

1 **COUNTY OPTION SALES AND USE TAX FOR**
2 **HIGHWAYS, FIXED GUIDEWAYS, OR**
3 **SYSTEMS OF PUBLIC TRANSIT**
4 **AMENDMENTS**

5 2007 GENERAL SESSION

6 STATE OF UTAH

7 **Chief Sponsor: Craig A. Frank**

8 Senate Sponsor: Curtis S. Bramble

10 **LONG TITLE**

11 **General Description:**

12 This bill modifies the Local Government Bonding Act, the Sales and Use Tax Act, and
13 the Transportation Finances Act by amending provisions relating to certain
14 transportation local option sales and use tax provisions.

15 **Highlighted Provisions:**

16 This bill:

- 17 ▶ provides definitions;
- 18 ▶ provides that a local political subdivision may issue negotiable bonds to pay for all
19 or part of:
- 20 • new construction, renovation, or an improvement to a state highway within the
21 local political subdivision's boundaries; or
 - 22 • an environmental study for a state highway within the local political
23 subdivision's boundaries;
- 24 ▶ provides that a city, town, or county may use certain imposed excise tax revenues as
25 an estimate to determine certain bond payment requirements;
- 26 ▶ authorizes sales and use tax revenues generated by the County Option Sales and Use
27 Tax for Highways, Fixed Guideways, or Systems of Public Transit to be used on



28 local highway projects of regional significance;

29 ▶ provides that funds allocated for state highway projects within the county may be
30 expended on local highway of regional significance projects in addition to or in
31 substitution of state highway projects within the county by counties that imposed
32 the sales and use tax prior to July 1, 2007;

33 ▶ requires the Department to transfer funds to the county legislative body from the
34 Highway Projects Within County Fund if the county legislative body submits a
35 written request; and

36 ▶ makes technical changes.

37 **Monies Appropriated in this Bill:**

38 None

39 **Other Special Clauses:**

40 This bill provides an immediate effective date.

41 **Utah Code Sections Affected:**

42 AMENDS:

43 **11-14-103**, as last amended by Chapter 83, Laws of Utah 2006

44 **11-14-307**, as last amended by Chapter 83, Laws of Utah 2006

45 **59-12-1502**, as enacted by Chapter 282, Laws of Utah 2003

46 **59-12-1503**, as last amended by Chapter 253, Laws of Utah 2006

47 **72-2-121.1**, as enacted by Chapter 282, Laws of Utah 2003



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

50 Section 1. Section **11-14-103** is amended to read:

51 **11-14-103. Bond issues authorized -- Purposes -- Use of bond proceeds.**

52 (1) Any local political subdivision may, in the manner and subject to the limitations
53 and restrictions contained in this chapter, issue its negotiable bonds for the purpose of paying
54 all or part of the cost of:

55 (a) acquiring, improving, or extending any one or more improvements, facilities, or
56 property that the local political subdivision is authorized by law to acquire, improve, or extend;

57 [~~or~~]

58 (b) acquiring, or acquiring an interest in, any one or more or any combination of the

59 following types of improvements, facilities, or property to be owned by the local political
60 subdivision, either alone or jointly with one or more other local political subdivisions, or for
61 the improvement or extension of any of those wholly or jointly owned improvements, facilities,
62 or properties:

63 (i) public buildings of every nature, including without limitation, offices, courthouses,
64 jails, fire, police and sheriff's stations, detention homes, and any other buildings to
65 accommodate or house lawful activities of a local political subdivision;

66 (ii) waterworks, irrigation systems, water systems, dams, reservoirs, water treatment
67 plants, and any other improvements, facilities, or property used in connection with the
68 acquisition, storage, transportation, and supplying of water for domestic, industrial, irrigation,
69 recreational, and other purposes and preventing pollution of water;

70 (iii) sewer systems, sewage treatment plants, incinerators, and other improvements,
71 facilities, or property used in connection with the collection, treatment, and disposal of sewage,
72 garbage, or other refuse;

