

Representative Larry B. Wiley proposes the following substitute bill:

**SALES AND USE TAX REVENUES FOR QUALIFIED
EMERGENCY FOOD AGENCIES**

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Larry B. Wiley

Senate Sponsor: Mike Dmitrich

LONG TITLE

General Description:

This bill amends the State Community Services Act and the Sales and Use Tax Act relating to qualified emergency food agencies.

Highlighted Provisions:

This bill:

- ▶ modifies the duties of the State Community Services Office relating to qualified emergency food agencies;
- ▶ creates the Qualified Emergency Food Agencies Fund;
- ▶ dedicates certain state sales and use tax revenues to be distributed by the State Community Services Office to qualified emergency food agencies;
- ▶ establishes procedures and requirements for making or receiving a distribution of those state sales and use tax revenues;
- ▶ repeals a sales tax refund for qualified emergency food agencies; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:



26 This bill provides effective dates.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **9-4-1404**, as last amended by Laws of Utah 2001, Chapter 162

30 **59-12-103**, as last amended by Laws of Utah 2007, Chapters 9, 101, 126, 206, and 288

31 ENACTS:

32 **9-4-1409**, Utah Code Annotated 1953

33 REPEALS:

34 **59-12-901**, as last amended by Laws of Utah 2003, Chapter 312

35 **59-12-902**, as last amended by Laws of Utah 2004, Chapter 18



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

38 Section 1. Section **9-4-1404** is amended to read:

39 **9-4-1404. Duties of office.**

40 The office shall:

41 (1) coordinate state activities designed to reduce poverty;

42 (2) encourage entities in the private sector to participate in efforts to ameliorate poverty
43 in the community;

44 (3) cooperate with agencies of local, state, and federal government in reducing poverty
45 and implementing community, social, and economic programs;

46 (4) receive and expend funds for the purposes outlined in this part;

47 (5) enter into contracts with and award grants to public and private nonprofit agencies
48 and organizations;

49 (6) develop a state plan based on needs identified by community action agencies and
50 community action statewide organizations;

51 (7) designate community action agencies to receive funds through the Community
52 Services Block Grant program;

53 (8) fund community action agencies and community action statewide organizations;

54 (9) make rules in conjunction with the division pursuant to Title 63, Chapter 46a, Utah
55 Administrative Rulemaking Act, to carry out the purposes of this part;

56 (10) provide assistance to local governments or private organizations for the purpose of

57 establishing and operating a community action agency;

58 (11) provide technical assistance to community action agencies to improve program
59 planning, program development, administration, and the mobilization of public and private
60 resources;

61 (12) convene public meetings which provide citizens the opportunity to comment on
62 public policies and programs to reduce poverty;

63 (13) advise the governor and Legislature of the nature and extent of poverty in the state
64 and make recommendations concerning changes in state and federal policies and programs;

65 (14) encourage Utah's nonprofit humanitarian assistance agencies serving low-income
66 persons by facilitating, coordinating, training, partnerships, and providing technical assistance
67 in addressing Utah's low-income persons by enhancing management, improving service and
68 program delivery, and preserving flexibility and local initiative;

69 (15) develop and implement management goals which fulfill the Community Services
70 Block Grant mission, state requirements, and the mandates of federal legislation;

71 (16) prepare a Community Services Block Grant plan which contains provisions
72 describing how the state will carry out the assurances of the Community Services Block Grant
73 Act;

74 (17) act as the state agency responsible for the evaluation and improvement of
75 emergency food assistance services in the state;

76 (18) monitor the impact of social policies on the emergency food network;

77 (19) provide training and technical assistance to all grantees to assist them in program
78 development and implementation, compliance with state and federal regulations, and reporting
79 and management information systems;

80 [~~(20) certify, monitor, and decertify qualified emergency food agencies for purposes of~~
81 ~~the sales tax refund under Section 59-12-902; and]~~

82 (20) make the distributions required by Section 9-4-1409; and

83 (21) administer other programs to alleviate poverty assigned to the office.

