

DISTRIBUTION OF LOCAL SALES AND USE

TAX REVENUES

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gene Davis

House Sponsor: _____

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 basis for calculating a distribution of local sales and use tax revenues by changing the year from fiscal year 2004-05 to fiscal year 2005-06 for purposes of determining 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:



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

29 **59-12-205. Ordinances to conform with statutory amendments -- Distribution of**
30 **tax revenues -- Determination of population.**

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

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

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

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

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

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

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

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

54 (A) fiscal year 2002-03;

55 (B) fiscal year 2003-04; and

56 (C) fiscal year 2004-05.

57 (ii) "Minimum tax revenue distribution" means the total amount of tax revenue
58 distributions an eligible county, city, or town receives from a tax imposed in accordance with

59 this part for fiscal year [~~2004-05~~] 2005-06.

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

64 (A) the payment required by Subsection (2); or

65 (B) the minimum tax revenue distribution.

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

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

75 (i) the minimum tax revenue distribution; and

76 (ii) .90.

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

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

83 (b) If a needed population estimate is not available from the United States Census
84 Bureau, population figures shall be derived from the estimate from the Utah Population
85 Estimates Committee created by executive order of the governor.

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

88 **Section 2. Effective date.**

89 This bill takes effect on July 1, 2007.

Legislative Review Note
as of 1-24-07 10:42 AM

Office of Legislative Research and General Counsel

S.B. 170 - Distribution of Local Sales and Use Tax Revenues

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

1/29/2007, 10:25:21 AM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst