

MODIFICATIONS TO SALES AND USE TAX

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: J. Stuart Adams

House Sponsor: _____

LONG TITLE

General Description:

This bill amends the Revenue and Taxation title to address the taxation of food and food ingredients and make related adjustments to revenue allocations.

Highlighted Provisions:

This bill:

▶ increases the state sales and use tax rate on food and food ingredients to the general state sales and use tax rate;

§→ ▶ reduces the general state sales and use tax rate; ←§

▶ adjusts **§→ state ←§** sales and use **§→ tax ←§** allocations **§→ [to the Centennial**

Highway Fund Restricted

Account] for transportation purposes ←§ ;

▶ provides that food and food ingredients are taxable for purposes of certain local option sales and use taxes; and

▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2011.

Utah Code Sections Affected:

AMENDS:

10-1-405, as last amended by Laws of Utah 2009, Chapter 212

11-41-102, as last amended by Laws of Utah 2008, Chapters 286 and 384



1981 (II) that terminates upon the occurrence of a condition.

1982 (2) (a) Except as provided in [~~Subsections (2)(b) through (e)~~] Subsection (2)(b) or (c),

1983 a state tax and a local tax is imposed on a transaction described in Subsection (1) equal to the

1984 sum of:

1985 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

1986 (A) [~~4.70%~~] ~~₹~~ → [~~4.40%~~] ~~₹~~ → [~~4.38%~~] 4.35% ← ~~₹~~ ← ~~₹~~ ; and

1987 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales

1988 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211

1989 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional

1990 State Sales and Use Tax Act; and

1991 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales

1992 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211

1993 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state

1994 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

1995 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

1996 transaction under this chapter other than this part.

1997 (b) Except as provided in Subsection (2)[~~(d) or (e)~~](c), a state tax and a local tax is

1998 imposed on a transaction described in Subsection (1)(d) equal to the sum of:

1999 (i) a state tax imposed on the transaction at a tax rate of 2%; and

2000 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

2001 transaction under this chapter other than this part.

2002 [~~(c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is~~

2003 ~~imposed on amounts paid or charged for food and food ingredients equal to the sum of:]~~

2004 [~~(i) a state tax imposed on the amounts paid or charged for food and food ingredients at~~

2005 ~~a tax rate of 1.75%; and]~~

2006 [~~(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the~~

2007 ~~amounts paid or charged for food and food ingredients under this chapter other than this part.]~~

2008 [~~(d) (i) For a bundled transaction that is attributable to food and food ingredients and~~

2009 ~~tangible personal property other than food and food ingredients, a state tax and a local tax is~~

2010 ~~imposed on the entire bundled transaction equal to the sum of:]~~

2011 [~~(A) a state tax imposed on the entire bundled transaction equal to the sum of:]~~

2229 Restricted Account created by Section 72-2-118 a portion of the taxes listed under Subsection
 2230 (3)(a) equal to ~~[8.3%~~ ~~₹~~→ ~~[7.6%~~ 8.3% ~~←₹~~ of the revenues collected from the following taxes, which
 2231 represents a portion of the approximately 17% of sales and use tax revenues generated annually
 2232 by the sales and use tax on vehicles and vehicle-related products:

2233 (i) the tax imposed by Subsection (2)(a)(i)(A); and

2234 (ii) the tax imposed by Subsection (2)(b)(i)[;].

2235 [~~(iii) the tax imposed by Subsection (2)(c)(i); and~~]

2236 [~~(iv) the tax imposed by Subsection (2)(d)(i)(A)(I);~~]

2237 [~~(e)~~] (b) Notwithstanding Subsection (3)(a) and in addition to the amounts deposited

2238 under Subsection (7)(b), when the highway general obligation bonds have been paid off and the

2239 highway projects completed that are intended to be paid from revenues deposited in the

2240 Centennial Highway Fund Restricted Account as determined by the Executive Appropriations

2241 Committee under Subsection 72-2-118(6)(d), the Division of Finance shall deposit into the

2242 Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes

2243 listed under Subsection (3)(a) equal to ~~[8.3%~~ ~~₹~~→ ~~[7.6%~~ 8.3% ~~←₹~~ of the revenues collected from the

2244 following taxes, which represents a portion of the approximately 17% of sales and use tax

2245 revenues generated annually by the sales and use tax on vehicles and vehicle-related products:

2246 (i) the tax imposed by Subsection (2)(a)(i)(A); and

2247 (ii) the tax imposed by Subsection (2)(b)(i)[;].

2248 [~~(iii) the tax imposed by Subsection (2)(c)(i); and~~]

2249 [~~(iv) the tax imposed by Subsection (2)(d)(i)(A)(I);~~]

2250 (9) (a) Notwithstanding Subsection (3)(a) and for the fiscal year 2008-09 only, the

2251 Division of Finance shall deposit \$55,000,000 of the revenues generated by the taxes listed

2252 under Subsection (3)(a) into the Critical Highway Needs Fund created by Section 72-2-125.

2253 (b) Notwithstanding Subsection (3)(a) and until Subsection (9)(c) applies, for a fiscal

2254 year beginning on or after July 1, 2009, the Division of Finance shall annually deposit

2255 \$90,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the

2256 Critical Highway Needs Fund created by Section 72-2-125.

2257 (c) Notwithstanding Subsection (3)(a) and in addition to any amounts deposited under

2258 Subsections (7) and (8), when the general obligation bonds authorized by Section 63B-16-101

2259 have been paid off and the highway projects completed that are included in the prioritized