84 Section 2. Section **9-4-1409** is enacted to read:

85 **9-4-1409. Qualified Emergency Food Agencies Fund -- Expenditure of revenues.**

86 (1) As used in this section:

87 (a) "Association of governments" means the following created under the authority of

88 Title 11, Chapter 13, Interlocal Cooperation Act:

89 (i) an association of governments; or

90 (ii) a regional council that acts as an association of governments.

91 (b) "Consumer price index" is as described in Section 1(f)(4), Internal Revenue Code,

92 and defined in Section 1(f)(5), Internal Revenue Code.

93 (c) "Food and food ingredients" is as defined in Section 59-12-102.

94 (d) "Pounds of food donated" means the aggregate number of pounds of food and food
95 ingredients that are donated:

96 (i) to a qualified emergency food agency; and

97 (ii) by a person, other than an organization that as part of its activities operates a

98 program that has as the program's primary purpose to:

99 (A) warehouse and distribute food to other agencies and organizations providing food
100 and food ingredients to low-income persons; or

101 (B) provide food and food ingredients directly to low-income persons.

102 (e) "Qualified emergency food agency" means an organization that:

103 (i) is:

104 (A) exempt from federal income taxation under Section 501(c)(3), Internal Revenue
105 Code; or

106 (B) an association of governments;

107 (ii) as part of its activities operates a program that has as the program's primary purpose

108 to:

109 (A) warehouse and distribute food to other agencies and organizations providing food
110 and food ingredients to low-income persons; or

111 (B) provide food and food ingredients directly to low-income persons; and

112 (iii) the office determines to be a qualified emergency food agency.

113 (2) There is created a restricted special revenue fund known as the Qualified

114 Emergency Food Agencies Fund.

115 (3) (a) The Qualified Emergency Food Agencies Fund shall be funded by the state sales
116 and use tax revenues described in Subsection 59-12-103(11).

117 (b) Any interest earned on the Qualified Emergency Food Agencies Fund shall be
118 deposited into the General Fund.

119 (4) The office shall for a fiscal year distribute monies deposited into the Qualified
120 Emergency Food Agencies Fund to qualified emergency food agencies within the state as
121 provided in this section.

122 (5) A qualified emergency food agency shall file an application with the office before
123 the qualified emergency food agency may receive a distribution under this section.

124 (6) Except as provided in Subsection (7), the office shall for a fiscal year distribute to a
125 qualified emergency food agency an amount equal to the product of:

126 (a) the pounds of food donated to the qualified emergency food agency during that
127 fiscal year; and

128 (b) \$.12.

129 (7) If the monies deposited into the Qualified Emergency Food Agencies Fund are
130 insufficient to make the distributions required by Subsection (6), the office shall make
131 distributions to qualified emergency food agencies in the order that the office receives
132 applications from the qualified emergency food agencies until all of the monies deposited into
133 the Qualified Emergency Food Agencies Fund for the fiscal year are expended.

134 (8) A qualified emergency food agency may expend a distribution received in
135 accordance with this section only for a purpose related to:

136 (a) warehousing and distributing food and food ingredients to other agencies and
137 organizations providing food and food ingredients to low-income persons; or

138 (b) providing food and food ingredients directly to low-income persons.

139 (9) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
140 Division of Housing and Community Development may make rules providing procedures for
141 implementing the distributions required by this section, including:

142 (a) standards for determining and verifying the amount of a distribution that a qualified
143 emergency food agency may receive;

144 (b) procedures for a qualified emergency food agency to apply for a distribution,
145 including the frequency with which a qualified emergency food agency may apply for a
146 distribution; and

147 (c) consistent with Subsection (1)(e), determining whether an entity is a qualified
148 emergency food agency.

