 (C) rented.
- 732 (b) "Purchase price" and "sales price" include:
- 733 (i) the seller's cost of the tangible personal property or services sold;
- 734 (ii) expenses of the seller, including:
- 735 (A) the cost of materials used;
- 736 (B) a labor cost;
- 737 (C) a service cost;
- 738 (D) interest;
- 739 (E) a loss;
- 740 (F) the cost of transportation to the seller; or

741 (G) a tax imposed on the seller; or  
742 (iii) a charge by the seller for any service necessary to complete the sale.  
743 (c) "Purchase price" and "sales price" do not include:  
744 (i) a discount:  
745 (A) in a form including:  
746 (I) cash;  
747 (II) term; or  
748 (III) coupon;  
749 (B) that is allowed by a seller;  
750 (C) taken by a purchaser on a sale; and  
751 (D) that is not reimbursed by a third party; or  
752 (ii) the following if separately stated on an invoice, bill of sale, or similar document  
753 provided to the purchaser:  
754 (A) the amount of a trade-in;  
755 (B) the following from credit extended on the sale of tangible personal property or  
756 services:  
757 (I) interest charges;  
758 (II) financing charges; or  
759 (III) carrying charges;  
760 (C) a tax or fee legally imposed directly on the consumer;  
761 (D) a delivery charge; or  
762 (E) an installation charge.  
763 [~~68~~] (69) "Purchaser" means a person to whom:  
764 (a) a sale of tangible personal property is made; or  
765 (b) a service is furnished.  
766 [~~69~~] (70) "Regularly rented" means:  
767 (a) rented to a guest for value three or more times during a calendar year; or  
768 (b) advertised or held out to the public as a place that is regularly rented to guests for  
769 value.  
770 [~~70~~] (71) "Renewable energy" means:  
771 (a) biomass energy;

- 772 (b) hydroelectric energy;
- 773 (c) geothermal energy;
- 774 (d) solar energy; or
- 775 (e) wind energy.

776 ~~[(71)]~~ (72) (a) "Renewable energy production facility" means a facility that:

- 777 (i) uses renewable energy to produce electricity; and
- 778 (ii) has a production capacity of 20 kilowatts or greater.

779 (b) A facility is a renewable energy production facility regardless of whether the  
780 facility is:

- 781 (i) connected to an electric grid; or
- 782 (ii) located on the premises of an electricity consumer.

783 ~~[(72)]~~ (73) "Rental" is as defined in Subsection ~~[(40)]~~ (41).

784 ~~[(73)]~~ (74) "Repairs or renovations of tangible personal property" means:

785 (a) a repair or renovation of tangible personal property that is not permanently attached  
786 to real property; or

787 (b) attaching tangible personal property to other tangible personal property if the other  
788 tangible personal property to which the tangible personal property is attached is not  
789 permanently attached to real property.

790 ~~[(74)]~~ (75) "Research and development" means the process of inquiry or  
791 experimentation aimed at the discovery of facts, devices, technologies, or applications and the  
792 process of preparing those devices, technologies, or applications for marketing.

793 ~~[(75)]~~ (76) "Residential use" means the use in or around a home, apartment building,  
794 sleeping quarters, and similar facilities or accommodations.

795 ~~[(76)]~~ (77) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose  
796 other than:

- 797 (a) resale;
- 798 (b) sublease; or
- 799 (c) subrent.

800 ~~[(77)]~~ (78) (a) "Retailer" means any person engaged in a regularly organized business  
801 in tangible personal property or any other taxable transaction under Subsection 59-12-103(1),  
802 and who is selling to the user or consumer and not for resale.

803 (b) "Retailer" includes commission merchants, auctioneers, and any person regularly  
804 engaged in the business of selling to users or consumers within the state.

805 [~~(78)~~] (79) (a) "Sale" means any transfer of title, exchange, or barter, conditional or  
806 otherwise, in any manner, of tangible personal property or any other taxable transaction under  
807 Subsection 59-12-103(1), for consideration.

808 (b) "Sale" includes:

809 (i) installment and credit sales;

810 (ii) any closed transaction constituting a sale;

811 (iii) any sale of electrical energy, gas, services, or entertainment taxable under this  
812 chapter;

813 (iv) any transaction if the possession of property is transferred but the seller retains the  
814 title as security for the payment of the price; and

815 (v) any transaction under which right to possession, operation, or use of any article of  
816 tangible personal property is granted under a lease or contract and the transfer of possession  
817 would be taxable if an outright sale were made.

818 [~~(79)~~] (80) "Sale at retail" is as defined in Subsection [~~(76)~~] (77).

819 [~~(80)~~] (81) "Sale-leaseback transaction" means a transaction by which title to tangible  
820 personal property that is subject to a tax under this chapter is transferred:

821 (a) by a purchaser-lessee;

822 (b) to a lessor;

823 (c) for consideration; and

824 (d) if:

825 (i) the purchaser-lessee paid sales and use tax on the purchaser-lessee's initial purchase  
826 of the tangible personal property;

827 (ii) the sale of the tangible personal property to the lessor is intended as a form of  
828 financing:

829 (A) for the property; and

830 (B) to the purchaser-lessee; and

831 (iii) in accordance with generally accepted accounting principles, the purchaser-lessee  
832 is required to:

833 (A) capitalize the property for financial reporting purposes; and

834 (B) account for the lease payments as payments made under a financing arrangement.

835 [~~(81)~~] (82) "Sales price" is as defined in Subsection [~~(67)~~] (68).

836 [~~(82)~~] (83) (a) "Sales relating to schools" means the following sales by, amounts paid  
837 to, or amounts charged by a school:

838 (i) sales that are directly related to the school's educational functions or activities  
839 including:

840 (A) the sale of:

841 (I) textbooks;

842 (II) textbook fees;

843 (III) laboratory fees;

844 (IV) laboratory supplies; or

845 (V) safety equipment;

846 (B) the sale of a uniform, protective equipment, or sports or recreational equipment

847 that:

848 (I) a student is specifically required to wear as a condition of participation in a  
849 school-related event or school-related activity; and

850 (II) is not readily adaptable to general or continued usage to the extent that it takes the  
851 place of ordinary clothing;

852 (C) sales of the following if the net or gross revenues generated by the sales are  
853 deposited into a school district fund or school fund dedicated to school meals:

854 (I) food and food ingredients; or

855 (II) prepared food; or

856 (D) transportation charges for official school activities; or

857 (ii) amounts paid to or amounts charged by a school for admission to a school-related  
858 event or school-related activity.