73 (iv) drainage and flood control systems, storm sewers, and any other improvements,
74 facilities, or property used in connection with the collection, transportation, or disposal of
75 water;

76 (v) recreational facilities of every kind, including without limitation, athletic and play
77 facilities, playgrounds, athletic fields, gymnasiums, public baths, swimming pools, camps,
78 parks, picnic grounds, fairgrounds, golf courses, zoos, boating facilities, tennis courts,
79 auditoriums, stadiums, arenas, and theaters;

80 (vi) convention centers, sports arenas, auditoriums, theaters, and other facilities for the
81 holding of public assemblies, conventions, and other meetings;

82 (vii) roads, bridges, viaducts, tunnels, sidewalks, curbs, gutters, and parking buildings,
83 lots, and facilities;

84 (viii) airports, landing fields, landing strips, and air navigation facilities;

85 (ix) educational facilities, including without limitation, schools, gymnasiums,
86 auditoriums, theaters, museums, art galleries, libraries, stadiums, arenas, and fairgrounds;

87 (x) hospitals, convalescent homes, and homes for the aged or indigent; and

88 (xi) electric light works, electric generating systems, and any other improvements,
89 facilities, or property used in connection with the generation and acquisition of electricity for

90 these local political subdivisions and transmission facilities and substations if they do not
91 duplicate transmission facilities and substations of other entities operating in the state prepared
92 to provide the proposed service unless these transmission facilities and substations proposed to
93 be constructed will be more economical to these local political subdivisions[-]; or

94 (c) new construction, renovation, or improvement to a state highway within the
95 boundaries of the local political subdivision or an environmental study for a state highway
96 within the boundaries of the local political subdivision.

97 (2) [~~Any~~] Except as provided in Subsection (1)(c), any improvement, facility, or
98 property under Subsection (1) need not lie within the limits of the local political subdivision.

99 (3) A cost under Subsection (1) may include:

100 (a) the cost of equipment and furnishings for such improvements, facilities, or
101 property;

102 (b) all costs incident to the authorization and issuance of bonds, including engineering,
103 legal, and fiscal advisers' fees;

104 (c) costs incident to the issuance of bond anticipation notes, including interest to accrue
105 on bond anticipation notes;

106 (d) interest estimated to accrue on the bonds during the period to be covered by the
107 construction of the improvement, facility, or property and for 12 months after that period; and

108 (e) other amounts which the governing body finds necessary to establish bond reserve
109 funds and to provide working capital related to the improvement, facility, or property.

110 Section 2. Section **11-14-307** is amended to read:

111 **11-14-307. Revenue bonds payable out of excise tax revenues.**

112 (1) To the extent constitutionally permissible, cities, towns, or counties may issue
113 bonds payable solely from a special fund into which are to be deposited excise taxes levied and
114 collected by the city, town, or county, or excise taxes levied by the state and rebated pursuant to
115 law to the city, town, or county, or any combination of those excise taxes, or may pledge all or
116 any part thereof as an additional source of payment for their general obligation bonds.

117 (2) (a) Any resolution authorizing the issuance of bonds payable in whole or in part
118 from the proceeds of excise tax revenues may contain covenants with the holder or holders of
119 the bonds as to the excise tax revenues, the disposition of the excise tax revenues, the issuance
120 of future bonds, and other pertinent matters that are considered necessary by the governing

121 body to assure the marketability of those bonds, provided the covenants are not inconsistent
122 with the provisions of this chapter.

123 (b) The resolution may also include provisions to insure the enforcement, collection,
124 and proper application of excise tax revenues as the governing body may think proper.

125 (c) The proceeds of bonds payable in whole or in part from pledged class B or C road
126 funds shall be used to construct, repair, and maintain streets and roads in accordance with
127 Sections 72-6-108 and 72-6-110 and to fund any reserves and costs incidental to the issuance of
128 the bonds.

