

1                                    **AMENDMENTS TO TRANSPORTATION**

2                                    **FUNDING PROVISIONS**

3                                    2007 GENERAL SESSION

4                                    STATE OF UTAH

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

6                                    Senate Sponsor: Dennis E. Stowell

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**LONG TITLE**

8 **General Description:**

9                                    This bill modifies the Sales and Use Tax Act and the Transportation Code by amending  
10                                    provisions relating to transportation funding.

11 **Highlighted Provisions:**

12                                    This bill:

13                                    ▶ reallocates the 1/16% sales and use tax revenue dedication for class B and class C  
14                                    roads, corridor preservation, and the State Park Access Highways Improvement  
15                                    Program to the Transportation Fund;

16                                    ▶ changes the percentage of the Transportation Fund revenue that is deposited in the  
17                                    class B and class C roads account from 25% to 30%;

18                                    ▶ excludes certain sales and use tax revenue from the calculation of the appropriation  
19                                    of revenue from the Transportation Fund to the class B and class C roads account;

20                                    ▶ amends certain reapportionment provisions for the distribution of the class B and  
21                                    class C roads account;

22                                    ▶ provides that the department shall commit funds for certain state park access  
23                                    highway projects; and

24                                    ▶ makes technical changes.

25 **Monies Appropriated in this Bill:**

26                                    None

27 **Other Special Clauses:**

28                                    This bill takes effect on July 1, 2007.  
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30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-12-103**, as last amended by Chapter 9, Laws of Utah 2006, Third Special Session

33 **72-2-107**, as renumbered and amended by Chapter 270, Laws of Utah 1998

34 **72-2-108**, as last amended by Chapter 105, Laws of Utah 2005

35 **72-3-207**, as renumbered and amended by Chapter 270, Laws of Utah 1998



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

38 Section 1. Section **59-12-103** is amended to read:

39 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**  
40 **tax revenues.**

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

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

44 (b) amounts paid:

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

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

47 (I) telephone service provider; or

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

49 (ii) for:

50 (A) telephone service, other than mobile telecommunications service, that originates  
51 and terminates within the boundaries of this state;

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

55 (C) telegraph service;

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

57 (i) gas;

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

86 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for  
87 assisted cleaning or washing of tangible personal property;

88 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court  
89 accommodations and services that are regularly rented for less than 30 consecutive days;

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

91 (k) amounts paid or charged for leases or rentals of tangible personal property if within  
92 this state the tangible personal property is:

93 (i) stored;

94 (ii) used; or

95 (iii) otherwise consumed;

96 (l) amounts paid or charged for tangible personal property if within this state the  
97 tangible personal property is:

98 (i) stored;

99 (ii) used; or

100 (iii) consumed; and

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

102 (2) (a) Except as provided in Subsection (2)(b) or (f), a state tax and a local tax is  
103 imposed on a transaction described in Subsection (1) equal to the sum of:

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

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

107 (b) (i) A state tax and a local tax is imposed on a transaction described in Subsection  
108 (1)(d) equal to the sum of:

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

110 (B) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
111 transaction under this chapter other than this part; or

112 (ii) if a seller collects a tax in accordance with Subsection 59-12-107(1)(b) on a  
113 transaction described in Subsection (1), a state tax and a local tax is imposed on the transaction

114 equal to the sum of:

115 (A) a state tax imposed on the transaction at a rate of:

116 (I) 4.75% for a transaction other than a transaction described in Subsection (1)(d); or

117 (II) 2% for a transaction described in Subsection (1)(d); and

118 (B) a local tax imposed on the transaction at a rate equal to the sum of the following

119 rates:

120 (I) the tax rate authorized by Section 59-12-204, but only if all of the counties, cities,  
121 and towns in the state impose the tax under Section 59-12-204; and

122 (II) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the  
123 state impose the tax under Section 59-12-1102.