859 (b) "Sales relating to schools" does not include:

860 (i) bookstore sales of items that are not educational materials or supplies;

861 (ii) except as provided in Subsection [~~(82)~~] (83)(a)(i)(B):

862 (A) clothing;

863 (B) clothing accessories or equipment;

864 (C) protective equipment; or

865 (D) sports or recreational equipment; or  
866 (iii) amounts paid to or amounts charged by a school for admission to a school-related  
867 event or school-related activity if the amounts paid or charged are passed through to a person:  
868 (A) other than a:  
869 (I) school;  
870 (II) nonprofit organization authorized by a school board or a governing body of a  
871 private school to organize and direct a competitive secondary school activity; or  
872 (III) nonprofit association authorized by a school board or a governing body of a  
873 private school to organize and direct a competitive secondary school activity; and  
874 (B) that is required to collect sales and use taxes under this chapter.  
875 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
876 commission may make rules defining the term "passed through."  
877 [~~83~~] (84) For purposes of this section and Section 59-12-104, "school" means:  
878 (a) an elementary school or a secondary school that:  
879 (i) is a:  
880 (A) public school; or  
881 (B) private school; and  
882 (ii) provides instruction for one or more grades kindergarten through 12; or  
883 (b) a public school district.  
884 [~~84~~] (85) "Seller" means a person that makes a sale, lease, or rental of:  
885 (a) tangible personal property; or  
886 (b) a service.  
887 [~~85~~] (86) (a) "Semiconductor fabricating, processing, research, or development  
888 materials" means tangible personal property:  
889 (i) used primarily in the process of:  
890 (A) (I) manufacturing a semiconductor;  
891 (II) fabricating a semiconductor; or  
892 (III) research or development of a:  
893 (Aa) semiconductor; or  
894 (Bb) semiconductor manufacturing process; or  
895 (B) maintaining an environment suitable for a semiconductor; or

- 896 (ii) consumed primarily in the process of:
- 897 (A) (I) manufacturing a semiconductor;
- 898 (II) fabricating a semiconductor; or
- 899 (III) research or development of a:
- 900 (Aa) semiconductor; or
- 901 (Bb) semiconductor manufacturing process; or
- 902 (B) maintaining an environment suitable for a semiconductor.
- 903 (b) "Semiconductor fabricating, processing, research, or development materials"
- 904 includes:
- 905 (i) parts used in the repairs or renovations of tangible personal property described in
- 906 Subsection ~~[(85)]~~ (86)(a); or
- 907 (ii) a chemical, catalyst, or other material used to:
- 908 (A) produce or induce in a semiconductor a:
- 909 (I) chemical change; or
- 910 (II) physical change;
- 911 (B) remove impurities from a semiconductor; or
- 912 (C) improve the marketable condition of a semiconductor.
- 913 ~~[(86)]~~ (87) "Senior citizen center" means a facility having the primary purpose of
- 914 providing services to the aged as defined in Section 62A-3-101.
- 915 ~~[(87)]~~ (88) "Simplified electronic return" means the electronic return:
- 916 (a) described in Section 318(C) of the agreement; and
- 917 (b) approved by the governing board of the agreement.
- 918 ~~[(88)]~~ (89) "Solar energy" means the sun used as the sole source of energy for
- 919 producing electricity.
- 920 ~~[(89)]~~ (90) (a) "Sports or recreational equipment" means an item:
- 921 (i) designed for human use; and
- 922 (ii) that is:
- 923 (A) worn in conjunction with:
- 924 (I) an athletic activity; or
- 925 (II) a recreational activity; and
- 926 (B) not suitable for general use.



927 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
928 commission shall make rules:

929 (i) listing the items that constitute "sports or recreational equipment"; and  
930 (ii) that are consistent with the list of items that constitute "sports or recreational  
931 equipment" under the agreement.

932 [~~90~~] (91) "State" means the state of Utah, its departments, and agencies.

933 [~~91~~] (92) "Storage" means any keeping or retention of tangible personal property or  
934 any other taxable transaction under Subsection 59-12-103(1), in this state for any purpose  
935 except sale in the regular course of business.

936 [~~92~~] (93) (a) "Tangible personal property" means personal property that:

937 (i) may be:

938 (A) seen;

939 (B) weighed;

940 (C) measured;

941 (D) felt; or

942 (E) touched; or

943 (ii) is in any manner perceptible to the senses.

944 (b) "Tangible personal property" includes:

945 (i) electricity;

946 (ii) water;

947 (iii) gas;

948 (iv) steam; or

949 (v) prewritten computer software.

950 [~~93~~] (94) "Tar sands" means impregnated sands that yield mixtures of liquid  
951 hydrocarbon and require further processing other than mechanical blending before becoming  
952 finished petroleum products.

953 [~~94~~] (95) (a) "Telecommunications enabling or facilitating equipment, machinery, or  
954 software" means an item listed in Subsection [~~94~~] (95)(b) if that item is purchased or leased  
955 primarily to enable or facilitate one or more of the following to function:

956 (i) telecommunications switching or routing equipment, machinery, or software; or  
957 (ii) telecommunications transmission equipment, machinery, or software.

958 (b) The following apply to Subsection [~~(94)~~] (95)(a):

959 (i) a pole;

960 (ii) software;

961 (iii) a supplementary power supply;

962 (iv) temperature or environmental equipment or machinery;

963 (v) test equipment;

964 (vi) a tower; or

965 (vii) equipment, machinery, or software that functions similarly to an item listed in

966 Subsections [~~(94)~~] (95)(b)(i) through (vi) as determined by the commission by rule made in

967 accordance with Subsection [~~(94)~~] (95)(c).

968 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the

969 commission may by rule define what constitutes equipment, machinery, or software that

970 functions similarly to an item listed in Subsections [~~(94)~~] (95)(b)(i) through (vi).

971 [~~(95)~~] (96) "Telecommunications equipment, machinery, or software required for 911

972 service" means equipment, machinery, or software that is required to comply with 47 C.F.R.

973 Sec. 20.18.

974 [~~(96)~~] (97) "Telecommunications maintenance or repair equipment, machinery, or

975 software" means equipment, machinery, or software purchased or leased primarily to maintain

976 or repair one or more of the following, regardless of whether the equipment, machinery, or

977 software is purchased or leased as a spare part or as an upgrade or modification to one or more

978 of the following:

979 (a) telecommunications enabling or facilitating equipment, machinery, or software;

980 (b) telecommunications switching or routing equipment, machinery, or software; or

981 (c) telecommunications transmission equipment, machinery, or software.

982 [~~(97)~~] (98) (a) "Telecommunications switching or routing equipment, machinery, or

983 software" means an item listed in Subsection [~~(97)~~] (98)(b) if that item is purchased or leased

984 primarily for switching or routing:

985 (i) voice communications;

986 (ii) data communications; or

987 (iii) telephone service.