129 (d) When any bonds payable from excise tax revenues have been issued, the resolution
130 or other enactment of the legislative body imposing the excise tax and pursuant to which the
131 tax is being collected, the obligation of the governing body to continue to levy, collect, and
132 allocate the excise tax, and to apply the revenues derived therefrom in accordance with the
133 provisions of the authorizing resolution or other enactment, shall be irrevocable until the bonds
134 have been paid in full as to both principal and interest, and is not subject to amendment in any
135 manner which would impair the rights of the holders of those bonds or which would in any way
136 jeopardize the timely payment of principal or interest when due.

137 (3) (a) The state pledges to and agrees with the holders of any bonds issued by a city,
138 town, or county to which the proceeds of excise taxes collected by the state and rebated to the
139 city, town, or county are devoted or pledged as authorized in this section, that the state will not
140 alter, impair, or limit the excise taxes in a manner that reduces the amounts to be rebated to the
141 city, town, or county which are devoted or pledged as authorized in this section until the bonds
142 or other securities, together with applicable interest, are fully met and discharged.

143 (b) Nothing in this Subsection (3) precludes alteration, impairment, or limitation of
144 excise taxes if adequate provision is made by law for the protection of the holders of the bonds.

145 (c) Each city, town, or county may include this pledge and undertaking for the state in
146 those bonds.

147 (4) (a) The outstanding bonds to which excise tax revenues have been pledged as the
148 sole source of payment may not at any one time exceed an amount for which the average
149 annual installments of principal and interest will exceed 80% of the total excise tax revenues
150 received by the issuing entity from the collection or rebate of the excise tax revenues during the
151 fiscal year of the issuing entity immediately preceding the fiscal year in which the resolution

152 authorizing the issuance of bonds is adopted.

153 (b) If an excise tax has not been levied by a city, town, or county for a sufficient period
154 of time to determine the 80% bond payment requirement under Subsection (4)(a), a city, town,
155 or county may use an excise tax revenue that is currently levied within the same geographic
156 coverage area and with the same percentage of collection to determine the amount of excise tax
157 revenues that are expected to be received to determine the 80% bond payment requirement
158 under Subsection (4)(a).

159 (5) Bonds issued solely from a special fund into which are to be deposited excise tax
160 revenues constitutes a borrowing solely upon the credit of the excise tax revenues received or
161 to be received by the city, town, or county and does not constitute an indebtedness or pledge of
162 the general credit of the city, town, or county.

163 (6) (a) Before issuing any bonds under this section, a city, town, or county shall:

164 (i) give public notice of its intent to issue the bonds; and

165 (ii) hold a public hearing to receive input from the public with respect to the issuance
166 of the bonds.

167 (b) The city, county, or town shall:

168 (i) publish the notice once each week for two consecutive weeks in the official
169 newspaper as designated under Section 11-14-316, with the first publication being not less than
170 14 days before the public hearing; and

171 (ii) ensure that the notice identifies:

172 (A) the purpose for the issuance of the bonds;

173 (B) the maximum principal amount of the bonds to be issued;

174 (C) the excise taxes proposed to be pledged for repayment of the bonds; and

175 (D) the time, place, and location of the public hearing.

176 (7) A city, town, or county shall submit the question of whether or not to issue any
177 bonds under this section to voters for their approval or rejection if, within 30 calendar days
178 after the notice required by Subsection (6), a written petition requesting an election and signed
179 by at least 20% of the registered voters in the city, town, or county is filed with the city, town,
180 or county.

181 Section 3. Section **59-12-1502** is amended to read:

182 **59-12-1502. Definitions.**

183 As used in this part:

184 (1) "Annexation" means an annexation to a county under Title 17, Chapter 2,
185 Annexation to County.

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

187 (3) "Local highway of regional significance" means a highway that is:

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

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

190 (b) included in a metropolitan planning organization's regional transportation plan; and

191 (c) not a state highway.