124 (iii) Except as provided in Subsection (2)(f), beginning on January 1, 2007, a state tax  
125 and a local tax is imposed on amounts paid or charged for food and food ingredients equal to  
126 the sum of:

127 (A) a state tax imposed on the amounts paid or charged for food and food ingredients  
128 at a rate of 2.75%; and

129 (B) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
130 amounts paid or charged for food and food ingredients under this chapter other than this part.

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

133 (i) Subsection (2)(a)(i);

134 (ii) Subsection (2)(b)(i)(A);

135 (iii) Subsection (2)(b)(ii)(A); or

136 (iv) Subsection (2)(b)(iii)(A).

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

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

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

- 142 (I) Subsection (2)(a)(i);
- 143 (II) Subsection (2)(b)(i)(A); or
- 144 (III) Subsection (2)(b)(ii)(A).
- 145 (ii) For a transaction described in Subsection (2)(d)(iii), the repeal of a tax or a tax rate
- 146 decrease shall take effect on the first day of the last billing period:
- 147 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;
- 148 and
- 149 (B) if the billing period for the transaction begins before the effective date of the repeal
- 150 of the tax or the tax rate decrease imposed under:
- 151 (I) Subsection (2)(a)(i);
- 152 (II) Subsection (2)(b)(i)(A); or
- 153 (III) Subsection (2)(b)(ii)(A).
- 154 (iii) Subsections (2)(d)(i) and (ii) apply to transactions subject to a tax under:
- 155 (A) Subsection (1)(b);
- 156 (B) Subsection (1)(c);
- 157 (C) Subsection (1)(d);
- 158 (D) Subsection (1)(e);
- 159 (E) Subsection (1)(f);
- 160 (F) Subsection (1)(g);
- 161 (G) Subsection (1)(h);
- 162 (H) Subsection (1)(i);
- 163 (I) Subsection (1)(j); or
- 164 (J) Subsection (1)(k).
- 165 (e) (i) If a tax due under Subsection (2)(a)(i) or (2)(b)(ii)(A) on a catalogue sale is
- 166 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
- 167 change in a tax rate imposed under Subsection (2)(a)(i) or (2)(b)(ii)(A) takes effect:
- 168 (A) on the first day of a calendar quarter; and
- 169 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change

170 under Subsection (2)(a)(i) or (2)(b)(ii)(A).

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

173 (f) If the price of a bundled transaction is attributable to food and food ingredients and  
174 tangible personal property other than food and food ingredients, the tax imposed on the entire  
175 bundled transaction is the sum of the tax rates described in Subsection (2)(a).

176 (3) (a) Except as provided in Subsections (4) through (9), the following state taxes  
177 shall be deposited into the General Fund:

- 178 (i) the tax imposed by Subsection (2)(a)(i);
- 179 (ii) the tax imposed by Subsection (2)(b)(i)(A);
- 180 (iii) the tax imposed by Subsection (2)(b)(ii)(A); or
- 181 (iv) the tax imposed by Subsection (2)(b)(iii)(A).

182 (b) The local taxes described in Subsections (2)(a)(ii), (2)(b)(i)(B), and (2)(b)(iii)(B)  
183 shall be distributed to a county, city, or town as provided in this chapter.

184 (c) (i) Notwithstanding any provision of this chapter, each county, city, or town in the  
185 state shall receive the county's, city's, or town's proportionate share of the revenues generated  
186 by the local tax described in Subsection (2)(b)(ii)(B) as provided in Subsection (3)(c)(ii).

187 (ii) The commission shall determine a county's, city's, or town's proportionate share of  
188 the revenues under Subsection (3)(c)(i) by:

189 (A) calculating an amount equal to the population of the unincorporated area of the  
190 county, city, or town divided by the total population of the state; and

191 (B) multiplying the amount determined under Subsection (3)(c)(ii)(A) by the total  
192 amount of revenues generated by the local tax under Subsection (2)(b)(ii)(B) for all counties,  
193 cities, and towns.