988 (b) The following apply to Subsection [~~(97)~~] (98)(a):

989 (i) a bridge;  
990 (ii) a computer;  
991 (iii) a cross connect;  
992 (iv) a modem;  
993 (v) a multiplexer;  
994 (vi) plug in circuitry;  
995 (vii) a router;  
996 (viii) software;  
997 (ix) a switch; or  
998 (x) equipment, machinery, or software that functions similarly to an item listed in  
999 Subsections [~~97~~] 98(b)(i) through (ix) as determined by the commission by rule made in  
1000 accordance with Subsection [~~97~~] 98(c).

1001 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
1002 commission may by rule define what constitutes equipment, machinery, or software that  
1003 functions similarly to an item listed in Subsections [~~97~~] 98(b)(i) through (ix).

1004 [~~98~~] 99 (a) "Telecommunications transmission equipment, machinery, or software"  
1005 means an item listed in Subsection [~~98~~] 99(b) if that item is purchased or leased primarily  
1006 for sending, receiving, or transporting:

1007 (i) voice communications;  
1008 (ii) data communications; or  
1009 (iii) telephone service.

1010 (b) The following apply to Subsection [~~98~~] 99(a):

1011 (i) an amplifier;  
1012 (ii) a cable;  
1013 (iii) a closure;  
1014 (iv) a conduit;  
1015 (v) a controller;  
1016 (vi) a duplexer;  
1017 (vii) a filter;  
1018 (viii) an input device;  
1019 (ix) an input/output device;

- 1020 (x) an insulator;
- 1021 (xi) microwave machinery or equipment;
- 1022 (xii) an oscillator;
- 1023 (xiii) an output device;
- 1024 (xiv) a pedestal;
- 1025 (xv) a power converter;
- 1026 (xvi) a power supply;
- 1027 (xvii) a radio channel;
- 1028 (xviii) a radio receiver;
- 1029 (xix) a radio transmitter;
- 1030 (xx) a repeater;
- 1031 (xxi) software;
- 1032 (xxii) a terminal;
- 1033 (xxiii) a timing unit;
- 1034 (xxiv) a transformer;
- 1035 (xxv) a wire; or

1036 (xxvi) equipment, machinery, or software that functions similarly to an item listed in  
1037 Subsections [~~98~~] (99)(b)(i) through (xxv) as determined by the commission by rule made in  
1038 accordance with Subsection [~~98~~] (99)(c).

1039 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
1040 commission may by rule define what constitutes equipment, machinery, or software that  
1041 functions similarly to an item listed in Subsections [~~98~~] (99)(b)(i) through (xxv).

1042 [~~99~~] (100) (a) "Telephone service" means a two-way transmission:

- 1043 (i) by:
  - 1044 (A) wire;
  - 1045 (B) radio;
  - 1046 (C) lightwave; or
  - 1047 (D) other electromagnetic means; and
- 1048 (ii) of one or more of the following:
  - 1049 (A) a sign;
  - 1050 (B) a signal;

1051 (C) writing;  
1052 (D) an image;  
1053 (E) sound;  
1054 (F) a message;  
1055 (G) data; or  
1056 (H) other information of any nature.  
1057 (b) "Telephone service" includes:  
1058 (i) mobile telecommunications service;  
1059 (ii) private communications service; or  
1060 (iii) automated digital telephone answering service.  
1061 (c) "Telephone service" does not include a service or a transaction that a state or a  
1062 political subdivision of a state is prohibited from taxing as of July 1, 2001, under the Internet  
1063 Tax Freedom Act, Pub. L. No. 105-277.  
1064 ~~[(100)]~~ (101) Notwithstanding where a call is billed or paid, "telephone service  
1065 address" means:  
1066 (a) if the location described in this Subsection ~~[(100)]~~ (101)(a) is known, the location  
1067 of the telephone service equipment:  
1068 (i) to which a call is charged; and  
1069 (ii) from which the call originates or terminates;  
1070 (b) if the location described in Subsection ~~[(100)]~~ (101)(a) is not known but the  
1071 location described in this Subsection ~~[(100)]~~ (101)(b) is known, the location of the origination  
1072 point of the signal of the telephone service first identified by:  
1073 (i) the telecommunications system of the seller; or  
1074 (ii) if the system used to transport the signal is not that of the seller, information  
1075 received by the seller from its service provider; or  
1076 (c) if the locations described in Subsection ~~[(100)]~~ (101)(a) or (b) are not known, the  
1077 location of a purchaser's primary place of use.  
1078 ~~[(101)]~~ (102) (a) "Telephone service provider" means a person that:  
1079 (i) owns, controls, operates, or manages a telephone service; and  
1080 (ii) engages in an activity described in Subsection ~~[(101)]~~ (102)(a)(i) for the shared use  
1081 with or resale to any person of the telephone service.

1082 (b) A person described in Subsection [~~(101)~~] (102)(a) is a telephone service provider  
1083 whether or not the Public Service Commission of Utah regulates:

- 1084 (i) that person; or
- 1085 (ii) the telephone service that the person owns, controls, operates, or manages.

1086 [~~(102)~~] (103) "Tobacco" means:

- 1087 (a) a cigarette;
- 1088 (b) a cigar;
- 1089 (c) chewing tobacco;
- 1090 (d) pipe tobacco; or
- 1091 (e) any other item that contains tobacco.

1092 [~~(103)~~] (104) "Unassisted amusement device" means an amusement device, skill  
1093 device, or ride device that is started and stopped by the purchaser or renter of the right to use or  
1094 operate the amusement device, skill device, or ride device.

1095 [~~(104)~~] (105) (a) "Use" means the exercise of any right or power over tangible personal  
1096 property under Subsection 59-12-103(1), incident to the ownership or the leasing of that  
1097 property, item, or service.

1098 (b) "Use" does not include the sale, display, demonstration, or trial of that property in  
1099 the regular course of business and held for resale.

1100 [~~(105)~~] (106) (a) Subject to Subsection [~~(105)~~] (106)(b), "vehicle" means the following  
1101 that are required to be titled, registered, or titled and registered:

- 1102 (i) an aircraft as defined in Section 72-10-102;
- 1103 (ii) a vehicle as defined in Section 41-1a-102;
- 1104 (iii) an off-highway vehicle as defined in Section 41-22-2; or
- 1105 (iv) a vessel as defined in Section 41-1a-102.

1106 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:

- 1107 (i) a vehicle described in Subsection [~~(105)~~] (106)(a); or
- 1108 (ii) (A) a locomotive;
- 1109 (B) a freight car;
- 1110 (C) railroad work equipment; or
- 1111 (D) other railroad rolling stock.