149 Section 3. Section **59-12-103** is amended to read:

150 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
151 **tax revenues.**

152 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
153 charged for the following transactions:

154 (a) retail sales of tangible personal property made within the state;

155 (b) amounts paid:

156 (i) to a:

157 (A) telephone service provider regardless of whether the telephone service provider is
158 municipally or privately owned; or

159 (B) telegraph corporation:

160 (I) as defined in Section 54-2-1; and

161 (II) regardless of whether the telegraph corporation is municipally or privately owned;

162 and

163 (ii) for:

164 (A) telephone service, other than mobile telecommunications service, that originates
165 and terminates within the boundaries of this state;

166 (B) mobile telecommunications service that originates and terminates within the
167 boundaries of one state only to the extent permitted by the Mobile Telecommunications

168 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

169 (C) telegraph service;

170 (c) sales of the following for commercial use:

171 (i) gas;

172 (ii) electricity;

173 (iii) heat;

174 (iv) coal;

175 (v) fuel oil; or

176 (vi) other fuels;

177 (d) sales of the following for residential use:

178 (i) gas;

179 (ii) electricity;

180 (iii) heat;

- 181 (iv) coal;
- 182 (v) fuel oil; or
- 183 (vi) other fuels;
- 184 (e) sales of prepared food;
- 185 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 186 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 187 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 188 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 189 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 190 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 191 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 192 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 193 exhibition, cultural, or athletic activity;
- 194 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 195 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 196 (i) the tangible personal property; and
- 197 (ii) parts used in the repairs or renovations of the tangible personal property described
- 198 in Subsection (1)(g)(i), whether or not any parts are actually used in the repairs or renovations
- 199 of that tangible personal property;
- 200 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 201 assisted cleaning or washing of tangible personal property;
- 202 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 203 accommodations and services that are regularly rented for less than 30 consecutive days;
- 204 (j) amounts paid or charged for laundry or dry cleaning services;
- 205 (k) amounts paid or charged for leases or rentals of tangible personal property if within
- 206 this state the tangible personal property is:
- 207 (i) stored;
- 208 (ii) used; or
- 209 (iii) otherwise consumed;
- 210 (l) amounts paid or charged for tangible personal property if within this state the
- 211 tangible personal property is:

212 (i) stored;

213 (ii) used; or

214 (iii) consumed; and

215 (m) amounts paid or charged for prepaid telephone calling cards.

216 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax

217 is imposed on a transaction described in Subsection (1) equal to the sum of:

218 (i) a state tax imposed on the transaction at a tax rate of 4.65%; and

219 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

220 transaction under this chapter other than this part.

221 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed

222 on a transaction described in Subsection (1)(d) equal to the sum of:

223 (i) a state tax imposed on the transaction at a tax rate of 2%; and

224 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

225 transaction under this chapter other than this part.

226 (c) Except as provided in Subsection (2)(d) or (e), beginning on January 1, 2007, a

227 state tax and a local tax is imposed on amounts paid or charged for food and food ingredients

228 equal to the sum of:

229 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at

230 a tax rate of 1.75%; and

231 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

232 amounts paid or charged for food and food ingredients under this chapter other than this part.

233 (d) Except as provided in Subsection (2)(e), if a seller collects a tax in accordance with

234 Subsection 59-12-107(1)(b) on a transaction described in Subsection (1), a state tax and a local

235 tax is imposed on the transaction equal to the sum of:

236 (i) a state tax imposed on the transaction at a tax rate of:

237 (A) 4.65% for a transaction other than a transaction described in Subsection

238 (2)(d)(i)(B) or (2)(d)(i)(C);

239 (B) 2% for a transaction described in Subsection (1)(d); or

240 (C) beginning on January 1, 2007, 1.75% on the amounts paid or charged for food and

241 food ingredients; and

242 (ii) a local tax imposed on the transaction at a tax rate equal to the sum of the following

243 tax rates:

244 (A) the tax rate authorized by Section 59-12-204, but only if all of the counties, cities,
245 and towns in the state impose the tax authorized by Section 59-12-204; and

246 (B) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the
247 state impose the tax authorized by Section 59-12-1102.

