

Senator Wayne L. Niederhauser proposes the following substitute bill:

SEVERANCE TAX AMENDMENTS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: Wayne L. Niederhauser

LONG TITLE

General Description:

This bill provides for the disposition of certain revenues from severance taxes.

Highlighted Provisions:

This bill:

- ▶ provides that certain severance tax revenues that exceed a base amount are deposited into the permanent state trust fund or Severance Tax Holding Account;
- ▶ provides that certain interest earnings be deposited into the Infrastructure and Economic Diversification Investment Account;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

This bill coordinates with H.B. 63, Recodification of Title 63 State Affairs in General, changing technical cross references.

Utah Code Sections Affected:

AMENDS:



26 59-5-115, as last amended by Laws of Utah 1996, Chapter 135

27 59-5-215, as enacted by Laws of Utah 1988, Chapter 4

28 63-97a-201, as enacted by Laws of Utah 2007, Chapter 384

29 63-97a-202, as enacted by Laws of Utah 2007, Chapter 384

30 ENACTS:

31 63-97a-301, Utah Code Annotated 1953



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

34 Section 1. Section 59-5-115 is amended to read:

35 **59-5-115. Disposition of taxes collected -- Credit to General Fund.**

36 All taxes imposed and collected under Section 59-5-102 shall be paid to the
37 commission, ~~and~~ promptly remitted to the state treasurer, and except those taxes otherwise
38 allocated under Section 59-5-116, ~~or~~ 59-5-119, or 63-97a-301, credited to the General Fund.

39 Section 2. Section 59-5-215 is amended to read:

40 **59-5-215. Disposition of taxes collected -- Credit to General Fund.**

41 All taxes imposed and collected under Section 59-5-202 shall be paid to the
42 commission, ~~and~~ promptly remitted to the state treasurer, ~~to be~~ and except those taxes
43 otherwise allocated under Section 63-97a-301, credited to the General Fund.

44 Section 3. Section 63-97a-201 is amended to read:

45 **63-97a-201. Creation of Infrastructure and Economic Diversification Investment**
46 **Account.**

47 (1) (a) There is created a restricted account within the General Fund known as the
48 "Infrastructure and Economic Diversification Investment Account."

49 (b) The Infrastructure and Economic Diversification Investment Account shall consist
50 of:

- 51 (i) all monies credited to the account under Section ~~63-97a-202~~ 63-97a-301;
- 52 (ii) appropriations from the Legislature;
- 53 (iii) grants from private foundations; and
- 54 (iv) interest and investment earnings on account monies.

55 (2) (a) The Infrastructure and Economic Diversification Investment Account shall earn
56 interest.

57 (b) All interest earned on monies in the Infrastructure and Economic Diversification
58 Investment Account shall be deposited into the Infrastructure and Economic Diversification
59 Investment Account.

60 (3) The Legislature may appropriate monies from the Infrastructure and Economic
61 Diversification Investment Account for infrastructure and economic diversification investment
62 projects.

63 (4) At least 25% of the monies appropriated in accordance with Subsection (3) shall be
64 used for the following projects within areas of the state that produced the severance tax
65 revenues:

66 (a) capital and infrastructure development; and

67 (b) economic diversification investment.

68 Section 4. Section **63-97a-202** is amended to read:

69 **63-97a-202. Creation of Severance Tax Holding Account -- Distribution of funds**
70 **in the account.**

71 (1) (a) There is created a restricted account within the General Fund known as the
72 "Severance Tax Holding Account."

73 (b) The Severance Tax Holding Account shall consist of:

74 (i) appropriations from the Legislature;

75 (ii) grants from private foundations; [~~and~~]

76 (iii) interest and investment earnings on Severance Tax Holding Account monies[~~;~~];

77 and

78 (iv) all monies credited to the Severance Tax Holding Account under Section
79 63-97a-301.

80 (2) (a) The Severance Tax Holding Account shall earn interest.

81 (b) All interest earned on monies in the Severance Tax Holding Account shall be
82 deposited into the Severance Tax Holding Account.

83 (3) If authorized by law the Division of Finance shall deposit all of the monies in the
84 Severance Tax Holding Account as of June 30, 2009, into the permanent state trust fund.

85 [~~(4) The state treasurer shall invest and separately account for the earnings on funds~~
86 ~~that are deposited into the permanent state trust fund under this section.]~~

87 [~~(5)(a) In accordance with Utah Constitution Article XXII, Section 4, the interest and~~

88 ~~dividends earned annually on revenue from severance taxes that are deposited into the~~
89 ~~permanent state trust fund shall be deposited in the General Fund.]~~

90 ~~[(b) Interest and dividends earned on revenue from severance taxes that are deposited~~
91 ~~in the General Fund pursuant to Subsection (5)(a) shall be credited to the Infrastructure and~~
92 ~~Economic Diversification Investment Account created in Section 63-97a-201.]~~

93 Section 5. Section **63-97a-301** is enacted to read:

94 **63-97a-301. Crediting of certain severance tax revenues to the permanent state**
95 **trust fund.**

96 (1) (a) After making the distributions of oil and gas severance tax revenues as required
97 under Sections 59-5-116 and 59-5-119, the Division of Finance shall make the distributions
98 required under Subsections (2) through (5).

99 (b) For purposes of this section, revenue collected from severance taxes on oil and gas
100 imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining, does not include
101 revenue that is distributed under Section 59-5-116 or 59-5-119.

102 (2) Beginning with fiscal year 2008-09, if authorized by law, the Division of Finance
103 shall credit to the permanent state trust fund all revenue collected in a fiscal year from
104 severance taxes on oil and gas imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas,
105 and Mining, that exceed \$71,000,000.

106 (3) Beginning with fiscal year 2008-09, if authorized by law, the Division of Finance
107 shall credit to the permanent state trust fund all revenue collected in a fiscal year from
108 severance taxes on mining imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and
109 Mining, that exceed \$27,600,000.

110 (4) The state treasurer shall invest and separately account for the earnings on funds that
111 are deposited into the permanent state trust fund under this section.

112 (5) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and
113 dividends earned annually on revenue from severance taxes that are deposited into the
114 permanent state trust fund shall be deposited in the General Fund.

115 (b) Interest and dividends earned on revenue from severance taxes that are deposited in
116 the General Fund pursuant to Subsection (5)(a) shall be credited to the Infrastructure and
117 Economic Diversification Investment Account created in Section 63-97a-201.

118 Section 6. **Effective date.**

119 This bill takes effect on July 1, 2008.

120 Section 7. **Coordinating H.B. 58 with H.B. 63 -- Technical renumbering.**

121 If this H.B. 58 and H.B. 63, Recodification of Title 63 State Affairs in General, both

122 pass, it is the intent of the Legislature that the Office of Legislative Research and General

123 Counsel, in preparing the Utah Code database for publication:

124 (1) renumber Section 63-97a-301 in this H.B. 58 to Section 51-9-305; and

125 (2) change all internal cross references.

H.B. 58 3rd Sub. (Cherry) - Severance Tax Amendments

Fiscal Note

2008 General Session

State of Utah

State Impact

Enactment of this bill would be revenue neutral for FY 2009 and FY 2010.

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.
