

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

4 2006 FOURTH SPECIAL SESSION

5 STATE OF UTAH

6 **Chief Sponsor: Sheldon L. Killpack**

7 House Sponsor: Rebecca D. Lockhart

8
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



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



47
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) Beginning on January 1, 2007, a county legislative body may not levy a property
56 tax or expend revenues from uniform fees or any tax or fee imposed in lieu of a property tax, to
57 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 that, before January 1, 2007, were issued or approved by voters for
60 issuance to fund a fixed guideway.

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

62 **59-12-102 (Effective 01/01/07). Definitions.**

63 As used in this chapter:

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

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

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

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

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

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

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

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

74 (b) Section 59-12-204;

75 (c) Section 59-12-401;

76 (d) Section 59-12-402;

77 (e) Section 59-12-501;

78 (f) Section 59-12-502;

79 (g) Section 59-12-703;

80 (h) Section 59-12-802;

81 (i) Section 59-12-804;

82 (j) Section 59-12-1001;

83 (k) Section 59-12-1102;

84 (l) Section 59-12-1302;

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

86 (n) Section 59-12-1503.

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

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

89 (a) is suitable for human consumption; and

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

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

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

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

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

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

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

103 (b) at the direction of the seller of the cleaning or washing of the tangible personal
104 property.

105 (10) "Authorized carrier" means:

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

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

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

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

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

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

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

118 (B) animal waste;

119 (C) methane produced:

120 (I) at landfills; or

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

152 inclusion of the tangible personal property provided free of charge.

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

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

157 (i) on a transaction; and

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

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

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

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

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

164 and

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

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

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

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

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

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

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

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

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

183 passenger's place of employment.

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

187 (19) "Component part" includes:

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

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

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

193 (d) feed, seeds, and seedlings.

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

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

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

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

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

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

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

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

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

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

206 (i) by a seller of:

207 (A) tangible personal property; or

208 (B) services; and

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

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

212 (i) transportation;

213 (ii) shipping;

- 214 (iii) postage;
- 215 (iv) handling;
- 216 (v) crating; or
- 217 (vi) packing.
- 218 (25) "Dietary supplement" means a product, other than tobacco, that:
- 219 (a) is intended to supplement the diet;
- 220 (b) contains one or more of the following dietary ingredients:
- 221 (i) a vitamin;
- 222 (ii) a mineral;
- 223 (iii) an herb or other botanical;
- 224 (iv) an amino acid;
- 225 (v) a dietary substance for use by humans to supplement the diet by increasing the total
- 226 dietary intake; or
- 227 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
- 228 described in Subsections (25)(b)(i) through (v);
- 229 (c) (i) except as provided in Subsection (25)(c)(ii), is intended for ingestion in:
- 230 (A) tablet form;
- 231 (B) capsule form;
- 232 (C) powder form;
- 233 (D) softgel form;
- 234 (E) gelcap form; or
- 235 (F) liquid form; or
- 236 (ii) notwithstanding Subsection (25)(c)(i), if the product is not intended for ingestion in
- 237 a form described in Subsections (25)(c)(i)(A) through (F), is not represented:
- 238 (A) as conventional food; and
- 239 (B) for use as a sole item of:
- 240 (I) a meal; or
- 241 (II) the diet; and
- 242 (d) is required to be labeled as a dietary supplement:
- 243 (i) identifiable by the "Supplemental Facts" box found on the label; and
- 244 (ii) as required by 21 C.F.R. Sec. 101.36.

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

247 (i) to:

248 (A) a mass audience; or

249 (B) addressees on a mailing list provided by a purchaser of the mailing list; and

250 (ii) if the cost of the printed material is not billed directly to the recipients.

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

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

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

257 (i) recognized in:

258 (A) the official United States Pharmacopoeia;

259 (B) the official Homeopathic Pharmacopoeia of the United States;

260 (C) the official National Formulary; or

261 (D) a supplement to a publication listed in Subsections (27)(a)(i)(A) through (C);

262 (ii) intended for use in the:

263 (A) diagnosis of disease;

264 (B) cure of disease;

265 (C) mitigation of disease;

266 (D) treatment of disease; or

267 (E) prevention of disease; or

268 (iii) intended to affect:

269 (A) the structure of the body; or

270 (B) any function of the body.

271 (b) "Drug" does not include:

272 (i) food and food ingredients;

273 (ii) a dietary supplement;

274 (iii) an alcoholic beverage; or

275 (iv) a prosthetic device.

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

- 278 (i) can withstand repeated use;
- 279 (ii) is primarily and customarily used to serve a medical purpose;
- 280 (iii) generally is not useful to a person in the absence of illness or injury; and
- 281 (iv) is not worn in or on the body.

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

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

286 (29) "Electronic" means:

- 287 (a) relating to technology; and
- 288 (b) having:
 - 289 (i) electrical capabilities;
 - 290 (ii) digital capabilities;
 - 291 (iii) magnetic capabilities;
 - 292 (iv) wireless capabilities;
 - 293 (v) optical capabilities;
 - 294 (vi) electromagnetic capabilities; or
 - 295 (vii) capabilities similar to Subsections (29)(b)(i) through (vi).

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

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

- 298 (a) rail for the use of public transit; or
- 299 (b) a separate right-of-way for the use of public transit.

300 [~~(31)~~] (32) (a) "Food and food ingredients" means substances:

- 301 (i) regardless of whether the substances are in:
 - 302 (A) liquid form;
 - 303 (B) concentrated form;
 - 304 (C) solid form;
 - 305 (D) frozen form;
 - 306 (E) dried form; or

- 307 (F) dehydrated form; and
- 308 (ii) that are:
- 309 (A) sold for:
- 310 (I) ingestion by humans; or
- 311 (II) chewing by humans; and
- 312 (B) consumed for the substance's:
- 313 (I) taste; or
- 314 (II) nutritional value.
- 315 (b) "Food and food ingredients" includes an item described in Subsection [~~(62)~~]
- 316 (63)(b)(iii).
- 317 (c) "Food and food ingredients" does not include:
- 318 (i) an alcoholic beverage;
- 319 (ii) tobacco; or
- 320 (iii) prepared food.
- 321 [~~(32)~~] (33) (a) "Fundraising sales" means sales:
- 322 (i) (A) made by a school; or
- 323 (B) made by a school student;
- 324 (ii) that are for the purpose of raising funds for the school to purchase equipment,
- 325 materials, or provide transportation; and
- 326 (iii) that are part of an officially sanctioned school activity.
- 327 (b) For purposes of Subsection [~~(32)~~] (33)(a)(iii), "officially sanctioned school activity"
- 328 means a school activity:
- 329 (i) that is conducted in accordance with a formal policy adopted by the school or school
- 330 district governing the authorization and supervision of fundraising activities;
- 331 (ii) that does not directly or indirectly compensate an individual teacher or other
- 332 educational personnel by direct payment, commissions, or payment in kind; and
- 333 (iii) the net or gross revenues from which are deposited in a dedicated account
- 334 controlled by the school or school district.
- 335 [~~(33)~~] (34) "Geothermal energy" means energy contained in heat that continuously
- 336 flows outward from the earth that is used as the sole source of energy to produce electricity.
- 337 [~~(34)~~] (35) "Governing board of the agreement" means the governing board of the

338 agreement that is:

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

341 [~~(35)~~] (36) (a) "Hearing aid" means:

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

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

344 (II) correct impaired human hearing; and

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

346 (II) affixed behind the human ear;

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

348 (iii) a telephone amplifying device.

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

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

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

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

354 (A) a personal amplifying system;

355 (B) a personal FM system;

356 (C) a television listening system; or

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

358 (36)(b)(ii)(A) through (C); or

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

360 individual, including:

361 (A) a device or system installed in:

362 (I) an auditorium;

363 (II) a church;

364 (III) a conference room;

365 (IV) a synagogue; or

366 (V) a theater; or

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

368 (36)(b)(iii)(A)(I) through (V).