248 (e) (i) A state tax and a local tax is imposed on an entire bundled transaction as
249 provided in this Subsection (2)(e) if the bundled transaction is attributable to food and food
250 ingredients and tangible personal property other than food and food ingredients.

251 (ii) If the tax on a bundled transaction described in Subsection (2)(e)(i) is collected by a
252 seller other than a seller that collects a tax in accordance with Subsection 59-12-107(1)(b),
253 beginning on January 1, 2007, a state tax and a local tax is imposed on the entire bundled
254 transaction equal to the sum of:

255 (A) a state tax imposed on the entire bundled transaction at the tax rate described in
256 Subsection (2)(a)(i); and

257 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
258 described in Subsection (2)(a)(ii).

259 (iii) If the tax on a bundled transaction described in Subsection (2)(e)(i) is collected by
260 a seller in accordance with Subsection 59-12-107(1)(b), beginning on January 1, 2007, a state
261 tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

262 (A) a state tax imposed on the entire bundled transaction at the tax rate described in
263 Subsection (2)(d)(i)(A); and

264 (B) a local tax imposed on the entire bundled transaction at a tax rate equal to the sum
265 of the following tax rates:

266 (I) the tax rate authorized by Section 59-12-204, but only if all of the counties, cities,
267 and towns in the state impose the tax authorized by Section 59-12-204; and

268 (II) the tax rate authorized by Section 59-12-1102, but only if all of the counties in the
269 state impose the tax authorized by Section 59-12-1102.

270 (f) Subject to Subsections (2)(g) and (h), a tax rate repeal or tax rate change for a tax
271 rate imposed under the following shall take effect on the first day of a calendar quarter:

272 (i) Subsection (2)(a)(i);

273 (ii) Subsection (2)(b)(i);

- 274 (iii) Subsection (2)(c)(i);
- 275 (iv) Subsection (2)(d)(i);
- 276 (v) Subsection (2)(e)(ii)(A); or
- 277 (vi) Subsection (2)(e)(iii)(A).
- 278 (g) (i) For a transaction described in Subsection (2)(g)(iii), a tax rate increase shall take
- 279 effect on the first day of the first billing period that begins after the effective date of the tax rate
- 280 increase if the billing period for the transaction begins before the effective date of a tax rate
- 281 increase imposed under:
 - 282 (A) Subsection (2)(a)(i);
 - 283 (B) Subsection (2)(b)(i);
 - 284 (C) Subsection (2)(c)(i);
 - 285 (D) Subsection (2)(d)(i);
 - 286 (E) Subsection (2)(e)(ii)(A); or
 - 287 (F) Subsection (2)(e)(iii)(A).
- 288 (ii) For a transaction described in Subsection (2)(g)(iii), the repeal of a tax or a tax rate
- 289 decrease shall take effect on the first day of the last billing period that began before the
- 290 effective date of the repeal of the tax or the tax rate decrease if the billing period for the
- 291 transaction begins before the effective date of the repeal of the tax or the tax rate decrease
- 292 imposed under:
 - 293 (A) Subsection (2)(a)(i);
 - 294 (B) Subsection (2)(b)(i);
 - 295 (C) Subsection (2)(c)(i);
 - 296 (D) Subsection (2)(d)(i);
 - 297 (E) Subsection (2)(e)(ii)(A); or
 - 298 (F) Subsection (2)(e)(iii)(A).
- 299 (iii) Subsections (2)(g)(i) and (ii) apply to transactions subject to a tax under:
 - 300 (A) Subsection (1)(b);
 - 301 (B) Subsection (1)(c);
 - 302 (C) Subsection (1)(d);
 - 303 (D) Subsection (1)(e);
 - 304 (E) Subsection (1)(f);

305 (F) Subsection (1)(g);

306 (G) Subsection (1)(h);

307 (H) Subsection (1)(i);

308 (I) Subsection (1)(j); or

309 (J) Subsection (1)(k).