192 (4) "Metropolitan planning organization" has the same meaning as defined in Section
193 72-1-208.5.

194 [~~(3)~~] (5) "Qualifying county" means a county in which a sales and use tax authorized
195 by Section 59-12-502 is not imposed by:

196 (a) the county;

197 (b) a city within the county; or

198 (c) a town within the county.

199 [~~(4)~~] (6) "State highway" means a highway designated as a state highway under Title
200 72, Chapter 4, Designation of State Highways Act.

201 [~~(5)~~] (7) (a) Except as provided in Subsection [~~(5)~~] (7)(b), "public transit" is as defined
202 in Section 17A-2-1004.

203 (b) Notwithstanding Subsection [~~(5)~~] (7)(a), "public transit" does not include a fixed
204 guideway system.

205 Section 4. Section **59-12-1503** is amended to read:

206 **59-12-1503. Opinion question election -- Base -- Rate -- Imposition of tax -- Use of**
207 **tax revenues -- Administration, collection, and enforcement of tax by commission --**
208 **Administrative fee -- Enactment or repeal of tax -- Annexation -- Notice.**

209 (1) (a) Beginning on or after April 1, 2004, and subject to the other provisions of this
210 part, the county legislative body of a qualifying county may impose a sales and use tax of .25%:

211 (i) on the transactions:

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

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

214 (ii) for the purposes determined by the county legislative body in accordance with
215 Subsection (2); and

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

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

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

221 (ii) any amounts paid or charged by a seller that collects a tax under Subsection
222 59-12-107(1)(b).

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

225 (2) (a) Subject to Subsection (2)(b), before obtaining the approval required by
226 Subsection (3), a county legislative body shall adopt a resolution specifying the percentage of
227 revenues the county will receive from the tax under this part that will be allocated to fund one
228 or more of the following:

229 (i) a project or service relating to a fixed guideway system:

230 (A) for the portion of the project or service that is performed within the county; and

231 (B) if the fixed guideway system is owned and operated by a public transit district
232 organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act;

233 (ii) a project or service relating to a system for public transit:

234 (A) for the portion of the project or service that is performed within the county; and

235 (B) if the system for public transit is owned and operated by a public transit district
236 organized under Title 17A, Chapter 2, Part 10, Utah Public Transit District Act; or

237 (iii) the following relating to a state highway or a local highway of regional
238 significance within the county:

239 (A) a project beginning on or after the day on which a county legislative body imposes
240 a tax under this part only within the county involving:

241 (I) new construction;

242 (II) a renovation;

243 (III) an improvement; or

244 (IV) an environmental study;

245 (B) debt service on a project described in Subsections (2)(a)(iii)(A)(I) through (IV); or
246 (C) bond issuance costs relating to a project described in Subsections (2)(a)(iii)(A)(I)
247 through (IV).

248 (b) (i) A county legislative body shall in the resolution required by Subsection (2)(a)
249 allocate as required by Subsection (2)(a) 100% of the revenues the county will receive from the
250 tax under this part.

251 (ii) For purposes of this Subsection (2)(b), the revenues a county will receive from the
252 tax under this part do not include amounts retained by the commission in accordance with
253 Subsection (8).

254 (3) (a) Before imposing a tax under this part, a county legislative body shall:

255 (i) obtain approval from a majority of the members of the county legislative body to:
256 (A) impose the tax; and

257 (B) allocate the revenues the county will receive from the tax in accordance with the
258 resolution adopted in accordance with Subsection (2); and

259 (ii) subject to Subsection (3)(b), submit an opinion question to the county's registered
260 voters voting on the imposition of the tax so that each registered voter has the opportunity to
261 express the registered voter's opinion on whether a tax should be imposed under this part.

262 (b) The opinion question required by Subsection (3)(a)(ii) shall state the allocations
263 specified in the resolution:

264 (i) adopted in accordance with Subsection (2); and

265 (ii) approved by the county legislative body in accordance with Subsection (3)(a).