- 369 [~~(36)~~] (37) (a) "Hearing aid accessory" means a hearing aid:
- 370 (i) component;
- 371 (ii) attachment; or
- 372 (iii) accessory.
- 373 (b) "Hearing aid accessory" includes:
- 374 (i) a hearing aid neck loop;
- 375 (ii) a hearing aid cord;
- 376 (iii) a hearing aid ear mold;
- 377 (iv) hearing aid tubing;
- 378 (v) a hearing aid ear hook; or
- 379 (vi) a hearing aid remote control.
- 380 (c) "Hearing aid accessory" does not include:
- 381 (i) a component, attachment, or accessory designed to be used only with an:
- 382 (A) instrument or device described in Subsection [~~(35)~~] (36)(b)(i); or
- 383 (B) assistive listening device or system described in Subsection [~~(35)~~] (36)(b)(ii) or
- 384 (iii); or
- 385 (ii) a hearing aid battery.
- 386 [~~(37)~~] (38) "Hydroelectric energy" means water used as the sole source of energy to
- 387 produce electricity.
- 388 [~~(38)~~] (39) "Industrial use" means the use of natural gas, electricity, heat, coal, fuel oil,
- 389 or other fuels:
- 390 (a) in mining or extraction of minerals;
- 391 (b) in agricultural operations to produce an agricultural product up to the time of
- 392 harvest or placing the agricultural product into a storage facility, including:
- 393 (i) commercial greenhouses;
- 394 (ii) irrigation pumps;
- 395 (iii) farm machinery;
- 396 (iv) implements of husbandry as defined in Subsection 41-1a-102(23) that are not
- 397 registered under Title 41, Chapter 1a, Part 2, Registration; and
- 398 (v) other farming activities;
- 399 (c) in manufacturing tangible personal property at an establishment described in SIC

400 Codes 2000 to 3999 of the 1987 Standard Industrial Classification Manual of the federal
401 Executive Office of the President, Office of Management and Budget;

402 (d) by a scrap recycler if:

403 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process
404 one or more of the following items into prepared grades of processed materials for use in new
405 products:

406 (A) iron;

407 (B) steel;

408 (C) nonferrous metal;

409 (D) paper;

410 (E) glass;

411 (F) plastic;

412 (G) textile; or

413 (H) rubber; and

414 (ii) the new products under Subsection [~~(38)~~] (39)(d)(i) would otherwise be made with
415 nonrecycled materials; or

416 (e) in producing a form of energy or steam described in Subsection 54-2-1(2)(a) by a
417 cogeneration facility as defined in Section 54-2-1.

418 [~~(39)~~] (40) (a) Except as provided in Subsection [~~(39)~~] (40)(b), "installation charge"
419 means a charge for installing tangible personal property.

420 (b) Notwithstanding Subsection [~~(39)~~] (40)(a), "installation charge" does not include a
421 charge for repairs or renovations of tangible personal property.

422 [~~(40)~~] (41) (a) "Lease" or "rental" means a transfer of possession or control of tangible
423 personal property for:

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

425 (B) an indeterminate term; and

426 (ii) consideration.

427 (b) "Lease" or "rental" includes an agreement covering a motor vehicle and trailer if the
428 amount of consideration may be increased or decreased by reference to the amount realized
429 upon sale or disposition of the property as defined in Section 7701(h)(1), Internal Revenue
430 Code.

- 431 (c) "Lease" or "rental" does not include:
- 432 (i) a transfer of possession or control of property under a security agreement or
433 deferred payment plan that requires the transfer of title upon completion of the required
434 payments;
- 435 (ii) a transfer of possession or control of property under an agreement that requires the
436 transfer of title:
- 437 (A) upon completion of required payments; and
- 438 (B) if the payment of an option price does not exceed the greater of:
- 439 (I) \$100; or
- 440 (II) 1% of the total required payments; or
- 441 (iii) providing tangible personal property along with an operator for a fixed period of
442 time or an indeterminate period of time if the operator is necessary for equipment to perform as
443 designed.
- 444 (d) For purposes of Subsection [~~(40)~~] (41)(c)(iii), an operator is necessary for
445 equipment to perform as designed if the operator's duties exceed the:
- 446 (i) set-up of tangible personal property;
- 447 (ii) maintenance of tangible personal property; or
- 448 (iii) inspection of tangible personal property.
- 449 [~~(41)~~] (42) "Load and leave" means delivery to a purchaser by use of a tangible storage
450 media if the tangible storage media is not physically transferred to the purchaser.
- 451 [~~(42)~~] (43) "Local taxing jurisdiction" means a:
- 452 (a) county that is authorized to impose an agreement sales and use tax;
- 453 (b) city that is authorized to impose an agreement sales and use tax; or
- 454 (c) town that is authorized to impose an agreement sales and use tax.
- 455 [~~(43)~~] (44) "Manufactured home" is as defined in Section 58-56-3.
- 456 [~~(44)~~] (45) For purposes of Section 59-12-104, "manufacturing facility" means:
- 457 (a) an establishment described in SIC Codes 2000 to 3999 of the 1987 Standard
458 Industrial Classification Manual of the federal Executive Office of the President, Office of
459 Management and Budget;
- 460 (b) a scrap recycler if:
- 461 (i) from a fixed location, the scrap recycler utilizes machinery or equipment to process

462 one or more of the following items into prepared grades of processed materials for use in new
463 products:

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

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

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

475 [~~45~~] 46 "Member of the immediate family of the producer" means a person who is
476 related to a producer described in Subsection 59-12-104(20)(a) as a:

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

478 (i) an adopted child or adopted stepchild; or

479 (ii) a foster child or foster stepchild;

480 (b) grandchild or stepgrandchild;

481 (c) grandparent or stepgrandparent;

482 (d) nephew or stepnephew;

483 (e) niece or stepniece;

484 (f) parent or stepparent;

485 (g) sibling or stepsibling;

486 (h) spouse;

487 (i) person who is the spouse of a person described in Subsections [~~45~~] 46(a) through

488 (g); or

489 (j) person similar to a person described in Subsections [~~45~~] 46(a) through (i) as

490 determined by the commission by rule made in accordance with Title 63, Chapter 46a, Utah

491 Administrative Rulemaking Act.

492 [~~46~~] 47 "Mobile home" is as defined in Section 58-56-3.

493 [~~(47)~~] (48) "Mobile telecommunications service" is as defined in the Mobile
494 Telecommunications Sourcing Act, 4 U.S.C. Sec. 124.

495 [~~(48)~~] (49) (a) Except as provided in Subsection [~~(48)~~] (49)(c), "mobility enhancing
496 equipment" means equipment that is:

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

499 (ii) appropriate for use in a:

500 (A) home; or

501 (B) motor vehicle; and

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

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

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

507 (i) a motor vehicle;

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

510 (iii) durable medical equipment; or

511 (iv) a prosthetic device.

512 [~~(49)~~] (50) "Model 1 seller" means a seller that has selected a certified service provider
513 as the seller's agent to perform all of the seller's sales and use tax functions for agreement sales
514 and use taxes other than the seller's obligation under Section 59-12-107.4 to remit a tax on the
515 seller's own purchases.

516 [~~(50)~~] (51) "Model 2 seller" means a seller that:

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

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

521 (i) collected by the seller; and

522 (ii) to the appropriate local taxing jurisdiction.

523 [~~(51)~~] (52) (a) Subject to Subsection [~~(51)~~] (52)(b), "model 3 seller" means a seller that

524 has:

- 525 (i) sales in at least five states that are members of the agreement;
526 (ii) total annual sales revenues of at least \$500,000,000;
527 (iii) a proprietary system that calculates the amount of tax:
528 (A) for an agreement sales and use tax; and
529 (B) due to each local taxing jurisdiction; and
530 (iv) entered into a performance agreement with the governing board of the agreement.

531 (b) For purposes of Subsection [~~51~~] (52)(a), "model 3 seller" includes an affiliated
532 group of sellers using the same proprietary system.

533 [~~52~~] (53) "Modular home" means a modular unit as defined in Section 58-56-3.

534 [~~53~~] (54) "Motor vehicle" is as defined in Section 41-1a-102.

535 [~~54~~] (55) "Oil shale" means a group of fine black to dark brown shales containing
536 bituminous material that yields petroleum upon distillation.