1112 [~~(106)~~] (107) "Vehicle dealer" means a person engaged in the business of buying,

1113 selling, or exchanging a vehicle as defined in Subsection [~~(105)~~] (106).  
1114 [~~(107)~~] (108) (a) Except as provided in Subsection [~~(107)~~] (108)(b), "waste energy  
1115 facility" means a facility that generates electricity:  
1116 (i) using as the primary source of energy waste materials that would be placed in a  
1117 landfill or refuse pit if it were not used to generate electricity, including:  
1118 (A) tires;  
1119 (B) waste coal; or  
1120 (C) oil shale; and  
1121 (ii) in amounts greater than actually required for the operation of the facility.  
1122 (b) "Waste energy facility" does not include a facility that incinerates:  
1123 (i) municipal solid waste;  
1124 (ii) hospital waste as defined in 40 C.F.R. 60.51c; or  
1125 (iii) medical/infectious waste as defined in 40 C.F.R. 60.51c.  
1126 [~~(108)~~] (109) "Watercraft" means a vessel as defined in Section 73-18-2.  
1127 [~~(109)~~] (110) "Wind energy" means wind used as the sole source of energy to produce  
1128 electricity.  
1129 [~~(110)~~] (111) "ZIP Code" means a Zoning Improvement Plan Code assigned to a  
1130 geographic location by the United States Postal Service.  
1131 Section 3. Section **59-12-1701** is enacted to read:  
1132 **Part 17. County Option Sales and Use Tax for Transportation Act**  
1133 **59-12-1701. Title.**  
1134 This part is known as the "County Option Sales and Use Tax for Transportation Act."  
1135 Section 4. Section **59-12-1702** is enacted to read:  
1136 **59-12-1702. Definitions.**  
1137 As used in this part:  
1138 (1) "Annexation" means an annexation to a county under Title 17, Chapter 2,  
1139 Annexation to County.  
1140 (2) "Annexing area" means an area that is annexed into a county.  
1141 (3) "Council of governments" is as defined in Subsection 72-2-117.5(1)(a).  
1142 (4) "Fixed guideway" means a public transit facility that uses and occupies:  
1143 (a) rail for the use of public transit; or

- 1144 (b) a separate right-of-way for the use of public transit.
- 1145 (5) "Metropolitan planning organization" is as defined in Section 72-1-208.5.
- 1146 (6) "Regionally significant transportation facility" means:
- 1147 (a) in a county of the first or second class:
- 1148 (i) a principal arterial highway as defined in Subsection 72-4-102.5(1)(g);
- 1149 (ii) a minor arterial highway as defined in Subsection 72-4-102.5(1)(f);
- 1150 (iii) a fixed guideway that:
- 1151 (A) extends across two or more cities or unincorporated areas; or
- 1152 (B) is an extension to an existing fixed guideway; or
- 1153 (iv) an airport of regional significance ~~§~~ [:], ~~←§~~ as defined by the Transportation Commission;
- 1154 or
- 1155 (b) in a county of the third, fourth, fifth, or sixth class:
- 1156 (i) a principal arterial highway as defined in Section 72-4-102.5;
- 1157 (ii) a minor arterial highway as defined in Section 72-4-102.5;
- 1158 (iii) a major collector highway as defined in Section 72-4-102.5; ~~§~~ → [or] ~~←§~~
- 1159 (iv) a minor collector road as defined in Section 72-4-102.5 ~~§~~ → [:] ; or
- 1159a (v) an airport of regional significance, as defined by the Transportation Commission. ~~←§~~
- 1160 Section 5. Section **59-12-1703** is enacted to read:
- 1161 **59-12-1703. Opinion question election -- Base -- Rate -- Imposition of tax -- Use of**
- 1162 **tax revenues -- Administration, collection, and enforcement of tax by commission --**
- 1163 **Administrative fee -- Enactment or repeal of tax -- Annexation -- Notice.**
- 1164 (1) (a) Beginning on or after April 1, 2007, and subject to the other provisions of this
- 1165 part, a county legislative body may impose a sales and use tax of up to .25%:
- 1166 (i) on the transactions:
- 1167 (A) described in Subsection 59-12-103(1); and
- 1168 (B) within the county, including the cities and towns within the county;
- 1169 (ii) for the purposes described in Subsection (4); and
- 1170 (iii) in addition to any other sales and use tax authorized under this chapter.
- 1171 (b) Notwithstanding Subsection (1)(a)(i), a county legislative body may not impose a
- 1172 tax under this section on:
- 1173 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
- 1174 are exempt from taxation under Section 59-12-104; or



1175 (ii) any amounts paid or charged by a seller that collects a tax under Subsection  
1176 59-12-107(1)(b).

1177 (c) For purposes of this Subsection (1), the location of a transaction shall be  
1178 determined in accordance with Section 59-12-207.

1179 (2) (a) Except as provided in Subsection (2)(d), before imposing a tax under this part, a  
1180 county legislative body shall:

1181 (i) obtain approval from a majority of the members of the county legislative body to  
1182 impose the tax; and

1183 (ii) submit an opinion question to the county's registered voters voting on the  
1184 imposition of the tax so that each registered voter has the opportunity to express the registered  
1185 voter's opinion on whether a tax should be imposed under this part.

1186 (b) (i) In a county of the first or second class, the opinion question required by  
1187 Subsection (2)(a)(ii) shall state the following:

1188 "Shall (insert the name of the county), Utah, be authorized to impose a (insert the  
1189 amount of the sales and use tax up to .25%) sales and use tax for corridor preservation,  
1190 congestion mitigation, or to expand capacity for ~~§~~→ [transportation of regional significance]  
1190a regionally significant transportation facilities ←~~§~~ ?"

1191 (ii) In a county of the third, fourth, fifth, or sixth class, the opinion question required by  
1192 Subsection (2)(a)(ii) shall state the following:

1193 "Shall (insert the name of the county), Utah, be authorized to impose a (insert the  
1194 amount of the sales and use tax up to .25%) sales and use tax for transportation projects,  
1195 corridor preservation, congestion mitigation, or to expand capacity for ~~§~~→ [transportation of  
1196 regional significance] regionally significant transportation facilities ←~~§~~ ?"

1197 (c) Except as provided in Subsection (2)(d), the election required by this Subsection (2)  
1198 shall be held:

1199 (i) at a regular general election conducted in accordance with the procedures and  
1200 requirements of Title 20A, Election Code, governing regular elections; or

1201 (ii) at a special election called by the county legislative body that is:

1202 (A) held only on the date of a municipal general election as provided in Subsection  
1203 20A-1-202(1); and

1204 (B) authorized in accordance with the procedures and requirements of Section  
1205 20A-1-203.