266 (c) The election required by this Subsection (3) shall be held:

267 (i) (A) at a regular general election; and

268 (B) in accordance with the procedures and requirements of Title 20A, Election Code,
269 governing regular general elections; or

270 (ii) (A) at a special election called by the county legislative body;

271 (B) only on the date of a municipal general election provided in Subsection
272 20A-1-202(1); and

273 (C) in accordance with the procedures and requirements of Section 20A-1-203.

274 (4) (a) Subject to Subsection (8), if a county legislative body determines that a majority
275 of the county's registered voters voting on the imposition of the tax have voted in favor of the

276 imposition of the tax in accordance with Subsection (3), the county legislative body may
277 impose the tax by a majority vote of all of the members of the county legislative body.

278 (b) If a county legislative body imposes a tax under Subsection (4)(a), the revenues
279 generated by the tax shall be:

280 (i) allocated in accordance with the allocations specified in the resolution under
281 Subsection (2); and

282 (ii) expended as provided in this part.

283 (5) If a county legislative body allocates revenues generated by the tax for a project
284 described in Subsection (2)(a)(iii)(A), before beginning the state highway project within the
285 county the county legislative body shall:

286 (a) obtain approval from the Transportation Commission to complete the project; and

287 (b) enter into an interlocal agreement:

288 (i) established in accordance with Title 11, Chapter 13, Interlocal Cooperation Act;

289 (ii) with the Department of Transportation; and

290 (iii) to complete the project.

291 (6) (a) If after a county legislative body imposes a tax under Subsection (4) the county
292 legislative body seeks to change the allocation of the tax specified in the resolution under
293 Subsection (2), the county legislative body may change the allocation of the tax by:

294 (i) adopting a resolution in accordance with Subsection (2) specifying the percentage of
295 revenues the county will receive from the tax under this part that will be allocated to fund one
296 or more of the systems or projects described in Subsection (2);

297 (ii) obtaining approval to change the allocation of the tax from a majority of the
298 members of the county legislative body; and

299 (iii) (A) submitting an opinion question to the county's registered voters voting on
300 changing the allocation of the tax so that each registered voter has the opportunity to express
301 the registered voter's opinion on whether the allocation of the tax should be changed; and

302 (B) obtaining approval to change the allocation of the tax from a majority of the
303 county's registered voters voting on changing the allocation of the tax.

304 (b) (i) The opinion question required by Subsection (6)(a)(iii) shall state the allocations
305 specified in the resolution:

306 (A) adopted in accordance with Subsection (6)(a)(i); and

307 (B) approved by the county legislative body in accordance with Subsection (6)(a)(ii).

308 (ii) The election required by Subsection (6)(a)(iii) shall follow the procedures and
309 requirements of Title 11, Chapter 14, Local Government Bonding Act.

310 (7) (a) (i) Except as provided in Subsection (7)(a)(ii), revenues generated by a tax
311 under this part that are allocated for a purpose described in Subsection (2)(a)(i) or (ii) shall be
312 transmitted:

313 (A) by the commission;

314 (B) to the county;

315 (C) monthly; and

316 (D) by electronic funds transfer.

317 (ii) Notwithstanding Subsection (7)(a)(i), a county may request that the commission
318 transfer the revenues described in Subsection (7)(a)(i):

319 (A) directly to a public transit district:

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

321 (II) designated by the county; and

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

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

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

327 (b) Revenues generated by a tax under this part that are allocated for a purpose
328 described in Subsection (2)(a)(iii) shall be:

329 (i) deposited into the State Highway Projects Within Counties Fund created by Section
330 72-2-121.1; and

331 (ii) expended as provided in Section 72-2-121.1.

332 (8) (a) (i) Except as provided in Subsection (8)(a)(ii), the tax authorized under this part
333 shall be administered, collected, and enforced in accordance with:

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

335 (I) Part 1, Tax Collection; or

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

337 (B) Chapter 1, General Taxation Policies.