537 [~~55~~] (56) (a) "Other fuels" means products that burn independently to produce heat or
538 energy.

539 (b) "Other fuels" includes oxygen when it is used in the manufacturing of tangible
540 personal property.

541 [~~56~~] (57) "Pawnbroker" is as defined in Section 13-32a-102.

542 [~~57~~] (58) "Pawn transaction" is as defined in Section 13-32a-102.

543 [~~58~~] (59) (a) "Permanently attached to real property" means that for tangible personal
544 property attached to real property:

545 (i) the attachment of the tangible personal property to the real property:

546 (A) is essential to the use of the tangible personal property; and

547 (B) suggests that the tangible personal property will remain attached to the real
548 property in the same place over the useful life of the tangible personal property; or

549 (ii) if the tangible personal property is detached from the real property, the detachment
550 would:

551 (A) cause substantial damage to the tangible personal property; or

552 (B) require substantial alteration or repair of the real property to which the tangible
553 personal property is attached.

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

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

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

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

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

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

560 property and real property are located; or

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

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

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

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

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

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

567 (B) a hot water heater;

568 (C) a water softener system; or

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

570 of a refrigerator.

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

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

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

574 (A) convenience;

575 (B) stability; or

576 (C) for an obvious temporary purpose;

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

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

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

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

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

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

583 (A) a refrigerator;

584 (B) a washer;

585 (C) a dryer;

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

593 [~~(59)~~] (60) "Person" includes any individual, firm, partnership, joint venture,
594 association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county,
595 city, municipality, district, or other local governmental entity of the state, or any group or
596 combination acting as a unit.

597 [~~(60)~~] (61) "Place of primary use":

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

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

605 [~~(61)~~] (62) "Postproduction" means an activity related to the finishing or duplication of
606 a medium described in Subsection 59-12-104(56)(a).

607 [~~(62)~~] (63) (a) "Prepared food" means:

- 608 (i) food:
 - 609 (A) sold in a heated state; or
 - 610 (B) heated by a seller;
- 611 (ii) two or more food ingredients mixed or combined by the seller for sale as a single
612 item; or

613 (iii) except as provided in Subsection [~~(62)~~] (63)(c), food sold with an eating utensil
614 provided by the seller, including a:

- 615 (A) plate;
- 616 (B) knife;

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

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

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

- 667 (i) a container; or
- 668 (ii) packaging.

669 [~~(63)~~] (64) "Prescription" means an order, formula, or recipe that is issued:

- 670 (a) (i) orally;
- 671 (ii) in writing;
- 672 (iii) electronically; or
- 673 (iv) by any other manner of transmission; and
- 674 (b) by a licensed practitioner authorized by the laws of a state.

675 [~~(64)~~] (65) (a) Except as provided in Subsection [~~(64)~~] (65)(b)(ii) or (iii), "prewritten
676 computer software" means computer software that is not designed and developed:

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

- 679 (b) "Prewritten computer software" includes:
- 680 (i) a prewritten upgrade to computer software if the prewritten upgrade to the computer
681 software is not designed and developed:
- 682 (A) by the author or other creator of the computer software; and
- 683 (B) to the specifications of a specific purchaser;
- 684 (ii) notwithstanding Subsection [(64)] (65)(a), computer software designed and
685 developed by the author or other creator of the computer software to the specifications of a
686 specific purchaser if the computer software is sold to a person other than the purchaser; or
- 687 (iii) notwithstanding Subsection [(64)] (65)(a) and except as provided in Subsection
688 [(64)] (65)(c), prewritten computer software or a prewritten portion of prewritten computer
689 software:
- 690 (A) that is modified or enhanced to any degree; and
- 691 (B) if the modification or enhancement described in Subsection [(64)] (65)(b)(iii)(A) is
692 designed and developed to the specifications of a specific purchaser.
- 693 (c) Notwithstanding Subsection [(64)] (65)(b)(iii), "prewritten computer software"
694 does not include a modification or enhancement described in Subsection [(64)] (65)(b)(iii) if
695 the charges for the modification or enhancement are:
- 696 (i) reasonable; and
- 697 (ii) separately stated on the invoice or other statement of price provided to the
698 purchaser.
- 699 [(65)] (66) (a) "Prosthetic device" means a device that is worn on or in the body to:
- 700 (i) artificially replace a missing portion of the body;
- 701 (ii) prevent or correct a physical deformity or physical malfunction; or
- 702 (iii) support a weak or deformed portion of the body.
- 703 (b) "Prosthetic device" includes:
- 704 (i) parts used in the repairs or renovation of a prosthetic device; or
- 705 (ii) replacement parts for a prosthetic device.
- 706 (c) "Prosthetic device" does not include:
- 707 (i) corrective eyeglasses;
- 708 (ii) contact lenses;
- 709 (iii) hearing aids; or

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

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

772 (d) solar energy; or

773 (e) wind energy.

774 [~~71~~] (72) (a) "Renewable energy production facility" means a facility that:

775 (i) uses renewable energy to produce electricity; and

776 (ii) has a production capacity of 20 kilowatts or greater.

777 (b) A facility is a renewable energy production facility regardless of whether the
778 facility is:

779 (i) connected to an electric grid; or

780 (ii) located on the premises of an electricity consumer.

781 [~~72~~] (73) "Rental" is as defined in Subsection [~~40~~] (41).

782 [~~73~~] (74) "Repairs or renovations of tangible personal property" means:

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

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

788 [~~74~~] (75) "Research and development" means the process of inquiry or
789 experimentation aimed at the discovery of facts, devices, technologies, or applications and the
790 process of preparing those devices, technologies, or applications for marketing.

791 [~~75~~] (76) "Residential use" means the use in or around a home, apartment building,
792 sleeping quarters, and similar facilities or accommodations.

793 [~~76~~] (77) "Retail sale" or "sale at retail" means a sale, lease, or rental for a purpose
794 other than:

795 (a) resale;

796 (b) sublease; or

797 (c) subrent.

798 [~~77~~] (78) (a) "Retailer" means any person engaged in a regularly organized business
799 in tangible personal property or any other taxable transaction under Subsection 59-12-103(1),
800 and who is selling to the user or consumer and not for resale.

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

803 ~~[(78)]~~ (79) (a) "Sale" means any transfer of title, exchange, or barter, conditional or
804 otherwise, in any manner, of tangible personal property or any other taxable transaction under
805 Subsection 59-12-103(1), for consideration.

806 (b) "Sale" includes:

807 (i) installment and credit sales;

808 (ii) any closed transaction constituting a sale;

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

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

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

816 ~~[(79)]~~ (80) "Sale at retail" is as defined in Subsection ~~[(76)]~~ (77).

817 ~~[(80)]~~ (81) "Sale-leaseback transaction" means a transaction by which title to tangible
818 personal property that is subject to a tax under this chapter is transferred:

819 (a) by a purchaser-lessee;

820 (b) to a lessor;

821 (c) for consideration; and

822 (d) if:

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

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

827 (A) for the property; and

828 (B) to the purchaser-lessee; and

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

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

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

833 ~~[(81)]~~ (82) "Sales price" is as defined in Subsection ~~[(67)]~~ (68).

834 [~~(82)~~] (83) (a) "Sales relating to schools" means the following sales by, amounts paid
835 to, or amounts charged by a school:

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

838 (A) the sale of:

839 (I) textbooks;

840 (II) textbook fees;

841 (III) laboratory fees;

842 (IV) laboratory supplies; or

843 (V) safety equipment;

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

845 that:

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

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

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

852 (I) food and food ingredients; or

853 (II) prepared food; or

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

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

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

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

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

860 (A) clothing;

861 (B) clothing accessories or equipment;

862 (C) protective equipment; or

863 (D) sports or recreational equipment; or

864 (iii) amounts paid to or amounts charged by a school for admission to a school-related

865 event or school-related activity if the amounts paid or charged are passed through to a person:

866 (A) other than a:

867 (I) school;

868 (II) nonprofit organization authorized by a school board or a governing body of a

869 private school to organize and direct a competitive secondary school activity; or

870 (III) nonprofit association authorized by a school board or a governing body of a

871 private school to organize and direct a competitive secondary school activity; and

872 (B) that is required to collect sales and use taxes under this chapter.