194 (iii) (A) Except as provided in Subsection (3)(c)(iii)(B), population figures for  
195 purposes of this section shall be derived from the most recent official census or census estimate  
196 of the United States Census Bureau.

197 (B) If a needed population estimate is not available from the United States Census

198 Bureau, population figures shall be derived from the estimate from the Utah Population  
199 Estimates Committee created by executive order of the governor.

200 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
201 2003, the lesser of the following amounts shall be used as provided in Subsections (4)(b)  
202 through (g):

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

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

205 (B) for the fiscal year; or

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

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

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

212 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
213 act, to political subdivisions of the state to implement the measures described in Subsections  
214 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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



226 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in  
227 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund  
228 created in Section 4-18-6.

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

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

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

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

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

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

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

246 (A) conduct hydrologic and geotechnical investigations by the Division of Water  
247 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of  
248 quantifying surface and ground water resources and describing the hydrologic systems of an  
249 area in sufficient detail so as to enable local and state resource managers to plan for and  
250 accommodate growth in water use without jeopardizing the resource;

251 (B) fund state required dam safety improvements; and

252 (C) protect the state's interest in interstate water compact allocations, including the  
253 hiring of technical and legal staff.

254 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described  
255 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount  
256 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

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

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

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

263 (iii) develop surface water sources.

264 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
265 2006, the difference between the following amounts shall be expended as provided in this  
266 Subsection (5), if that difference is greater than \$1:

267 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the  
268 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

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

270 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

271 (A) transferred each fiscal year to the Department of Natural Resources as dedicated  
272 credits; and

273 (B) expended by the Department of Natural Resources for watershed rehabilitation or  
274 restoration.

275 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
276 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund  
277 created in Section 73-10-24.

278 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the  
279 remaining difference described in Subsection (5)(a) shall be:

280 (A) transferred each fiscal year to the Division of Water Resources as dedicated  
281 credits; and

282 (B) expended by the Division of Water Resources for cloud-seeding projects  
283 authorized by Title 73, Chapter 15, Modification of Weather.

284 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
285 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund  
286 created in Section 73-10-24.

287 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the  
288 remaining difference described in Subsection (5)(a) shall be deposited into the Water  
289 Resources Conservation and Development Fund created in Section 73-10-24 for use by the  
290 Division of Water Resources for:

291 (i) preconstruction costs:

292 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter  
293 26, Bear River Development Act; and

294 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project  
295 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

296 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,  
297 Chapter 26, Bear River Development Act;

298 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project  
299 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

300 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and  
301 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

302 (e) Any unexpended monies described in Subsection (5)(d) that remain in the Water  
303 Resources Conservation and Development Fund at the end of the fiscal year are nonlapsing.

304 (f) After making the transfers required by Subsections (5)(b) and (c) and subject to  
305 Subsection (5)(g), 6% of the remaining difference described in Subsection (5)(a) shall be  
306 transferred each year as dedicated credits to the Division of Water Rights to cover the costs  
307 incurred for employing additional technical staff for the administration of water rights.

308 (g) At the end of each fiscal year, any unexpended dedicated credits described in  
309 Subsection (5)(f) over \$150,000 lapse to the Water Resources Conservation and Development

310 Fund created in Section 73-10-24.

311 (6) ~~[(a)]~~ Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July  
312 1, 2003, ~~[the lesser of the following amounts shall be used as provided in Subsections (6)(b)~~  
313 ~~through (d):]~~ and for taxes listed under Subsection (3)(a), the amount of revenue generated by a  
314 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be  
315 deposited in the Transportation Fund created by Section 72-2-102.