1206 (d) Notwithstanding Subsection (2)(a) or (c), if a county seeks to impose a tax under  
1207 this part on or after April 1, 2007, but on or before December 31, 2007, the county legislative  
1208 body shall:

1209 (i) obtain the approval required by Subsection (2)(a)(i) within five calendar days of the  
1210 effective date of this bill;

1211 (ii) direct the county clerk to submit the opinion question required by Subsection  
1212 (2)(a)(ii) during the November 7, 2006 general election; and

1213 (iii) hold the election required by this section on November 7, 2006.

1214 (3) If a county legislative body determines that a majority of the county's registered  
1215 voters voting on the imposition of the tax have voted in favor of the imposition of the tax in  
1216 accordance with Subsection (2), the county legislative body shall impose the tax in accordance  
1217 with this section.

1218 (4) (a) Subject to Subsections (5) and (6), the revenues generated by a tax under this  
1219 part may only be expended for:

1220 (i) a project or service:

1221 (A) relating to a regionally significant transportation facility;

1222 (B) for the portion of the project or service that is performed within the county;

1223 (C) for new capacity or congestion mitigation if the project or service is performed  
1224 within a county:

1225 (I) of the first class;

1226 (II) of the second class; or

1227 (III) that is part of an area metropolitan planning organization;

1228 (D) (I) if the project or service is a principal arterial highway or a minor arterial  
1229 highway in a county of the first or second class, that is part of the county and municipal master  
1230 plan and part of:

1231 (Aa) the statewide long-range plan; or

1232 (Bb) the regional transportation plan of the area metropolitan planning organization if a  
1233 metropolitan planning organization exists for the area; or

1234 (II) if the project or service is for a fixed guideway or an airport, that is part of the  
1235 regional transportation plan of the area metropolitan planning organization if a metropolitan  
1236 planning organization exists for the area; and

1237 (E) that is on a priority list:  
1238 (I) created by the county's council of governments in accordance with Subsection (5);  
1239 and  
1240 (II) approved by the county legislative body in accordance with Subsection (6);  
1241 (ii) corridor preservation for a project described in Subsection (4)(a)(i) as provided in  
1242 Subsection (7)(b); or  
1243 (iii) any debt service and bond issuance costs related to a project described in  
1244 Subsection (4)(a)(i) or (ii).  
1245 (b) In a county of the first or second class, a regionally significant transportation  
1246 facility project or service described in Subsection (4)(a)(i)(A) must have a funded year priority  
1247 designation on a Statewide Transportation Improvement Program and Transportation  
1248 Improvement Program if the project or service described in Subsection (4)(a)(i) is:  
1249 (i) a principal arterial highway as defined in Section 72-4-102.5;  
1250 (ii) a minor arterial highway as defined in Section 72-4-102.5; or  
1251 (iii) a major collector highway:  
1252 (A) as defined in Section 72-4-102.5; and  
1253 (B) in a rural area.  
1254 (c) Notwithstanding the designated use of revenues in Subsection (4)(a), of the  
1255 revenues generated by the tax imposed under this section by any county of the first or second  
1256 class, 25% or more shall be expended for the purpose described in Subsection (4)(a)(ii).  
1257 (d) For purposes of this Subsection (4), the revenues a county will receive from a tax  
1258 under this part do not include amounts retained by the commission in accordance with  
1259 Subsection (8).  
1260 (5) (a) The county's council of governments shall create a priority list of regionally  
1261 significant transportation facility projects described in Subsection (4)(a) using the process  
1262 described in Subsection (5)(b) and present the priority list to the county's legislative body for  
1263 approval as described in Subsection (6).  
1264 (b) Subject to Sections 59-12-1704 and 59-12-1705, a council of governments shall  
1265 establish a council of governments' endorsement process which includes prioritization and  
1266 application procedures for use of the revenues a county will receive from a tax under this part.  
1267 (6) (a) The council of governments shall submit the priority list described in

1268 Subsection (5) to the county's legislative body and obtain approval of the list from a majority of  
1269 the members of the county legislative body.

1270 (b) A county's council of governments may only submit one priority list per calendar  
1271 year.

1272 (c) A county legislative body may only consider and approve one priority list per  
1273 calendar year.

1274 (7) (a) (i) Except as provided in Subsections (7)(a)(ii) and (7)(b), revenues described in  
1275 Subsection (4) shall be transmitted:

1276 (A) by the commission;

1277 (B) to the county;

1278 (C) monthly; and

1279 (D) by electronic funds transfer.

1280 (ii) A county may request that the commission transfer a portion of the revenues  
1281 described in Subsection (4):

1282 (A) directly to a public transit district:

1283 (I) organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act; and

1284 (II) designated by the county; and

1285 (B) by providing written notice to the commission:

1286 (I) requesting the revenues to be transferred directly to a public transit district as  
1287 provided in Subsection (7)(a)(ii)(A); and

1288 (II) designating the public transit district to which the revenues are requested to be  
1289 transferred.

1290 (b) (i) Except as provided in Subsection (7)(b)(ii), revenues generated by a tax under  
1291 this part that are allocated for a purpose described in Subsection (4)(a)(ii) shall be:

1292 (A) deposited in or transferred to the Local Transportation Corridor Preservation Fund  
1293 created by Section 72-2-117.5; and

1294 (B) expended as provided in Section 72-2-117.5.

1295 (ii) In a county of the first class, revenues generated by a tax under this part that are  
1296 allocated for a purpose described in Subsection (4)(a)(ii) shall be:

1297 (A) deposited in or transferred to the Public Transportation System Tax Highway Fund  
1298 created by Section 72-2-121; and

1299 (B) expended as provided in Section 72-2-121.

1300 (8) (a) (i) Except as provided in Subsection (8)(b), the tax authorized under this part

1301 shall be administered, collected, and enforced in accordance with:

1302 (A) the same procedures used to administer, collect, and enforce the tax under:

1303 (I) Part 1, Tax Collection; or

1304 (II) Part 2, Local Sales and Use Tax Act; and

1305 (B) Chapter 1, General Taxation Policies.

1306 (ii) A tax under this part is not subject to Subsections 59-12-205(2) through (7).

1307 (b) (i) The commission may retain an amount of tax collected under this part of not to

1308 exceed the lesser of:

1309 (A) 1.5%; or

1310 (B) an amount equal to the cost to the commission of administering this part.