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

874 commission may make rules defining the term "passed through."

875 [~~83~~] (84) For purposes of this section and Section 59-12-104, "school" means:

876 (a) an elementary school or a secondary school that:

877 (i) is a:

878 (A) public school; or

879 (B) private school; and

880 (ii) provides instruction for one or more grades kindergarten through 12; or

881 (b) a public school district.

882 [~~84~~] (85) "Seller" means a person that makes a sale, lease, or rental of:

883 (a) tangible personal property; or

884 (b) a service.

885 [~~85~~] (86) (a) "Semiconductor fabricating, processing, research, or development
886 materials" means tangible personal property:

887 (i) used primarily in the process of:

888 (A) (I) manufacturing a semiconductor;

889 (II) fabricating a semiconductor; or

890 (III) research or development of a:

891 (Aa) semiconductor; or

892 (Bb) semiconductor manufacturing process; or

893 (B) maintaining an environment suitable for a semiconductor; or

894 (ii) consumed primarily in the process of:

895 (A) (I) manufacturing a semiconductor;

896 (II) fabricating a semiconductor; or
897 (III) research or development of a:
898 (Aa) semiconductor; or
899 (Bb) semiconductor manufacturing process; or
900 (B) maintaining an environment suitable for a semiconductor.
901 (b) "Semiconductor fabricating, processing, research, or development materials"
902 includes:
903 (i) parts used in the repairs or renovations of tangible personal property described in
904 Subsection [~~(85)~~] (86)(a); or
905 (ii) a chemical, catalyst, or other material used to:
906 (A) produce or induce in a semiconductor a:
907 (I) chemical change; or
908 (II) physical change;
909 (B) remove impurities from a semiconductor; or
910 (C) improve the marketable condition of a semiconductor.
911 [~~(86)~~] (87) "Senior citizen center" means a facility having the primary purpose of
912 providing services to the aged as defined in Section 62A-3-101.
913 [~~(87)~~] (88) "Simplified electronic return" means the electronic return:
914 (a) described in Section 318(C) of the agreement; and
915 (b) approved by the governing board of the agreement.
916 [~~(88)~~] (89) "Solar energy" means the sun used as the sole source of energy for
917 producing electricity.
918 [~~(89)~~] (90) (a) "Sports or recreational equipment" means an item:
919 (i) designed for human use; and
920 (ii) that is:
921 (A) worn in conjunction with:
922 (I) an athletic activity; or
923 (II) a recreational activity; and
924 (B) not suitable for general use.
925 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
926 commission shall make rules:

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

930 [~~90~~] (91) "State" means the state of Utah, its departments, and agencies.

931 [~~91~~] (92) "Storage" means any keeping or retention of tangible personal property or
932 any other taxable transaction under Subsection 59-12-103(1), in this state for any purpose
933 except sale in the regular course of business.

934 [~~92~~] (93) (a) "Tangible personal property" means personal property that:

935 (i) may be:

936 (A) seen;

937 (B) weighed;

938 (C) measured;

939 (D) felt; or

940 (E) touched; or

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

942 (b) "Tangible personal property" includes:

943 (i) electricity;

944 (ii) water;

945 (iii) gas;

946 (iv) steam; or

947 (v) prewritten computer software.

948 [~~93~~] (94) "Tar sands" means impregnated sands that yield mixtures of liquid
949 hydrocarbon and require further processing other than mechanical blending before becoming
950 finished petroleum products.

951 [~~94~~] (95) (a) "Telecommunications enabling or facilitating equipment, machinery, or
952 software" means an item listed in Subsection [~~94~~] (95)(b) if that item is purchased or leased
953 primarily to enable or facilitate one or more of the following to function:

954 (i) telecommunications switching or routing equipment, machinery, or software; or

955 (ii) telecommunications transmission equipment, machinery, or software.

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

957 (i) a pole;

958 (ii) software;
959 (iii) a supplementary power supply;
960 (iv) temperature or environmental equipment or machinery;
961 (v) test equipment;
962 (vi) a tower; or
963 (vii) equipment, machinery, or software that functions similarly to an item listed in
964 Subsections [~~94~~] (95)(b)(i) through (vi) as determined by the commission by rule made in
965 accordance with Subsection [~~94~~] (95)(c).

966 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
967 commission may by rule define what constitutes equipment, machinery, or software that
968 functions similarly to an item listed in Subsections [~~94~~] (95)(b)(i) through (vi).

969 [~~95~~] (96) "Telecommunications equipment, machinery, or software required for 911
970 service" means equipment, machinery, or software that is required to comply with 47 C.F.R.
971 Sec. 20.18.

972 [~~96~~] (97) "Telecommunications maintenance or repair equipment, machinery, or
973 software" means equipment, machinery, or software purchased or leased primarily to maintain
974 or repair one or more of the following, regardless of whether the equipment, machinery, or
975 software is purchased or leased as a spare part or as an upgrade or modification to one or more
976 of the following:

977 (a) telecommunications enabling or facilitating equipment, machinery, or software;
978 (b) telecommunications switching or routing equipment, machinery, or software; or
979 (c) telecommunications transmission equipment, machinery, or software.

980 [~~97~~] (98) (a) "Telecommunications switching or routing equipment, machinery, or
981 software" means an item listed in Subsection [~~97~~] (98)(b) if that item is purchased or leased
982 primarily for switching or routing:

983 (i) voice communications;
984 (ii) data communications; or
985 (iii) telephone service.

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

987 (i) a bridge;
988 (ii) a computer;

989 (iii) a cross connect;

990 (iv) a modem;

991 (v) a multiplexer;

992 (vi) plug in circuitry;

993 (vii) a router;

994 (viii) software;

995 (ix) a switch; or

996 (x) equipment, machinery, or software that functions similarly to an item listed in

997 Subsections [~~97~~] 98(b)(i) through (ix) as determined by the commission by rule made in

998 accordance with Subsection [~~97~~] 98(c).

999 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
1000 commission may by rule define what constitutes equipment, machinery, or software that

1001 functions similarly to an item listed in Subsections [~~97~~] 98(b)(i) through (ix).

1002 [~~98~~] 99 (a) "Telecommunications transmission equipment, machinery, or software"

1003 means an item listed in Subsection [~~98~~] 99(b) if that item is purchased or leased primarily

1004 for sending, receiving, or transporting:

1005 (i) voice communications;

1006 (ii) data communications; or

1007 (iii) telephone service.

1008 (b) The following apply to Subsection [~~98~~] 99(a):

1009 (i) an amplifier;

1010 (ii) a cable;

1011 (iii) a closure;

1012 (iv) a conduit;

1013 (v) a controller;

1014 (vi) a duplexer;

1015 (vii) a filter;

1016 (viii) an input device;

1017 (ix) an input/output device;

1018 (x) an insulator;

1019 (xi) microwave machinery or equipment;

- 1020 (xii) an oscillator;
- 1021 (xiii) an output device;
- 1022 (xiv) a pedestal;
- 1023 (xv) a power converter;
- 1024 (xvi) a power supply;
- 1025 (xvii) a radio channel;
- 1026 (xviii) a radio receiver;
- 1027 (xix) a radio transmitter;
- 1028 (xx) a repeater;
- 1029 (xxi) software;
- 1030 (xxii) a terminal;
- 1031 (xxiii) a timing unit;
- 1032 (xxiv) a transformer;
- 1033 (xxv) a wire; or
- 1034 (xxvi) equipment, machinery, or software that functions similarly to an item listed in
- 1035 Subsections [~~98~~] (99)(b)(i) through (xxv) as determined by the commission by rule made in
- 1036 accordance with Subsection [~~98~~] (99)(c).

1037 (c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the

1038 commission may by rule define what constitutes equipment, machinery, or software that

1039 functions similarly to an item listed in Subsections [~~98~~] (99)(b)(i) through (xxv).