316 ~~[(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:]~~

317 ~~[(A) by a 1/16% tax rate on the transactions described in Subsection (1); and]~~

318 ~~[(B) for the fiscal year; or]~~

319 ~~[(ii) \$18,743,000.]~~

320 ~~[(b) (i) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described~~  
321 ~~in Subsection (6)(a) shall be deposited each year in the Transportation Corridor Preservation~~  
322 ~~Revolving Loan Fund created in Section 72-2-117.]~~

323 ~~[(ii) At least 50% of the money deposited in the Transportation Corridor Preservation~~  
324 ~~Revolving Loan Fund under Subsection (6)(b)(i) shall be used to fund loan applications made~~  
325 ~~by the Department of Transportation at the request of local governments.]~~

326 ~~[(c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in~~  
327 ~~Subsection (6)(a) shall be transferred each year as nonlapsing dedicated credits to the~~  
328 ~~Department of Transportation for the State Park Access Highways Improvement Program~~  
329 ~~created in Section 72-3-207.]~~

330 ~~[(d) For a fiscal year beginning on or after July 1, 2003, 94% of the amount described~~  
331 ~~in Subsection (6)(a) shall be deposited in the class B and class C roads account to be expended~~  
332 ~~as provided in Title 72, Chapter 2, Transportation Finances Act, for the use of class B and C~~  
333 ~~roads.]~~

334 (7) (a) Notwithstanding Subsection (3)(a) and until Subsection (7)(b) applies,  
335 beginning on January 1, 2000, the Division of Finance shall deposit into the Centennial  
336 Highway Fund Restricted Account created in Section 72-2-118 a portion of the taxes listed  
337 under Subsection (3)(a) equal to the revenues generated by a 1/64% tax rate on the taxable

338 transactions under Subsection (1).

339 (b) Notwithstanding Subsection (3)(a), when the highway general obligation bonds  
340 have been paid off and the highway projects completed that are intended to be paid from  
341 revenues deposited in the Centennial Highway Fund Restricted Account as determined by the  
342 Executive Appropriations Committee under Subsection 72-2-118(6)(d), the Division of  
343 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section  
344 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated  
345 by a 1/64% tax rate on the taxable transactions under Subsection (1).

346 (8) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal  
347 year 2004-05, the commission shall each year on or before the September 30 immediately  
348 following the last day of the fiscal year deposit the difference described in Subsection (8)(b)  
349 into the Remote Sales Restricted Account created in Section 59-12-103.2 if that difference is  
350 greater than \$0.

351 (b) The difference described in Subsection (8)(a) is equal to the difference between:

352 (i) the total amount of the revenues under Subsections (2)(b)(ii)(A) and (2)(b)(iii)(A)  
353 the commission received from sellers collecting a tax in accordance with Subsection  
354 59-12-107(1)(b) for the fiscal year immediately preceding the September 30 described in  
355 Subsection (8)(a); and

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

357 (9) (a) Notwithstanding Subsection (3)(a), in addition to the amount deposited in  
358 Subsection (7)(a), and until Subsection (9)(b) applies, for a fiscal year beginning on or after  
359 July 1, 2006, the Division of Finance shall deposit into the Centennial Highway Fund  
360 Restricted Account created by Section 72-2-118 a portion of the taxes listed under Subsection  
361 (3)(a) equal to 8.3% of the revenues collected from the taxes described in Subsections (2)(a)(i),  
362 (2)(b)(i)(A), and (2)(b)(iii)(A), which represents a portion of the approximately 17% of sales  
363 and use tax revenues generated annually by the sales and use tax on vehicles and  
364 vehicle-related products.

365 (b) Notwithstanding Subsection (3)(a) and in addition to the amounts deposited under

366 Subsection (7)(b), when the highway general obligation bonds have been paid off and the  
367 highway projects completed that are intended to be paid from revenues deposited in the  
368 Centennial Highway Fund Restricted Account as determined by the Executive Appropriations  
369 Committee under Subsection 72-2-118(6)(d), the Division of Finance shall deposit into the  
370 Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes  
371 listed under Subsection (3)(a) equal to 8.3% of the revenues collected from the taxes described  
372 in Subsections (2)(a)(i), (2)(b)(i)(A), and (2)(b)(iii)(A), which represents a portion of the  
373 approximately 17% of sales and use tax revenues generated annually by the sales and use tax  
374 on vehicles and vehicle-related products.