1311 (ii) Any amount the commission retains under Subsection (8)(b)(i) shall be:

1312 (A) placed in the Sales and Use Tax Administrative Fees Account; and

1313 (B) used as provided in Subsection 59-12-206(2).

1314 (9) (a) (i) Except as provided in Subsection (9)(b) or (c), if, on or after April 1, 2007, a

1315 county enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal,

1316 or change shall take effect:

1317 (A) on the first day of a calendar quarter; and

1318 (B) after a 90-day period beginning on the date the commission receives notice meeting

1319 the requirements of Subsection (9)(a)(ii) from the county.

1320 (ii) The notice described in Subsection (9)(a)(i)(B) shall state:

1321 (A) that the county will enact, repeal, or change the rate of a tax under this part;

1322 (B) the statutory authority for the tax described in Subsection (9)(a)(ii)(A);

1323 (C) the effective date of the tax described in Subsection (9)(a)(ii)(A); and

1324 (D) if the county enacts the tax or changes the rate of the tax described in Subsection

1325 (9)(a)(ii)(A), the rate of the tax.

1326 (b) (i) For a transaction described in Subsection (9)(b)(iii), if the billing period for the

1327 transaction begins before the effective date of the enactment of the tax or tax rate increase

1328 under Subsection (1), the enactment of a tax or a tax rate increase shall take effect on the first

1329 day of the first billing period that begins after the effective date of the enactment of the tax or

1330 the tax rate increase.

1331 (ii) For a transaction described in Subsection (9)(b)(iii), if the billing period for the  
1332 transaction begins before the effective date of the repeal of the tax or the tax rate decrease  
1333 imposed under Subsection (1), the repeal of a tax or a tax rate decrease shall take effect on the  
1334 first day of the last billing period that began before the effective date of the repeal of the tax or  
1335 the tax rate decrease.

1336 (iii) Subsections (9)(b)(i) and (ii) apply to transactions subject to a tax under:

1337 (A) Subsection 59-12-103(1)(b);

1338 (B) Subsection 59-12-103(1)(c);

1339 (C) Subsection 59-12-103(1)(d);

1340 (D) Subsection 59-12-103(1)(e);

1341 (E) Subsection 59-12-103(1)(f);

1342 (F) Subsection 59-12-103(1)(g);

1343 (G) Subsection 59-12-103(1)(h);

1344 (H) Subsection 59-12-103(1)(i);

1345 (I) Subsection 59-12-103(1)(j); or

1346 (J) Subsection 59-12-103(1)(k).

1347 (c) (i) If a tax due under this chapter on a catalogue sale is computed on the basis of  
1348 sales and use tax rates published in the catalogue, an enactment, repeal, or change in the rate of  
1349 a tax described in Subsection (9)(a)(i) takes effect:

1350 (A) on the first day of a calendar quarter; and

1351 (B) beginning 60 days after the effective date of the enactment, repeal, or change in the  
1352 rate of the tax under Subsection (9)(a)(i).

1353 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,  
1354 the commission may by rule define the term "catalogue sale."

1355 (d) (i) Except as provided in Subsection (9)(e) or (f), if, for an annexation that occurs  
1356 on or after April 1, 2007, the annexation will result in the enactment, repeal, or change in the  
1357 rate of a tax under this part for an annexing area, the enactment, repeal, or change shall take  
1358 effect:

1359 (A) on the first day of a calendar quarter; and

1360 (B) after a 90-day period beginning on the date the commission receives notice meeting

1361 the requirements of Subsection (9)(d)(ii) from the county that annexes the annexing area.

1362 (ii) The notice described in Subsection (9)(d)(i)(B) shall state:

1363 (A) that the annexation described in Subsection (9)(d)(i)(B) will result in an enactment,

1364 repeal, or change in the rate of a tax under this part for the annexing area;

1365 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);

1366 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and

1367 (D) if the county enacts the tax or changes the rate of the tax described in Subsection

1368 (9)(d)(ii)(A), the rate of the tax.

1369 (e) (i) For a transaction described in Subsection (9)(e)(iii), if the billing period for the

1370 transaction begins before the effective date of the enactment of the tax or a tax rate increase

1371 under Subsection (1), the enactment of a tax or a tax rate increase shall take effect on the first

1372 day of the first billing period that begins after the effective date of the enactment of the tax or

1373 the tax rate increase.

1374 (ii) For a transaction described in Subsection (9)(e)(iii), if the billing period for the

1375 transaction begins before the effective date of the repeal of the tax or the tax rate decrease

1376 imposed under Subsection (1), the repeal of a tax or a tax rate decrease shall take effect on the

1377 first day of the last billing period that began before the effective date of the repeal of the tax or

1378 the tax rate decrease.

1379 (iii) Subsections (9)(e)(i) and (ii) apply to transactions subject to a tax under:

1380 (A) Subsection 59-12-103(1)(b);

1381 (B) Subsection 59-12-103(1)(c);

1382 (C) Subsection 59-12-103(1)(d);

1383 (D) Subsection 59-12-103(1)(e);

1384 (E) Subsection 59-12-103(1)(f);

1385 (F) Subsection 59-12-103(1)(g);

1386 (G) Subsection 59-12-103(1)(h);

1387 (H) Subsection 59-12-103(1)(i);

1388 (I) Subsection 59-12-103(1)(j); or

1389 (J) Subsection 59-12-103(1)(k).

1390 (f) (i) If a tax due under this chapter on a catalogue sale is computed on the basis of

1391 sales and use tax rates published in the catalogue, an enactment, repeal, or change in the rate of

1392 a tax described in Subsection (9)(d)(i) takes effect:  
1393 (A) on the first day of a calendar quarter; and  
1394 (B) beginning 60 days after the effective date of the enactment, repeal, or change in the  
1395 rate under Subsection (9)(d)(i).  
1396 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,  
1397 the commission may by rule define the term "catalogue sale."  
1398 Section 6. Section **59-12-1704** is enacted to read:  
1399 **59-12-1704. Written project prioritization process for new transportation**  
1400 **capacity projects.**  
1401 (1) The council of governments shall develop a written prioritization process for the  
1402 prioritization of projects to be funded by revenues a county will receive from a tax under this  
1403 part.  
1404 (2) (a) The following shall be included in the written prioritization process under  
1405 Subsection (1):  
1406 (i) a definition of the type of projects to which the written prioritization process  
1407 applies;  
1408 (ii) specification of a weighted criteria system that is used to rank proposed projects  
1409 and how the weighted criteria system will be used to determine which projects will be  
1410 prioritized;  
1411 (iii) specification of the data that is necessary to apply the weighted ranking criteria;  
1412 and  
1413 (iv) any other provisions the council of governments considers appropriate.  
1414 (b) The weighted criteria system described in Subsection (2)(a)(ii) shall include the  
1415 following considerations:  
1416 (i) the cost-effectiveness of a project;  
1417 (ii) the degree to which a project will mitigate regional congestion;  
1418 (iii) the compliance requirements of applicable federal laws or regulations;  
1419 (iv) the economic impact of a project;  
1420 (v) the degree to which a project will require tax revenues to fund maintenance and  
1421 operation expenses; and  
1422 (vi) any other provisions the council of governments considers appropriate.