1040 [~~99~~] (100) (a) "Telephone service" means a two-way transmission:

- 1041 (i) by:
 - 1042 (A) wire;
 - 1043 (B) radio;
 - 1044 (C) lightwave; or
 - 1045 (D) other electromagnetic means; and
- 1046 (ii) of one or more of the following:
 - 1047 (A) a sign;
 - 1048 (B) a signal;
 - 1049 (C) writing;
 - 1050 (D) an image;

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

- 1082 (i) that person; or
- 1083 (ii) the telephone service that the person owns, controls, operates, or manages.
- 1084 [~~(102)~~] (103) "Tobacco" means:
- 1085 (a) a cigarette;
- 1086 (b) a cigar;
- 1087 (c) chewing tobacco;
- 1088 (d) pipe tobacco; or
- 1089 (e) any other item that contains tobacco.
- 1090 [~~(103)~~] (104) "Unassisted amusement device" means an amusement device, skill
- 1091 device, or ride device that is started and stopped by the purchaser or renter of the right to use or
- 1092 operate the amusement device, skill device, or ride device.
- 1093 [~~(104)~~] (105) (a) "Use" means the exercise of any right or power over tangible personal
- 1094 property under Subsection 59-12-103(1), incident to the ownership or the leasing of that
- 1095 property, item, or service.
- 1096 (b) "Use" does not include the sale, display, demonstration, or trial of that property in
- 1097 the regular course of business and held for resale.
- 1098 [~~(105)~~] (106) (a) Subject to Subsection [~~(105)~~] (106)(b), "vehicle" means the following
- 1099 that are required to be titled, registered, or titled and registered:
- 1100 (i) an aircraft as defined in Section 72-10-102;
- 1101 (ii) a vehicle as defined in Section 41-1a-102;
- 1102 (iii) an off-highway vehicle as defined in Section 41-22-2; or
- 1103 (iv) a vessel as defined in Section 41-1a-102.
- 1104 (b) For purposes of Subsection 59-12-104(33) only, "vehicle" includes:
- 1105 (i) a vehicle described in Subsection [~~(105)~~] (106)(a); or
- 1106 (ii) (A) a locomotive;
- 1107 (B) a freight car;
- 1108 (C) railroad work equipment; or
- 1109 (D) other railroad rolling stock.
- 1110 [~~(106)~~] (107) "Vehicle dealer" means a person engaged in the business of buying,
- 1111 selling, or exchanging a vehicle as defined in Subsection [~~(105)~~] (106).
- 1112 [~~(107)~~] (108) (a) Except as provided in Subsection [~~(107)~~] (108)(b), "waste energy

1113 facility" means a facility that generates electricity:

1114 (i) using as the primary source of energy waste materials that would be placed in a
1115 landfill or refuse pit if it were not used to generate electricity, including:

1116 (A) tires;

1117 (B) waste coal; or

1118 (C) oil shale; and

1119 (ii) in amounts greater than actually required for the operation of the facility.

1120 (b) "Waste energy facility" does not include a facility that incinerates:

1121 (i) municipal solid waste;

1122 (ii) hospital waste as defined in 40 C.F.R. 60.51c; or

1123 (iii) medical/infectious waste as defined in 40 C.F.R. 60.51c.

1124 [~~108~~] (109) "Watercraft" means a vessel as defined in Section 73-18-2.

1125 [~~109~~] (110) "Wind energy" means wind used as the sole source of energy to produce
1126 electricity.

1127 [~~110~~] (111) "ZIP Code" means a Zoning Improvement Plan Code assigned to a
1128 geographic location by the United States Postal Service.

1129 Section 3. Section **59-12-1701** is enacted to read:

1130 **Part 17. County Option Sales and Use Tax for Transportation Act**

1131 **59-12-1701. Title.**

1132 This part is known as the "County Option Sales and Use Tax for Transportation Act."

1133 Section 4. Section **59-12-1702** is enacted to read:

1134 **59-12-1702. Definitions.**

1135 As used in this part:

1136 (1) "Annexation" means an annexation to a county under Title 17, Chapter 2,

1137 Annexation to County.

1138 (2) "Annexing area" means an area that is annexed into a county.

1139 (3) "Council of governments" is as defined in Subsection 72-2-117.5(1)(a).

1140 (4) "Fixed guideway" means a public transit facility that uses and occupies:

1141 (a) rail for the use of public transit; or

1142 (b) a separate right-of-way for the use of public transit.

1143 (5) "Metropolitan planning organization" is as defined in Section 72-1-208.5.

1144 (6) "Regionally significant transportation facility" means:
1145 (a) a principal arterial highway as defined in Subsection 72-4-102.5(1)(g);
1146 (b) a minor arterial highway as defined in Subsection 72-4-102.5(1)(f);
1147 (c) a major collector highway:
1148 (i) as defined in Subsection 72-4-102.5(1)(d); and
1149 (ii) in a rural area;
1150 (d) a fixed guideway that:
1151 (i) extends across two or more cities or unincorporated areas; or
1152 (ii) is an extension to an existing fixed guideway; or
1153 (e) (i) an airport of regional significance.
1154 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
1155 the Transportation Commission may by rule define "an airport of regional significance."

1156 Section 5. Section **59-12-1703** is enacted to read:

1157 **59-12-1703. Opinion question election -- Base -- Rate -- Imposition of tax -- Use of**
1158 **tax revenues -- Administration, collection, and enforcement of tax by commission --**
1159 **Administrative fee -- Enactment or repeal of tax -- Annexation -- Notice.**

1160 (1) (a) Beginning on or after April 1, 2007, and subject to the other provisions of this
1161 part, a county legislative body may impose a sales and use tax of up to .25%:

1162 (i) on the transactions:

1163 (A) described in Subsection 59-12-103(1); and

1164 (B) within the county, including the cities and towns within the county;

1165 (ii) for the purposes described in Subsection (4); and

1166 (iii) in addition to any other sales and use tax authorized under this chapter.

1167 (b) Notwithstanding Subsection (1)(a)(i), a county legislative body may not impose a
1168 tax under this section on:

1169 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
1170 are exempt from taxation under Section 59-12-104; or

1171 (ii) any amounts paid or charged by a seller that collects a tax under Subsection
1172 59-12-107(1)(b).

1173 (c) For purposes of this Subsection (1), the location of a transaction shall be
1174 determined in accordance with Section 59-12-207.

1175 (2) (a) Except as provided in Subsection (2)(d), before imposing a tax under this part, a
1176 county legislative body shall:

1177 (i) obtain approval from a majority of the members of the county legislative body to
1178 impose the tax; and

1179 (ii) submit an opinion question to the county's registered voters voting on the
1180 imposition of the tax so that each registered voter has the opportunity to express the registered
1181 voter's opinion on whether a tax should be imposed under this part.

1182 (b) The opinion question required by Subsection (2)(a)(ii) shall state the following:

1183 "Shall (insert the name of the county), Utah, be authorized to impose a (insert the
1184 amount of the sales and use tax up to .25%) sales and use tax for corridor preservation,
1185 congestion mitigation, or to expand capacity for transportation of regional significance?"

1186 (c) Except as provided in Subsection (2)(d), the election required by this Subsection (2)
1187 shall be held:

1188 (i) at a regular general election conducted in accordance with the procedures and
1189 requirements of Title 20A, Election Code, governing regular elections; or

1190 (ii) at a special election called by the county legislative body that is:

1191 (A) held only on the date of a municipal general election as provided in Subsection
1192 20A-1-202(1); and

1193 (B) authorized in accordance with the procedures and requirements of Section
1194 20A-1-203.

1195 (d) Notwithstanding Subsection (2)(a) or (c), if a county seeks to impose a tax under
1196 this part on or after April 1, 2007, but on or before December 31, 2007, the county legislative
1197 body shall:

1198 (i) obtain the approval required by Subsection (2)(a)(i) within five calendar days of the
1199 effective date of this bill;

1200 (ii) direct the county clerk to submit the opinion question required by Subsection
1201 (2)(a)(ii) during the November 7, 2006 general election; and

1202 (iii) hold the election required by this section on November 7, 2006.

1203 (3) If a county legislative body determines that a majority of the county's registered
1204 voters voting on the imposition of the tax have voted in favor of the imposition of the tax in
1205 accordance with Subsection (2), the county legislative body shall impose the tax in accordance

1206 with this section.