375 Section 2. Section **72-2-107** is amended to read:

376 **72-2-107. Appropriation from Transportation Fund -- Deposit in class B and**  
377 **class C roads account.**

378 (1) There is appropriated to the department from the Transportation Fund annually an  
379 amount equal to ~~[25]~~ 30% of an amount which the director of finance shall compute in the  
380 following manner: The total revenue deposited into the Transportation Fund during the fiscal  
381 year from state highway-user taxes and fees, minus:

382 (a) those amounts appropriated or transferred from the Transportation Fund during the  
383 same fiscal year to:

384 (i) the Department of Public Safety~~[-]~~;

385 (ii) the State Tax Commission~~[-]~~;

386 (iii) the Division of Finance~~[-]~~;

387 (iv) the Utah Travel Council~~[-]~~; and

388 (v) any other amounts appropriated or transferred for any other state agencies not a part  
389 of the department~~[-]~~; and

390 (b) the amount of sales and use tax revenue deposited in the Transportation Fund in  
391 accordance with Subsection 59-12-103(6).

392 (2) All of this money shall be placed in an account to be known as the class B and class  
393 C roads account to be used as provided in this title.

394 (3) Each quarter of every year the director of finance shall make the necessary  
395 accounting entries to transfer the money appropriated under this section to the class B and class  
396 C roads account.

397 (4) The funds in the class B and class C roads account shall be expended under the  
398 direction of the department as the Legislature shall provide.

399 Section 3. Section **72-2-108** is amended to read:

400 **72-2-108. Apportionment of funds available for use on class B and class C roads**

401 **-- Bonds.**

402 (1) For purposes of this section:

403 (a) "Graveled road" means a road:

404 (i) that is:

405 (A) graded; and

406 (B) drained by transverse drainage systems to prevent serious impairment of the road  
407 by surface water;

408 (ii) that has an improved surface; and

409 (iii) that has a wearing surface made of:

410 (A) gravel;

411 (B) broken stone;

412 (C) slag;

413 (D) iron ore;

414 (E) shale; or

415 (F) other material that is:

416 (I) similar to a material described in Subsection (1)(a)(iii)(A) through (E); and

417 (II) coarser than sand.

418 (b) "Paved road" includes a graveled road with a chip seal surface.

419 (c) "Road mile" means a one-mile length of road, regardless of:

420 (i) the width of the road; or

421 (ii) the number of lanes into which the road is divided.

422 (d) "Weighted mileage" means the sum of the following:

423 (i) paved road miles multiplied by five;

424 (ii) graveled road miles multiplied by two; and

425 (iii) all other road type road miles multiplied by one.

426 (2) Subject to the provisions of Subsections (3) through (5), funds in the class B and  
427 class C roads account shall be apportioned among counties and municipalities in the following  
428 manner:

429 (a) 50% in the ratio that the class B roads weighted mileage within each county and  
430 class C roads weighted mileage within each municipality bear to the total class B and class C  
431 roads weighted mileage within the state; and

432 (b) 50% in the ratio that the population of a county or municipality bears to the total  
433 population of the state as of the last official federal census or the United States Bureau of  
434 Census estimate, whichever is most recent, except that if population estimates are not available  
435 from the United States Bureau of Census, population figures shall be derived from the estimate  
436 from the Utah Population Estimates Committee.