310 (h) (i) For a tax rate described in Subsection (2)(h)(ii), if a tax due on a catalogue sale
311 is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal
312 or change in a tax rate takes effect:

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

314 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

315 (ii) Subsection (2)(h)(i) applies to the tax rates described in the following:

316 (A) Subsection (2)(a)(i);

317 (B) Subsection (2)(b)(i);

318 (C) Subsection (2)(c)(i);

319 (D) Subsection (2)(d)(i);

320 (E) Subsection (2)(e)(ii)(A); or

321 (F) Subsection (2)(e)(iii)(A).

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

324 (3) (a) [~~Except as provided in Subsections (4) through (10), the~~] The following state
325 taxes shall be deposited into the General Fund:

326 (i) the tax imposed by Subsection (2)(a)(i);

327 (ii) the tax imposed by Subsection (2)(b)(i);

328 (iii) the tax imposed by Subsection (2)(c)(i);

329 (iv) the tax imposed by Subsection (2) (d)(i);

330 (v) the tax imposed by Subsection (2)(e)(ii)(A); and

331 (vi) the tax imposed by Subsection (2)(e)(iii)(A).

332 (b) The following local taxes shall be distributed to a county, city, or town as provided
333 in this chapter:

334 (i) the tax imposed by Subsection (2)(a)(ii);

335 (ii) the tax imposed by Subsection (2)(b)(ii);

336 (iii) the tax imposed by Subsection (2)(c)(ii); and

337 (iv) the tax imposed by Subsection (2)(e)(ii)(B).

338 (c) (i) Notwithstanding any provision of this chapter, each county, city, or town in the
339 state shall receive the county's, city's, or town's proportionate share of the revenues generated
340 by the following local taxes as provided in Subsection (3)(c)(ii):

341 (A) the local tax described in Subsection (2)(d)(ii); and

342 (B) the local tax described in Subsection (2)(e)(iii)(B).

343 (ii) For revenues generated by a tax described in Subsection (3)(c)(i), the commission
344 shall determine a county's, city's, or town's proportionate share of the revenues by:

345 (A) calculating an amount equal to the population of the unincorporated area of the
346 county, city, or town divided by the total population of the state; and

347 (B) multiplying the amount determined under Subsection (3)(c)(ii)(A) by the total
348 amount of revenues generated by the taxes described in Subsection (3)(c)(i) for all counties,
349 cities, and towns.

350 (iii) (A) Except as provided in Subsection (3)(c)(iii)(B), population figures for
351 purposes of this section shall be derived from the most recent official census or census estimate
352 of the United States Census Bureau.

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

356 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
357 2003, the lesser of the following amounts shall be used as provided in Subsections (4)(b)
358 through (g):

359 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

360 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

361 (B) for the fiscal year; or

362 (ii) \$17,500,000.

363 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
364 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
365 Department of Natural Resources to:

366 (A) implement the measures described in Subsections 63-34-14(4)(a) through (d) to

367 protect sensitive plant and animal species; or

368 (B) award grants, up to the amount authorized by the Legislature in an appropriations
369 act, to political subdivisions of the state to implement the measures described in Subsections
370 63-34-14(4)(a) through (d) to protect sensitive plant and animal species.

371 (ii) Money transferred to the Department of Natural Resources under Subsection
372 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
373 person to list or attempt to have listed a species as threatened or endangered under the
374 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

375 (iii) At the end of each fiscal year:

376 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
377 Conservation and Development Fund created in Section 73-10-24;

378 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
379 Program Subaccount created in Section 73-10c-5; and

380 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
381 Program Subaccount created in Section 73-10c-5.

382 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
383 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund
384 created in Section 4-18-6.

385 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
386 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
387 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
388 water rights.

389 (ii) At the end of each fiscal year:

390 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
391 Conservation and Development Fund created in Section 73-10-24;

392 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
393 Program Subaccount created in Section 73-10c-5; and

394 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
395 Program Subaccount created in Section 73-10c-5.

