

1                                   **DISTRIBUTION OF LOCAL OPTION SALES**  
2                                   **AND USE TAX REVENUES**

3                                   2008 GENERAL SESSION

4                                   STATE OF UTAH

5                                   **Chief Sponsor: Brad L. Dee**

6                                   Senate Sponsor: Scott K. Jenkins

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8 **LONG TITLE**

9 **General Description:**

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

12 **Highlighted Provisions:**

13           This bill:

14           ▶ modifies the calculation of the minimum tax revenue distribution certain counties,  
15 cities, and towns receive from revenues collected under the Local Sales and Use  
16 Tax Act; and

17           ▶ makes technical changes.

18 **Monies Appropriated in this Bill:**

19           None

20 **Other Special Clauses:**

21           This bill takes effect on July 1, 2008.

22 **Utah Code Sections Affected:**

23 AMENDS:

24           **59-12-205**, as last amended by Laws of Utah 2007, Chapter 228

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

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



28           **59-12-205. Ordinances to conform with statutory amendments -- Distribution of**  
29 **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 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[-]; or

61 (C) the total amount of tax revenue distributions an eligible county, city, or town  
62 receives from a tax imposed in accordance with this part for fiscal year 2005-06.

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

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

68 (B) the minimum tax revenue distribution.

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

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

78 (i) the minimum tax revenue distribution; and

79 (ii) .90.

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

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

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

89 (7) The population of a county for purposes of this section shall be determined solely

90 from the unincorporated area of the county.

91 Section 2. **Effective date.**

92 This bill takes effect on July 1, 2008.

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**Legislative Review Note**  
**as of 1-29-08 9:06 AM**

**Office of Legislative Research and General Counsel**

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**H.B. 172 - Distribution of Local Option Sales and Use Tax Revenues**

**Fiscal Note**

2008 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**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. While there will be no revenue impact in the aggregate, some local counties and municipalities may benefit from changes in the sales tax revenue distribution process provided in this bill.

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