1207 (4) (a) Subject to Subsections (5) and (6), the revenues generated by a tax under this

1208 part may only be expended for:

1209 (i) a project or service:

1210 (A) relating to a regionally significant transportation facility;

1211 (B) for the portion of the project or service that is performed within the county;

1212 (C) for new capacity or congestion mitigation if the project or service is performed

1213 within a county:

1214 (I) of the first class;

1215 (II) of the second class; or

1216 (III) that is part of an area metropolitan planning organization;

1217 (D) (I) if the project or service is a principal arterial highway, a minor arterial highway,

1218 or a major collector highway in a rural area, that is part of the county and municipal master

1219 plan and part of:

1220 (Aa) the statewide long-range plan; or

1221 (Bb) the regional transportation plan of the area metropolitan planning organization if a

1222 metropolitan planning organization exists for the area; or

1223 (II) if the project or service is for a fixed guideway or an airport, that is part of the

1224 regional transportation plan of the area metropolitan planning organization if a metropolitan

1225 planning organization exists for the area; and

1226 (E) that is on a priority list:

1227 (I) created by the county's council of governments in accordance with Subsection (5);

1228 and

1229 (II) approved by the county legislative body in accordance with Subsection (6);

1230 (ii) corridor preservation for a project described in Subsection (4)(a)(i) as provided in

1231 Subsection (7)(b); or

1232 (iii) any debt service and bond issuance costs related to a project described in

1233 Subsection (4)(a)(i) or (ii).

1234 (b) A regionally significant transportation facility project or service described in

1235 Subsection (4)(a)(i)(A) must have a funded year priority designation on a Statewide

1236 Transportation Improvement Program and Transportation Improvement Program if the project

1237 or service described in Subsection (4)(a)(i) is:

1238 (i) a principal arterial highway as defined in Section 72-4-102.5;

1239 (ii) a minor arterial highway as defined in Section 72-4-102.5; or

1240 (iii) a major collector highway:

1241 (A) as defined in Section 72-4-102.5; and

1242 (B) in a rural area.

1243 (c) Notwithstanding the designated use of revenues in Subsection (4)(a), of the
1244 revenues generated by the tax imposed under this section by any county of the first or second

1245 class, 25% or more shall be expended for the purpose described in Subsection (4)(a)(ii).

1246 (d) For purposes of this Subsection (4), the revenues a county will receive from a tax
1247 under this part do not include amounts retained by the commission in accordance with
1248 Subsection (8).

1249 (5) (a) The county's council of governments shall create a priority list of regionally
1250 significant transportation facility projects described in Subsection (4)(a) using the process
1251 described in Subsection (5)(b) and present the priority list to the county's legislative body for
1252 approval as described in Subsection (6).

1253 (b) Subject to Sections 59-12-1704 and 59-12-1705, a council of governments shall
1254 establish a council of governments' endorsement process which includes prioritization and
1255 application procedures for use of the revenues a county will receive from a tax under this part.

1256 (6) (a) The council of governments shall submit the priority list described in
1257 Subsection (5) to the county's legislative body and obtain approval of the list from a majority of
1258 the members of the county legislative body.

1259 (b) A county's council of governments may only submit one priority list per calendar
1260 year.

1261 (c) A county legislative body may only consider and approve one priority list per
1262 calendar year.

1263 (7) (a) (i) Except as provided in Subsections (7)(a)(ii) and (7)(b), revenues described in
1264 Subsection (4) shall be transmitted:

1265 (A) by the commission;

1266 (B) to the county;

1267 (C) monthly; and

- 1268 (D) by electronic funds transfer.
- 1269 (ii) A county may request that the commission transfer a portion of the revenues
- 1270 described in Subsection (4):
- 1271 (A) directly to a public transit district:
- 1272 (I) organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act; and
- 1273 (II) designated by the county; and
- 1274 (B) by providing written notice to the commission:
- 1275 (I) requesting the revenues to be transferred directly to a public transit district as
- 1276 provided in Subsection (7)(a)(ii)(A); and
- 1277 (II) designating the public transit district to which the revenues are requested to be
- 1278 transferred.
- 1279 (b) (i) Except as provided in Subsection (7)(b)(ii), revenues generated by a tax under
- 1280 this part that are allocated for a purpose described in Subsection (4)(a)(ii) shall be:
- 1281 (A) deposited in or transferred to the Local Transportation Corridor Preservation Fund
- 1282 created by Section 72-2-117.5; and
- 1283 (B) expended as provided in Section 72-2-117.5.
- 1284 (ii) In a county of the first class, revenues generated by a tax under this part that are
- 1285 allocated for a purpose described in Subsection (4)(a)(ii) shall be:
- 1286 (A) deposited in or transferred to the Public Transportation System Tax Highway Fund
- 1287 created by Section 72-2-121; and
- 1288 (B) expended as provided in Section 72-2-121.
- 1289 (8) (a) (i) Except as provided in Subsection (8)(b), the tax authorized under this part
- 1290 shall be administered, collected, and enforced in accordance with:
- 1291 (A) the same procedures used to administer, collect, and enforce the tax under:
- 1292 (I) Part 1, Tax Collection; or
- 1293 (II) Part 2, Local Sales and Use Tax Act; and
- 1294 (B) Chapter 1, General Taxation Policies.
- 1295 (ii) A tax under this part is not subject to Subsections 59-12-205(2) through (7).
- 1296 (b) (i) The commission may retain an amount of tax collected under this part of not to
- 1297 exceed the lesser of:
- 1298 (A) 1.5%; or

- 1299 (B) an amount equal to the cost to the commission of administering this part.
- 1300 (ii) Any amount the commission retains under Subsection (8)(b)(i) shall be:
- 1301 (A) placed in the Sales and Use Tax Administrative Fees Account; and
- 1302 (B) used as provided in Subsection 59-12-206(2).
- 1303 (9) (a) (i) Except as provided in Subsection (9)(b) or (c), if, on or after April 1, 2007, a
- 1304 county enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal,
- 1305 or change shall take effect:
- 1306 (A) on the first day of a calendar quarter; and
- 1307 (B) after a 90-day period beginning on the date the commission receives notice meeting
- 1308 the requirements of Subsection (9)(a)(ii) from the county.
- 1309 (ii) The notice described in Subsection (9)(a)(i)(B) shall state:
- 1310 (A) that the county will enact, repeal, or change the rate of a tax under this part;
- 1311 (B) the statutory authority for the tax described in Subsection (9)(a)(ii)(A);
- 1312 (C) the effective date of the tax described in Subsection (9)(a)(ii)(A); and
- 1313 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
- 1314 (9)(a)(ii)(A), the rate of the tax.
- 1315 (b) (i) For a transaction described in Subsection (9)(b)(iii), if the billing period for the
- 1316 transaction begins before the effective date of the enactment of the tax or tax rate increase
- 1317 under Subsection (1), the enactment of a tax or a tax rate increase shall take effect on the first
- 1318 day of the first billing period that begins after the effective date of the enactment of the tax or
- 1319 the tax rate increase.
- 1320 (ii) For a transaction described in Subsection (9)(b)(iii), if the billing period for the
- 1321 transaction begins before the effective date of the repeal of the tax or the tax rate decrease
- 1322 imposed under Subsection (1), the repeal of a tax or a tax rate decrease shall take effect on the
- 1323 first day of the last billing period that began before the effective date of the repeal of the tax or
- 1324 the tax rate decrease.
- 1325 (iii) Subsections (9)(b)(i) and (ii) apply to transactions subject to a tax under:
- 1326 (A) Subsection 59-12-103(1)(b);
- 1327 (B) Subsection 59-12-103(1)(c);
- 1328 (C) Subsection 59-12-103(1)(d);
- 1329 (D) Subsection 59-12-103(1)(e);