1423 (3) The council of governments of a county of the first or second class shall submit the  
1424 proposed written prioritization process described in this section to the Executive  
1425 Appropriations Committee for approval prior to taking final action on the proposed written  
1426 prioritization process or any proposed amendment to the written prioritization process.

1427 Section 7. Section **59-12-1705** is enacted to read:

1428 **59-12-1705. Project selection using the written prioritization process -- Report.**

1429 (1) Except as provided in Subsection (4), in determining priorities and funding levels  
1430 of projects to be funded by the revenues a county will receive from a tax under this part, the  
1431 council of governments shall use the weighted criteria system adopted in the written  
1432 prioritization process under Section 59-12-1704 to create a priority list of regionally significant  
1433 transportation facility projects as described in Subsection 59-12-1703(5).

1434 (2) Prior to finalizing priorities and funding levels of projects, the council of  
1435 governments shall conduct a public meeting on:

1436 (a) the written prioritization process; and

1437 (b) the merits of the projects that will be prioritized under this section.

1438 (3) The council of governments shall make the weighted criteria system ranking for  
1439 each project publicly available prior to the public hearings held under Subsection (2).

1440 (4) (a) If the council of governments prioritizes a project over another project with a  
1441 higher rank under the weighted criteria system, the council of governments shall identify the  
1442 change at a meeting held under this section on the merits of prioritizing the project above  
1443 higher ranked projects.

1444 (b) The council of governments shall make the reasons for the prioritization under  
1445 Subsection (4)(a) publicly available.

1446 Section 8. Section **72-2-117.5** is amended to read:

1447 **72-2-117.5. Local Transportation Corridor Preservation Fund -- Distribution.**

1448 (1) As used in this section:

1449 (a) "Council of governments" means a decision-making body in each county composed  
1450 of the county governing body and the mayors of each municipality in the county[~~;~~and].

1451 (b) "Metropolitan planning organization" has the same meaning as defined in Section  
1452 72-1-208.5.

1453 (2) There is created the Local Transportation Corridor Preservation Fund within the

1454 Transportation Fund.

1455 (3) The fund shall be funded from the following sources:

1456 (a) a local option transportation corridor preservation fee imposed under Section  
1457 41-1a-1222;

1458 (b) appropriations made to the fund by the Legislature;

1459 (c) contributions from other public and private sources for deposit into the fund;

1460 (d) interest earnings on cash balances;

1461 (e) all monies collected from rents and sales of real property acquired with fund

1462 monies; ~~and~~

1463 (f) proceeds from general obligation bonds, revenue bonds, or other obligations issued

1464 as authorized by Title 63B, Bonds~~[-]; and~~

1465 (g) the portion of the sales and use tax described in Subsection 59-12-1703(4)(a)(ii)

1466 and required by Subsection 59-12-1703(7)(b)(i) to be deposited into the fund.

1467 (4) (a) All monies appropriated to the Local Transportation Corridor Preservation Fund  
1468 are nonlapsing.

1469 (b) The Tax Commission shall provide the department with sufficient data for the  
1470 department to allocate the revenues;

1471 (i) provided under Subsection (3)(a) to each county imposing a local option  
1472 transportation corridor preservation fee under Section 41-1a-1222[-]; and

1473 (ii) provided under Subsection 59-12-1703(4)(a)(ii) to each county imposing a county  
1474 option sales and use tax for transportation.

1475 (c) The monies allocated under Subsection (4)(b):

1476 (i) shall be used for the purposes provided in this section for each county; and

1477 (ii) are allocated to each county as provided in this section:

1478 (A) with the condition that the state will not be charged for any asset purchased with  
1479 the monies allocated under Subsection (4)(b); and

1480 (B) are considered a local matching contribution for the purposes described under  
1481 Section 72-2-123 if used on a state highway.

1482 (d) Administrative costs of the department to implement this section shall be paid from  
1483 the fund.

1484 (5) (a) The department shall authorize the expenditure of fund monies to allow a

1485 highway authority to acquire real property or any interests in real property for state, county, and  
1486 municipal transportation corridors subject to:

- 1487 (i) monies available in the fund to each county under Subsection (4)(b); and
- 1488 (ii) the provisions of this section.

1489 (b) Fund monies may be used to pay interest on debts incurred in accordance with this  
1490 section.

- 1491 (c) (i) (A) Fund monies may be used to pay maintenance costs of properties acquired  
1492 under this section but limited to a total of 5% of the purchase price of the property.
- 1493 (B) Any additional maintenance cost shall be paid from funds other than under this  
1494 section.
- 1495 (C) Revenue generated by any property acquired under this section is excluded from  
1496 the limitations under this Subsection (5)(c)(i).
- 1497 (ii) Fund monies may be used to pay direct costs of acquisition of properties acquired  
1498 under this section.

1499 (d) Fund monies allocated under Subsection (4)(b) may be used by a county highway  
1500 authority for countywide transportation planning if:

- 1501 (i) the county is not included in a metropolitan planning organization;
- 1502 (ii) the transportation planning is part of the county's continuing, cooperative, and  
1503 comprehensive process for transportation planning, corridor preservation, right-of-way  
1504 acquisition, and project programming;
- 1505 (iii) no more than four years allocation every 20 years to each county is used for  
1506 transportation planning under this Subsection (5)(d); and
- 1507 (iv) the county otherwise qualifies to use the fund monies as provided under this  
1508 section.

1509 (e) (i) Fund monies allocated under Subsection (4)(b) may be used by a county  
1510 highway authority for transportation corridor planning that is part of the corridor elements of an  
1511 ongoing work program of transportation projects.

- 1512 (ii) The transportation corridor planning under Subsection (5)(e)(i) shall be under the  
1513 direction of:

- 1514 (A) the metropolitan planning organization if the county is within the boundaries of a  
1515 metropolitan planning organization; or

1516 (B) the department if the county is not within the boundaries of a metropolitan  
1517 planning organization.

1518 (6) (a) (i) The Local Transportation Corridor Preservation Fund shall be used to  
1519 preserve transportation corridors, promote long-term statewide transportation planning, save on  
1520 acquisition costs, and promote the best interests of the state in a manner which minimizes  
1521 impact on prime agricultural land.