437 (3) For purposes of Subsection (2)(b), "the population of a county" means:

438 (a) the population of a county outside the corporate limits of municipalities in that  
439 county, if the population of the county outside the corporate limits of municipalities in that  
440 county is not less than 14% of the total population of that county, including municipalities; and

441 (b) if the population of a county outside the corporate limits of municipalities in the  
442 county is less than 14% of the total population:

443 (i) the aggregate percentage of the population apportioned to municipalities in that  
444 county shall be reduced by an amount equal to the difference between:

445 (A) 14%; and

446 (B) the actual percentage of population outside the corporate limits of municipalities in  
447 that county; and

448 (ii) the population apportioned to the county shall be 14% of the total population of  
449 that county, including incorporated municipalities.



450 (4) (a) If an apportionment under Subsection (2) to a county or municipality with a  
451 population of less than 10,000 is less than [~~110%~~] 120% of the amount apportioned to the  
452 county or municipality from the class B and class C roads account for fiscal year 1996-97, the  
453 department shall:

454 (i) reapportion the funds under Subsection (2) to ensure that the county or municipality  
455 receives an amount equal to [~~110%~~] 120% of the amount apportioned to the county or  
456 municipality from the class B and class C roads account for fiscal year 1996-97; and

457 (ii) decrease proportionately as provided in Subsection (4)(b) the apportionments to  
458 counties and municipalities for which the reapportionment under Subsection (4)(a)(i) does not  
459 apply.

460 (b) The aggregate amount of the funds that the department shall decrease  
461 proportionately from the apportionments under Subsection (4)(a)(ii) is an amount equal to the  
462 aggregate amount reapportioned to counties and municipalities under Subsection (4)(a)(i).

463 (5) (a) (i) In addition to the apportionment adjustments made under Subsection (4), a  
464 county or municipality that qualifies for reapportioned monies under Subsection (4)(a)(i) shall  
465 receive [~~1/3 of~~] the percentage [~~increase~~] change in the class B and class C [~~road~~] roads  
466 account [~~for the current fiscal year over the previous fiscal year~~] compounded annually  
467 beginning in fiscal year 2006-07.

468 (ii) Any percentage increase calculated under Subsection (5)(a)(i) may not include any  
469 increases from increases in fees or tax rates.

470 (b) The adjustment under Subsection (5)(a) shall be made in the same way as provided  
471 in Subsection (4)(a)(ii) and (b).

472 (6) The governing body of any municipality or county may issue bonds redeemable up  
473 to a period of ten years under Title 11, Chapter 14, Local Government Bonding Act, to pay the  
474 costs of constructing, repairing, and maintaining class B or class C roads and may pledge class  
475 B or class C road funds received pursuant to this section to pay principal, interest, premiums,  
476 and reserves for the bonds.

477 Section 4. Section **72-3-207** is amended to read:

478           **72-3-207. State Park Access Highways Improvement Program -- Distribution --**  
479 **Rulemaking.**

480           (1) There is created the State Park Access Highways Improvement Program within the  
481 department.

482           (2) The program shall be funded from the following revenue sources:

483           (a) any voluntary contributions received for improvements to state park access  
484 highways; and

485           (b) appropriations made to the program by the Legislature.

486           (3) The department may use the program monies as matching grants to a county or  
487 municipality for the improvement of class B or class C roads specified as state park access  
488 highways under this part subject to:

489           (a) monies available in the program;

490           (b) prioritization of the program monies by the commission;

491           (c) a county or municipality providing at least 50% of the cost of each improvement  
492 project in matching funds; and

493           (d) rules made under Subsection (4).

494           (4) The department shall make rules in accordance with Title 63, Chapter 46a, Utah  
495 Administrative Rulemaking Act, necessary to administer the program and to establish the  
496 procedures for a county or municipality to apply for a grant of program monies.

497           (5) All appropriations made to the program by the Legislature are nonlapsing.

498           (6) The department shall commit funds for state park access highway projects for the  
499 amount of funding currently programmed in a funded year in the 2007 Statewide

500 Transportation Improvement Program.

501           Section 5. **Effective date.**

502           This bill takes effect on July 1, 2007.