338 (ii) Notwithstanding Subsection (8)(a)(i), a tax under this part is not subject to
339 Subsections 59-12-205(2) through (7).

340 (b) (i) The commission may retain an amount of tax collected under this part of not to
341 exceed the lesser of:

342 (A) 1.5%; or

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

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

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

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

347 (9) (a) (i) Except as provided in Subsection (9)(b) or (c), if, on or after July 1, 2004, a
348 county enacts or repeals a tax under this part, the enactment or repeal shall take effect:

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

350 (B) after a 90-day period beginning on the date the commission receives notice meeting
351 the requirements of Subsection (9)(a)(ii) from the county.

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

353 (A) that the county will enact or repeal a tax under this part;

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

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

356 (D) if the county enacts the tax described in Subsection (9)(a)(ii)(A), the rate of the tax.

357 (b) (i) Notwithstanding Subsection (9)(a)(i), for a transaction described in Subsection
358 (9)(b)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

359 (A) that begins after the effective date of the enactment of the tax; and

360 (B) if the billing period for the transaction begins before the effective date of the
361 enactment of the tax under Subsection (1).

362 (ii) Notwithstanding Subsection (9)(a)(i), for a transaction described in Subsection
363 (9)(b)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

364 (A) that began before the effective date of the repeal of the tax; and

365 (B) if the billing period for the transaction begins before the effective date of the repeal
366 of the tax imposed under Subsection (1).

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

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

- 369 (B) Subsection 59-12-103(1)(c);
370 (C) Subsection 59-12-103(1)(d);
371 (D) Subsection 59-12-103(1)(e);
372 (E) Subsection 59-12-103(1)(f);
373 (F) Subsection 59-12-103(1)(g);
374 (G) Subsection 59-12-103(1)(h);
375 (H) Subsection 59-12-103(1)(i);
376 (I) Subsection 59-12-103(1)(j); or
377 (J) Subsection 59-12-103(1)(k).

378 (c) (i) Notwithstanding Subsection (9)(a)(i), if a tax due under this chapter on a
379 catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, an
380 enactment or repeal of a tax described in Subsection (9)(a)(i) takes effect:

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

382 (B) beginning 60 days after the effective date of the enactment or repeal under
383 Subsection (9)(a)(i).

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

386 (d) (i) Except as provided in Subsection (9)(e) or (f), if, for an annexation that occurs
387 on or after July 1, 2004, the annexation will result in the enactment or repeal of a tax under this
388 part for an annexing area, the enactment or repeal shall take effect:

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

390 (B) after a 90-day period beginning on the date the commission receives notice meeting
391 the requirements of Subsection (9)(d)(ii) from the county that annexes the annexing area.

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

393 (A) that the annexation described in Subsection (9)(d)(i)(B) will result in an enactment
394 or repeal of a tax under this part for the annexing area;

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

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

397 (D) the rate of the tax described in Subsection (9)(d)(ii)(A).

398 (e) (i) Notwithstanding Subsection (9)(d)(i), for a transaction described in Subsection
399 (9)(e)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

400 (A) that begins after the effective date of the enactment of the tax; and
401 (B) if the billing period for the transaction begins before the effective date of the
402 enactment of the tax under Subsection (1).

403 (ii) Notwithstanding Subsection (9)(d)(i), for a transaction described in Subsection
404 (9)(e)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

405 (A) that began before the effective date of the repeal of the tax; and
406 (B) if the billing period for the transaction begins before the effective date of the repeal
407 of the tax imposed under Subsection (1).

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

409 (A) Subsection 59-12-103(1)(b);
410 (B) Subsection 59-12-103(1)(c);
411 (C) Subsection 59-12-103(1)(d);
412 (D) Subsection 59-12-103(1)(e);
413 (E) Subsection 59-12-103(1)(f);
414 (F) Subsection 59-12-103(1)(g);
415 (G) Subsection 59-12-103(1)(h);
416 (H) Subsection 59-12-103(1)(i);
417 (I) Subsection 59-12-103(1)(j); or
418 (J) Subsection 59-12-103(1)(k).