- 1330 (E) Subsection 59-12-103(1)(f);
1331 (F) Subsection 59-12-103(1)(g);
1332 (G) Subsection 59-12-103(1)(h);
1333 (H) Subsection 59-12-103(1)(i);
1334 (I) Subsection 59-12-103(1)(j); or
1335 (J) Subsection 59-12-103(1)(k).
- 1336 (c) (i) If a tax due under this chapter on a catalogue sale is computed on the basis of
1337 sales and use tax rates published in the catalogue, an enactment, repeal, or change in the rate of
1338 a tax described in Subsection (9)(a)(i) takes effect:
- 1339 (A) on the first day of a calendar quarter; and
1340 (B) beginning 60 days after the effective date of the enactment, repeal, or change in the
1341 rate of the tax under Subsection (9)(a)(i).
- 1342 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
1343 the commission may by rule define the term "catalogue sale."
- 1344 (d) (i) Except as provided in Subsection (9)(e) or (f), if, for an annexation that occurs
1345 on or after April 1, 2007, the annexation will result in the enactment, repeal, or change in the
1346 rate of a tax under this part for an annexing area, the enactment, repeal, or change shall take
1347 effect:
- 1348 (A) on the first day of a calendar quarter; and
1349 (B) after a 90-day period beginning on the date the commission receives notice meeting
1350 the requirements of Subsection (9)(d)(ii) from the county that annexes the annexing area.
- 1351 (ii) The notice described in Subsection (9)(d)(i)(B) shall state:
- 1352 (A) that the annexation described in Subsection (9)(d)(i)(B) will result in an enactment,
1353 repeal, or change in the rate of a tax under this part for the annexing area;
- 1354 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);
1355 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and
1356 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
1357 (9)(d)(ii)(A), the rate of the tax.
- 1358 (e) (i) For a transaction described in Subsection (9)(e)(iii), if the billing period for the
1359 transaction begins before the effective date of the enactment of the tax or a tax rate increase
1360 under Subsection (1), the enactment of a tax or a tax rate increase shall take effect on the first

1361 day of the first billing period that begins after the effective date of the enactment of the tax or
1362 the tax rate increase.

1363 (ii) For a transaction described in Subsection (9)(e)(iii), if the billing period for the
1364 transaction begins before the effective date of the repeal of the tax or the tax rate decrease
1365 imposed under Subsection (1), the repeal of a tax or a tax rate decrease shall take effect on the
1366 first day of the last billing period that began before the effective date of the repeal of the tax or
1367 the tax rate decrease.

1368 (iii) Subsections (9)(e)(i) and (ii) apply to transactions subject to a tax under:

1369 (A) Subsection 59-12-103(1)(b);

1370 (B) Subsection 59-12-103(1)(c);

1371 (C) Subsection 59-12-103(1)(d);

1372 (D) Subsection 59-12-103(1)(e);

1373 (E) Subsection 59-12-103(1)(f);

1374 (F) Subsection 59-12-103(1)(g);

1375 (G) Subsection 59-12-103(1)(h);

1376 (H) Subsection 59-12-103(1)(i);

1377 (I) Subsection 59-12-103(1)(j); or

1378 (J) Subsection 59-12-103(1)(k).

1379 (f) (i) If a tax due under this chapter on a catalogue sale is computed on the basis of
1380 sales and use tax rates published in the catalogue, an enactment, repeal, or change in the rate of
1381 a tax described in Subsection (9)(d)(i) takes effect:

1382 (A) on the first day of a calendar quarter; and

1383 (B) beginning 60 days after the effective date of the enactment, repeal, or change in the
1384 rate under Subsection (9)(d)(i).

1385 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
1386 the commission may by rule define the term "catalogue sale."

1387 Section 6. Section **59-12-1704** is enacted to read:

1388 **59-12-1704. Written project prioritization process for new transportation**
1389 **capacity projects.**

1390 (1) The council of governments shall develop a written prioritization process for the
1391 prioritization of projects to be funded by revenues a county will receive from a tax under this

1392 part.

1393 (2) (a) The following shall be included in the written prioritization process under

1394 Subsection (1):

1395 (i) a definition of the type of projects to which the written prioritization process

1396 applies;

1397 (ii) specification of a weighted criteria system that is used to rank proposed projects

1398 and how the weighted criteria system will be used to determine which projects will be

1399 prioritized;

1400 (iii) specification of the data that is necessary to apply the weighted ranking criteria;

1401 and

1402 (iv) any other provisions the council of governments considers appropriate.

1403 (b) The weighted criteria system described in Subsection (2)(a)(ii) shall include the

1404 following considerations:

1405 (i) the cost-effectiveness of a project;

1406 (ii) the degree to which a project will mitigate regional congestion;

1407 (iii) the compliance requirements of applicable federal laws or regulations;

1408 (iv) the economic impact of a project;

1409 (v) the degree to which a project will require tax revenues to fund maintenance and

1410 operation expenses; and

1411 (vi) any other provisions the council of governments considers appropriate.

1412 (3) The council of governments shall submit the proposed written prioritization process

1413 described in this section to the Executive Appropriations Committee for approval prior to

1414 taking final action on the proposed written prioritization process or any proposed amendment

1415 to the written prioritization process.

1416 Section 7. Section **59-12-1705** is enacted to read:

1417 **59-12-1705. Project selection using the written prioritization process -- Report.**

1418 (1) Except as provided in Subsection (4), in determining priorities and funding levels

1419 of projects to be funded by the revenues a county will receive from a tax under this part, the

1420 council of governments shall use the weighted criteria system adopted in the written

1421 prioritization process under Section 59-12-1704 to create a priority list of regionally significant

1422 transportation facility projects as described in Subsection 59-12-1703(5).

1423 (2) Prior to finalizing priorities and funding levels of projects, the council of
1424 governments shall conduct a public meeting on:
1425 (a) the written prioritization process; and
1426 (b) the merits of the projects that will be prioritized under this section.
1427 (3) The council of governments shall make the weighted criteria system ranking for
1428 each project publicly available prior to the public hearings held under Subsection (2).
1429 (4) (a) If the council of governments prioritizes a project over another project with a
1430 higher rank under the weighted criteria system, the council of governments shall identify the
1431 change at a meeting held under this section on the merits of prioritizing the project above
1432 higher ranked projects.
1433 (b) The council of governments shall make the reasons for the prioritization under
1434 Subsection (4)(a) publicly available.
1435 Section 8. Section **72-2-117.5** is amended to read:
1436 **72-2-117.5. Local Transportation Corridor Preservation Fund -- Distribution.**
1437 (1) As used in this section:
1438 (a) "Council of governments" means a decision-making body in each county composed
1439 of the county governing body and the mayors of each municipality in the county[~~;~~and].
1440 (b) "Metropolitan planning organization" has the same meaning as defined in Section
1441 72-1-208.5.
1442 (2) There is created the Local Transportation Corridor Preservation Fund within the
1443 Transportation Fund.
1444 (3) The fund shall be funded from the following sources:
1445 (a) a local option transportation corridor preservation fee imposed under Section
1446 41-1a-1222;
1447 (b) appropriations made to the fund by the Legislature;
1448 (c) contributions from other public and private sources for deposit into the fund;
1449 (d) interest earnings on cash balances;
1450 (e) all monies collected from rents and sales of real property acquired with fund
1451 monies; [~~and~~]
1452 (f) proceeds from general obligation bonds, revenue bonds, or other obligations issued
1453 as authorized by Title 63B, Bonds[~~;~~and]

1454 (g) the portion of the sales and use tax described in Subsection 59-12-1703(4)(a)(ii)
1455 and required by Subsection 59-12-1703(7)(b)(i) to be deposited into the fund.

1456 (4) (a) All monies appropriated to the Local Transportation Corridor Preservation Fund
1457 are nonlapsing.

1458 (b) The Tax Commission shall provide the department with sufficient data for the
1459 department to allocate the revenues;

1460 (i) provided under Subsection (3)(a) to each county imposing a local option
1461 transportation corridor preservation fee under Section 41-1a-1222[-]; and

1462 (ii) provided under Subsection 59-12-1703(4)(a)(ii) to each county imposing a county
1463 option sales and use tax for transportation.

1464 (c) The monies allocated under Subsection (4)(b):

1465 (i) shall be used for the purposes provided in this section for each county; and

1466 (ii) are allocated to each county as provided in this section:

1467 (A) with the condition that the state will not be charged for any asset purchased with
1468 the monies allocated under Subsection (4)(b); and

1469 (B) are considered a local matching contribution for the purposes described under
1470 Section 72-2-123 if used on a state highway.