1522 (ii) The Local Transportation Corridor Preservation Fund may not be used for a  
1523 transportation corridor that is primarily a recreational trail as defined under Section  
1524 63-11a-101.

1525 (b) (i) The department shall develop and implement a program to educate highway  
1526 authorities on the objectives, application process, use, and responsibilities of the Local  
1527 Transportation Corridor Preservation Fund as provided under this section to promote the most  
1528 efficient and effective use of fund monies including priority use on designated high priority  
1529 corridor preservation projects.

1530 (ii) The department shall develop a model transportation corridor property acquisition  
1531 policy or ordinance that meets federal requirements for the benefit of a highway authority to  
1532 acquire real property or any interests in real property under this section.

1533 (c) The department shall authorize the expenditure of fund monies after determining  
1534 that the expenditure is being made in accordance with this section from applications that are:

- 1535 (i) made by a highway authority; and
- 1536 (ii) endorsed by the council of governments.

1537 (7) (a) (i) A council of governments may establish a council of governments  
1538 endorsement process which includes prioritization and application procedures for use of the  
1539 monies allocated to each county under this section.

1540 (ii) The endorsement process under Subsection (7)(a)(i) may include review or  
1541 endorsement of the preservation project by the:

1542 (A) metropolitan planning organization if the county is within the boundaries of a  
1543 metropolitan planning organization; or

1544 (B) the department if the county is not within the boundaries of a metropolitan  
1545 planning organization.

1546 (b) All fund monies shall be prioritized by each highway authority and council of

1547 governments based on considerations, including:

1548 (i) areas with rapidly expanding population;

1549 (ii) the willingness of local governments to complete studies and impact statements

1550 that meet department standards;

1551 (iii) the preservation of corridors by the use of local planning and zoning processes;

1552 (iv) the availability of other public and private matching funds for a project;

1553 (v) the cost-effectiveness of the preservation projects;

1554 (vi) long and short-term maintenance costs for property acquired; and

1555 (vii) whether the transportation corridor is included as part of:

1556 (A) the county and municipal master plan; and

1557 (B) (I) the statewide long range plan; or

1558 (II) the regional transportation plan of the area metropolitan planning organization if

1559 one exists for the area.

1560 (8) (a) Unless otherwise provided by written agreement with another highway

1561 authority, the highway authority that holds the deed to the property is responsible for

1562 maintenance of the property.

1563 (b) The transfer of ownership for property acquired under this section from one

1564 highway authority to another shall include a recorded deed for the property and a written

1565 agreement between the highway authorities.

1566 (9) (a) The proceeds from any bonds or other obligations secured by revenues of the

1567 Local Transportation Corridor Preservation Fund shall be used for the purposes authorized for

1568 funds under this section.

1569 (b) The highway authority shall pledge the necessary part of the revenues of the Local

1570 Transportation Corridor Preservation Fund to the payment of principal and interest on the

1571 bonds or other obligations.

1572 (10) (a) A highway authority may not apply for monies under this section unless the

1573 highway authority has:

1574 (i) a transportation corridor property acquisition policy or ordinance in effect that

1575 meets federal requirements for the acquisition of real property or any interests in real property

1576 under this section; and

1577 (ii) an access management policy or ordinance in effect that meets the requirements

1578 under Subsection 72-2-117(9).

1579 (b) The provisions of Subsection (10)(a)(i) do not apply if the highway authority has a  
1580 written agreement with the department for the acquisition of real property or any interests in  
1581 real property under this section.

1582 Section 9. Section **72-2-121** is amended to read:

1583 **72-2-121. Public Transportation System Tax Highway Fund.**

1584 (1) There is created a special revenue fund entitled the Public Transportation System  
1585 Tax Highway Fund.

1586 (2) The fund consists of monies generated from the following revenue sources:

1587 (a) any voluntary contributions received for new construction, major renovations, and  
1588 improvements to Interstate 15 and state highways within a county of the first class; ~~and~~

1589 (b) the portion of the sales and use tax described in Subsection 59-12-502(5)(a)(ii)  
1590 deposited in or transferred to the fund through an interlocal agreement[-]; and

1591 (c) the portion of the sales and use tax described in Subsection 59-12-1703(4)(a)(ii)  
1592 and required by Subsection 59-12-1703(7)(b)(ii) to be deposited in or transferred to the fund.

1593 (3) (a) The fund shall earn interest.

1594 (b) All interest earned on fund monies shall be deposited into the fund.

1595 (4) The executive director may use fund monies, as prioritized by the Transportation  
1596 Commission[-];

1597 (a) for the portion of the monies generated from the revenue sources described in  
1598 Subsections (2)(a) and (b), only for new construction, major renovations, and improvements to  
1599 Interstate 15 and state highways within a county of the first class and to pay any debt service  
1600 and bond issuance costs related to those projects[-]; and

1601 (b) for the portion of the monies generated from the revenue sources described in  
1602 Subsection (2)(c), only for state highway corridor preservation for new state highway projects  
1603 within a county of the first class and to pay any debt service and bond issuance costs related to  
1604 those projects.

1605 (5) The administrative costs of the department to administer this fund shall be paid  
1606 from the monies in the fund.

1607 Section 10. **Effective date.**

1608 If approved by two-thirds of all the members elected to each house, this bill takes effect

1609 upon approval by the governor, or the day following the constitutional time limit of Utah  
1610 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,  
1611 the date of veto override, except that the amendments to Section 59-12-102 (Effective  
1612 01/01/07) take effect on January 1, 2007.

1613           Section 11. **Revisor instructions.**

1614           It is the intent of the Legislature that, in preparing the Utah Code database for  
1615 publication, the Office of Legislative Research and General Counsel shall replace the reference  
1616 in Subsection 59-12-1703(2)(d)(i) to "the effective date of this bill" with the actual effective  
1617 date of this bill.

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**Legislative Review Note**  
**as of 9-19-06 1:38 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**

If all counties in Utah implement the .25% local option sales tax increase provided in this bill, increased local revenue available for transportation infrastructure is estimated to be \$116,000,000 beginning in FY 2008. One time expenditures from the Sales Tax Administration Restricted Account will be \$33,800 to print and mail tax bulletins to businesses collecting sales taxes.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>
Restricted Funds	\$0	\$33,800	\$0	\$0
Local Revenue	\$0	\$0	\$0	\$116,000,000
<b>TOTAL</b>	<b>\$0</b>	<b>\$33,800</b>	<b>\$0</b>	<b>\$116,000,000</b>

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**Individual and Business Impact**

Sales taxes will be increased proportional to purchases by individuals.

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