396 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
397 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development

398 Fund created in Section 73-10-24 for use by the Division of Water Resources.

399 (ii) In addition to the uses allowed of the Water Resources Conservation and
400 Development Fund under Section 73-10-24, the Water Resources Conservation and
401 Development Fund may also be used to:

402 (A) conduct hydrologic and geotechnical investigations by the Division of Water
403 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
404 quantifying surface and ground water resources and describing the hydrologic systems of an
405 area in sufficient detail so as to enable local and state resource managers to plan for and
406 accommodate growth in water use without jeopardizing the resource;

407 (B) fund state required dam safety improvements; and

408 (C) protect the state's interest in interstate water compact allocations, including the
409 hiring of technical and legal staff.

410 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
411 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
412 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

413 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
414 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
415 created in Section 73-10c-5 for use by the Division of Drinking Water to:

416 (i) provide for the installation and repair of collection, treatment, storage, and
417 distribution facilities for any public water system, as defined in Section 19-4-102;

418 (ii) develop underground sources of water, including springs and wells; and

419 (iii) develop surface water sources.

420 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
421 2006, the difference between the following amounts shall be expended as provided in this
422 Subsection (5), if that difference is greater than \$1:

423 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
424 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

425 (ii) \$17,500,000.

426 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

427 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
428 credits; and

429 (B) expended by the Department of Natural Resources for watershed rehabilitation or
430 restoration.

431 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
432 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
433 created in Section 73-10-24.

434 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
435 remaining difference described in Subsection (5)(a) shall be:

436 (A) transferred each fiscal year to the Division of Water Resources as dedicated
437 credits; and

438 (B) expended by the Division of Water Resources for cloud-seeding projects
439 authorized by Title 73, Chapter 15, Modification of Weather.

440 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
441 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
442 created in Section 73-10-24.

443 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
444 remaining difference described in Subsection (5)(a) shall be deposited into the Water
445 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
446 Division of Water Resources for:

447 (i) preconstruction costs:

448 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
449 26, Bear River Development Act; and

450 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
451 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

452 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
453 Chapter 26, Bear River Development Act;

454 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
455 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

456 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and
457 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

458 (e) Any unexpended monies described in Subsection (5)(d) that remain in the Water
459 Resources Conservation and Development Fund at the end of the fiscal year are nonlapsing.

460 (f) After making the transfers required by Subsections (5)(b) and (c) and subject to
461 Subsection (5)(g), 6% of the remaining difference described in Subsection (5)(a) shall be
462 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
463 incurred for employing additional technical staff for the administration of water rights.

464 (g) At the end of each fiscal year, any unexpended dedicated credits described in
465 Subsection (5)(f) over \$150,000 lapse to the Water Resources Conservation and Development
466 Fund created in Section 73-10-24.

467 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
468 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
469 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
470 the Transportation Fund created by Section 72-2-102.

471 (7) (a) Notwithstanding Subsection (3)(a) and until Subsection (7)(b) applies,
472 beginning on January 1, 2000, the Division of Finance shall deposit into the Centennial
473 Highway Fund Restricted Account created in Section 72-2-118 a portion of the taxes listed
474 under Subsection (3)(a) equal to the revenues generated by a 1/64% tax rate on the taxable
475 transactions under Subsection (1).

476 (b) Notwithstanding Subsection (3)(a), when the highway general obligation bonds
477 have been paid off and the highway projects completed that are intended to be paid from
478 revenues deposited in the Centennial Highway Fund Restricted Account as determined by the
479 Executive Appropriations Committee under Subsection 72-2-118(6)(d), the Division of
480 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
481 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
482 by a 1/64% tax rate on the taxable transactions under Subsection (1).

483 (8) (a) Notwithstanding Subsection (3)(a), for fiscal years beginning on or after fiscal
484 year 2004-05, the commission shall each year on or before the September 30 immediately
485 following the last day of the fiscal year deposit the difference described in Subsection (8)(b)
486 into the Remote Sales Restricted Account created in Section 59-12-103.2 if that difference is
487 greater than \$0.

