

DISTRIBUTION OF LOCAL SALES AND USE

TAX REVENUES

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gene Davis

House Sponsor: Gregory H. Hughes

Cosponsors:

Curtis S. Bramble

Howard A. Stephenson

LONG TITLE

General Description:

This bill amends the Local Sales and Use Tax Act to modify the distribution of revenues collected from the tax.

Highlighted Provisions:

This bill:

- ▶ modifies the calculation of the minimum tax revenue distribution certain counties, cities, and towns receive; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2007.

Utah Code Sections Affected:

AMENDS:

59-12-205, as last amended by Chapters 222 and 253, Laws of Utah 2006

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

Section 1. Section **59-12-205** is amended to read:

59-12-205. Ordinances to conform with statutory amendments -- Distribution of tax revenues -- Determination of population.

30 (1) Each county, city, and town, in order to maintain in effect sales and use tax
31 ordinances adopted pursuant to Section 59-12-204, shall, within 30 days of any amendment of
32 any applicable provisions of Part 1, Tax Collection, adopt amendments of their respective sales
33 and use tax ordinances to conform with the amendments to Part 1, Tax Collection, insofar as
34 they relate to sales and use taxes.

35 (2) Except as provided in Subsections (3) through (5):

36 (a) 50% of each dollar collected from the sales and use tax authorized by this part shall
37 be paid to each county, city, and town on the basis of the percentage that the population of the
38 county, city, or town bears to the total population of all counties, cities, and towns in the state;
39 and

40 (b) 50% of each dollar collected from the sales and use tax authorized by this part shall
41 be paid to each county, city, and town on the basis of the location where the transaction is
42 consummated as determined under Section 59-12-207.

43 (3) (a) For fiscal years beginning with fiscal year 1983-84 and ending with fiscal year
44 2005-06, a county, city, or town may not receive a tax revenue distribution less than .75% of
45 the taxable sales within the boundaries of the county, city, or town.

46 (b) The commission shall proportionally reduce monthly distributions to any county,
47 city, or town that, but for the reduction, would receive a distribution in excess of 1% of the
48 sales and use tax revenue collected within the boundaries of the county, city, or town.

49 (4) (a) As used in this Subsection (4):

50 (i) "Eligible county, city, or town" means a county, city, or town that receives \$2,000 or
51 more in tax revenue distributions in accordance with Subsection (3) for each of the following
52 fiscal years:

53 (A) fiscal year 2002-03;

54 (B) fiscal year 2003-04; and

55 (C) fiscal year 2004-05.

56 (ii) "Minimum tax revenue distribution" means the greater of:

57 (A) the total amount of tax revenue distributions an eligible county, city, or town

58 receives from a tax imposed in accordance with this part for fiscal year [~~2004-05~~] 2000-01; or
59 (B) the total amount of tax revenue distributions an eligible county, city, or town
60 receives from a tax imposed in accordance with this part for fiscal year 2004-05.

61 (b) (i) Notwithstanding Subsection (2) and except as provided in Subsection (4)(b)(ii),
62 beginning with fiscal year 2006-07 and ending with fiscal year 2012-13, an eligible county, city,
63 or town shall receive a tax revenue distribution for a tax imposed in accordance with this part
64 equal to the greater of:

- 65 (A) the payment required by Subsection (2); or
- 66 (B) the minimum tax revenue distribution.

67 (ii) If the tax revenue distribution required by Subsection (4)(b)(i) for an eligible county,
68 city, or town is equal to the amount described in Subsection (4)(b)(i)(A) for three consecutive
69 fiscal years, for fiscal years beginning with the fiscal year immediately following that three
70 consecutive fiscal year period, the eligible county, city, or town shall receive the tax revenue
71 distribution equal to the payment required by Subsection (2).

72 (c) For a fiscal year beginning with fiscal year 2013-14 and ending with fiscal year
73 2015-16, an eligible county, city, or town shall receive the minimum tax revenue distribution for
74 that fiscal year if for fiscal year 2012-13 the payment required by Subsection (2) to that eligible
75 county, city, or town is less than or equal to the product of:

- 76 (i) the minimum tax revenue distribution; and
- 77 (ii) .90.

78 (5) Notwithstanding Subsection (2), if a county, city, or town imposes a tax authorized
79 by this part on any amounts paid or charged by a seller that collects a tax in accordance with
80 Subsection 59-12-107(1)(b), the revenues generated by the tax shall be distributed as provided
81 in Subsection 59-12-103(3)(c).

82 (6) (a) Population figures for purposes of this section shall be based on the most recent
83 official census or census estimate of the United States Census Bureau.

84 (b) If a needed population estimate is not available from the United States Census
85 Bureau, population figures shall be derived from the estimate from the Utah Population

86 Estimates Committee created by executive order of the governor.

87 (7) The population of a county for purposes of this section shall be determined solely
88 from the unincorporated area of the county.

89 Section 2. **Effective date.**

90 This bill takes effect on July 1, 2007.