419 (f) (i) Notwithstanding Subsection (9)(d)(i), if a tax due under this chapter on a
420 catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, an
421 enactment or repeal of a tax described in Subsection (9)(d)(i) takes effect:

422 (A) on the first day of a calendar quarter; and
423 (B) beginning 60 days after the effective date of the enactment or repeal under
424 Subsection (9)(d)(i).

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

427 (10) A county that imposed a sales and use tax under this section prior to July 1, 2007,
428 may expend revenues allocated in the resolution for the purpose described in Subsection
429 (2)(a)(iii) on local highway of regional significance projects in addition to or in substitution of
430 state highway projects within the county.

431 Section 5. Section 72-2-121.1 is amended to read:

432 **72-2-121.1. Highway Projects Within Counties Fund -- Accounting for revenues**
433 **-- Interest -- Expenditure of revenues.**

434 (1) There is created a special revenue fund known as the [State] Highway Projects
435 Within Counties Fund.

436 (2) The [State] Highway Projects Within Counties Fund shall be funded by revenues
437 generated by a tax imposed by a county under Title 59, Chapter 12, Part 15, County Option
438 Sales and Use Tax for Highways, Fixed Guideways, or Systems for Public Transit Act, if those
439 revenues are allocated:

440 (a) for a purpose described in Subsection 59-12-1503(2)(a)(iii); and

441 (b) in accordance with Section 59-12-1503.

442 (3) The department shall make a separate accounting for:

443 (a) the revenues described in Subsection (2); and

444 (b) each county for which revenues are deposited into the [State] Highway Projects
445 Within Counties Fund.

446 (4) (a) The [State] Highway Projects Within Counties Fund shall earn interest.

447 (b) The department shall allocate the interest earned on the State Highway Projects
448 Within Counties Fund:

449 (i) proportionately;

450 (ii) to each county's balance in the [State] Highway Projects Within Counties Fund;

451 and

452 (iii) on the basis of each county's balance in the [State] Highway Projects Within
453 Counties Fund.

454 (5) (a) The department shall expend the revenues and interest deposited into the [State]
455 Highway Projects Within Counties Fund to pay:

456 [~~(a)~~] (i) for a state highway project within the county:

457 [~~(i)~~] (A) described in Subsection 59-12-1503(2)(a)(iii)(A); and

458 [~~(i)~~] (B) for which the requirements of Subsection 59-12-1503(5) are met;

459 [~~(b)~~] (ii) debt service on a project described in Subsection (5)(a); or

460 [~~(c)~~] (iii) bond issuance costs relating to a project described in Subsection (5)(a).

461 (b) (i) If a county legislative body submits a request to the department in writing, the

462 department shall transfer revenues and interest deposited into the Highway Projects Within
463 Counties Fund to the county legislative body to pay:

464 (A) for a local highway of regional significance project described in Subsection
465 59-12-1503(2)(a)(iii)(A);

466 (B) debt service on a project described in Subsection (5)(b)(i)(A); or

467 (C) bond issuance costs relating to a project described in Subsection (5)(b)(i)(A).

468 (ii) The request submitted under Subsection (5)(b)(i) shall specify:

469 (A) the amount of revenues requested for transfer; and

470 (B) the local highway of regional significance project that the funds requested under
471 this Subsection (5)(b) will be expended on.

472 **Section 6. Effective date.**

473 If approved by two-thirds of all the members elected to each house, this bill takes effect
474 upon approval by the governor, or the day following the constitutional time limit of Utah
475 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
476 the date of veto override.

Legislative Review Note
as of 1-9-07 9:35 AM

Office of Legislative Research and General Counsel