488 (b) The difference described in Subsection (8)(a) is equal to the difference between:

489 (i) the total amount of the revenues the commission received from sellers collecting the
490 taxes described in Subsections (2)(d)(i) and (2)(e)(iii)(A) for the fiscal year immediately

491 preceding the September 30 described in Subsection (8)(a); and

492 (ii) \$7,279,673.

493 (9) (a) Notwithstanding Subsection (3)(a), in addition to the amount deposited in
494 Subsection (7)(a), and until Subsection (9)(b) applies, for a fiscal year beginning on or after
495 July 1, 2007, the Division of Finance shall deposit into the Centennial Highway Fund
496 Restricted Account created by Section 72-2-118 a portion of the taxes listed under Subsection
497 (3)(a) equal to 8.3% of the revenues collected from the following taxes, which represents a
498 portion of the approximately 17% of sales and use tax revenues generated annually by the sales
499 and use tax on vehicles and vehicle-related products:

500 (i) the tax imposed by Subsection (2)(a)(i);

501 (ii) the tax imposed by Subsection (2)(b)(i);

502 (iii) the tax imposed by Subsection (2)(c)(i); and

503 (iv) the tax imposed by Subsection (2)(e)(ii)(A).

504 (b) Notwithstanding Subsection (3)(a) and in addition to the amounts deposited under
505 Subsection (7)(b), when the highway general obligation bonds have been paid off and the
506 highway projects completed that are intended to be paid from revenues deposited in the
507 Centennial Highway Fund Restricted Account as determined by the Executive Appropriations
508 Committee under Subsection 72-2-118(6)(d), the Division of Finance shall deposit into the
509 Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes
510 listed under Subsection (3)(a) equal to 8.3% of the revenues collected from the following taxes,
511 which represents a portion of the approximately 17% of sales and use tax revenues generated
512 annually by the sales and use tax on vehicles and vehicle-related products:

513 (i) the tax imposed by Subsection (2)(a)(i);

514 (ii) the tax imposed by Subsection (2)(b)(i);

515 (iii) the tax imposed by Subsection (2)(c)(i); and

516 (iv) the tax imposed by Subsection (2)(e)(ii)(A).

517 (10) (a) Notwithstanding Subsection (3)(a) and until Subsection (10)(b) applies, the
518 Division of Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes
519 listed under Subsection (3)(a) into the Critical Highway Needs Fund created by Section
520 72-2-125.

521 (b) Notwithstanding Subsection (3)(a) and in addition to any amounts deposited under

522 Subsections (7) and (9), when the general obligation bonds authorized by Section 63B-16-101
523 have been paid off and the highway projects completed that are included in the prioritized
524 project list under Subsection 72-2-125(4) as determined in accordance with Subsection
525 72-2-125(6), the Division of Finance shall annually deposit \$90,000,000 of the revenues
526 generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund
527 of 2005 created by Section 72-2-124.

528 (11) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
529 2008-09, \$1,000,000 shall be deposited into the Qualified Emergency Food Agencies Fund
530 created by Section 9-4-1409 and expended as provided in Section 9-4-1409.

531 Section 4. **Repealer.**

532 This bill repeals:

533 Section **59-12-901, Definitions.**

534 Section **59-12-902, Sales tax refund for qualified emergency food agencies -- Use of**
535 **amounts received as refund -- Administration -- Rulemaking authority.**

536 Section 5. **Effective date.**

537 (1) Except as provided in Subsection (2), this bill takes effect on May 5, 2008.

538 (2) The repeal of Sections 59-12-901 and 59-12-902 take effect on July 1, 2008.

Fiscal Note**H.B. 304 1st Sub. (Buff) - Reduction in State Sales and Use Tax Rate on Food and Food Ingredients**

2008 General Session

State of Utah

State Impact

Enactment of this bill would result in a net reduction in General Fund of \$98,000 in FY 2009 and a net reduction of \$70,100 in FY 2010.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
General Fund	\$0	\$0	\$0	\$0	(\$98,000)	(\$70,100)
Total	\$0	\$0	\$0	\$0	(\$98,000)	(\$70,100)

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.