1471 (d) Administrative costs of the department to implement this section shall be paid from
1472 the fund.

1473 (5) (a) The department shall authorize the expenditure of fund monies to allow a
1474 highway authority to acquire real property or any interests in real property for state, county, and
1475 municipal transportation corridors subject to:

1476 (i) monies available in the fund to each county under Subsection (4)(b); and

1477 (ii) the provisions of this section.

1478 (b) Fund monies may be used to pay interest on debts incurred in accordance with this
1479 section.

1480 (c) (i) (A) Fund monies may be used to pay maintenance costs of properties acquired
1481 under this section but limited to a total of 5% of the purchase price of the property.

1482 (B) Any additional maintenance cost shall be paid from funds other than under this
1483 section.

1484 (C) Revenue generated by any property acquired under this section is excluded from

1485 the limitations under this Subsection (5)(c)(i).

1486 (ii) Fund monies may be used to pay direct costs of acquisition of properties acquired
1487 under this section.

1488 (d) Fund monies allocated under Subsection (4)(b) may be used by a county highway
1489 authority for countywide transportation planning if:

1490 (i) the county is not included in a metropolitan planning organization;

1491 (ii) the transportation planning is part of the county's continuing, cooperative, and
1492 comprehensive process for transportation planning, corridor preservation, right-of-way
1493 acquisition, and project programming;

1494 (iii) no more than four years allocation every 20 years to each county is used for
1495 transportation planning under this Subsection (5)(d); and

1496 (iv) the county otherwise qualifies to use the fund monies as provided under this
1497 section.

1498 (e) (i) Fund monies allocated under Subsection (4)(b) may be used by a county
1499 highway authority for transportation corridor planning that is part of the corridor elements of an
1500 ongoing work program of transportation projects.

1501 (ii) The transportation corridor planning under Subsection (5)(e)(i) shall be under the
1502 direction of:

1503 (A) the metropolitan planning organization if the county is within the boundaries of a
1504 metropolitan planning organization; or

1505 (B) the department if the county is not within the boundaries of a metropolitan
1506 planning organization.

1507 (6) (a) (i) The Local Transportation Corridor Preservation Fund shall be used to
1508 preserve transportation corridors, promote long-term statewide transportation planning, save on
1509 acquisition costs, and promote the best interests of the state in a manner which minimizes
1510 impact on prime agricultural land.

1511 (ii) The Local Transportation Corridor Preservation Fund may not be used for a
1512 transportation corridor that is primarily a recreational trail as defined under Section
1513 63-11a-101.

1514 (b) (i) The department shall develop and implement a program to educate highway
1515 authorities on the objectives, application process, use, and responsibilities of the Local

1516 Transportation Corridor Preservation Fund as provided under this section to promote the most
1517 efficient and effective use of fund monies including priority use on designated high priority
1518 corridor preservation projects.

1519 (ii) The department shall develop a model transportation corridor property acquisition
1520 policy or ordinance that meets federal requirements for the benefit of a highway authority to
1521 acquire real property or any interests in real property under this section.

1522 (c) The department shall authorize the expenditure of fund monies after determining
1523 that the expenditure is being made in accordance with this section from applications that are:

1524 (i) made by a highway authority; and

1525 (ii) endorsed by the council of governments.

1526 (7) (a) (i) A council of governments may establish a council of governments
1527 endorsement process which includes prioritization and application procedures for use of the
1528 monies allocated to each county under this section.

1529 (ii) The endorsement process under Subsection (7)(a)(i) may include review or
1530 endorsement of the preservation project by the:

1531 (A) metropolitan planning organization if the county is within the boundaries of a
1532 metropolitan planning organization; or

1533 (B) the department if the county is not within the boundaries of a metropolitan
1534 planning organization.

1535 (b) All fund monies shall be prioritized by each highway authority and council of
1536 governments based on considerations, including:

1537 (i) areas with rapidly expanding population;

1538 (ii) the willingness of local governments to complete studies and impact statements
1539 that meet department standards;

1540 (iii) the preservation of corridors by the use of local planning and zoning processes;

1541 (iv) the availability of other public and private matching funds for a project;

1542 (v) the cost-effectiveness of the preservation projects;

1543 (vi) long and short-term maintenance costs for property acquired; and

1544 (vii) whether the transportation corridor is included as part of:

1545 (A) the county and municipal master plan; and

1546 (B) (I) the statewide long range plan; or

1547 (II) the regional transportation plan of the area metropolitan planning organization if
1548 one exists for the area.

1549 (8) (a) Unless otherwise provided by written agreement with another highway
1550 authority, the highway authority that holds the deed to the property is responsible for
1551 maintenance of the property.

1552 (b) The transfer of ownership for property acquired under this section from one
1553 highway authority to another shall include a recorded deed for the property and a written
1554 agreement between the highway authorities.

1555 (9) (a) The proceeds from any bonds or other obligations secured by revenues of the
1556 Local Transportation Corridor Preservation Fund shall be used for the purposes authorized for
1557 funds under this section.

1558 (b) The highway authority shall pledge the necessary part of the revenues of the Local
1559 Transportation Corridor Preservation Fund to the payment of principal and interest on the
1560 bonds or other obligations.

1561 (10) (a) A highway authority may not apply for monies under this section unless the
1562 highway authority has:

1563 (i) a transportation corridor property acquisition policy or ordinance in effect that
1564 meets federal requirements for the acquisition of real property or any interests in real property
1565 under this section; and

1566 (ii) an access management policy or ordinance in effect that meets the requirements
1567 under Subsection 72-2-117(9).

1568 (b) The provisions of Subsection (10)(a)(i) do not apply if the highway authority has a
1569 written agreement with the department for the acquisition of real property or any interests in
1570 real property under this section.

1571 Section 9. Section **72-2-121** is amended to read:

1572 **72-2-121. Public Transportation System Tax Highway Fund.**

1573 (1) There is created a special revenue fund entitled the Public Transportation System
1574 Tax Highway Fund.

1575 (2) The fund consists of monies generated from the following revenue sources:

1576 (a) any voluntary contributions received for new construction, major renovations, and
1577 improvements to Interstate 15 and state highways within a county of the first class; [~~and~~]

1578 (b) the portion of the sales and use tax described in Subsection 59-12-502(5)(a)(ii)
1579 deposited in or transferred to the fund through an interlocal agreement[-]; and

1580 (c) the portion of the sales and use tax described in Subsection 59-12-1703(4)(a)(ii)
1581 and required by Subsection 59-12-1703(7)(b)(ii) to be deposited in or transferred to the fund.

1582 (3) (a) The fund shall earn interest.

1583 (b) All interest earned on fund monies shall be deposited into the fund.

1584 (4) The executive director may use fund monies, as prioritized by the Transportation
1585 Commission[-];

1586 (a) for the portion of the monies generated from the revenue sources described in
1587 Subsections (2)(a) and (b), only for new construction, major renovations, and improvements to
1588 Interstate 15 and state highways within a county of the first class and to pay any debt service
1589 and bond issuance costs related to those projects[-]; and

1590 (b) for the portion of the monies generated from the revenue sources described in
1591 Subsection (2)(c), only for state highway corridor preservation for new state highway projects
1592 within a county of the first class and to pay any debt service and bond issuance costs related to
1593 those projects.

1594 Section 10. **Effective date.**

1595 If approved by two-thirds of all the members elected to each house, this bill takes effect
1596 upon approval by the governor, or the day following the constitutional time limit of Utah
1597 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
1598 the date of veto override, except that the amendments to Section 59-12-102 (Effective
1599 01/01/07) take effect on January 1, 2007.

1600 Section 11. **Revisor instructions.**

1601 It is the intent of the Legislature that, in preparing the Utah Code database for
1602 publication, the Office of Legislative Research and General Counsel shall replace the reference
1603 in Subsection 59-12-1703(2)(d)(i) to "the effective date of this bill" with the actual effective
1604 date of this bill.

Legislative Review Note

as of 9-12-06 3:28 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