

1 **GOVERNMENT ENTERPRISE GROSS RECEIPTS TAX TO**
2 **FUND EDUCATION**
3 2013 GENERAL SESSION
4 STATE OF UTAH

5 **Chief Sponsor: Johnny Anderson**

6 Senate Sponsor: _____

8 **LONG TITLE**

9 **General Description:**

10 This bill enacts a gross receipts tax on certain government enterprises and provides that
11 revenue collected from the tax shall be deposited into the Education Fund.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ enacts the Government Enterprise Gross Receipts Tax Act;
- 15 ▶ defines terms;
- 16 ▶ imposes a gross receipts tax on certain government enterprises;
- 17 ▶ provides for the administration and collection of the tax;
- 18 ▶ provides that revenues collected from the tax shall be deposited into the Education
- 19 Fund; and
- 20 ▶ addresses penalties and interest.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 This bill takes effect on July 1, 2013.

25 **Utah Code Sections Affected:**

26 ENACTS:

27 **59-28-101**, Utah Code Annotated 1953



- 28 **59-28-102**, Utah Code Annotated 1953
- 29 **59-28-103**, Utah Code Annotated 1953
- 30 **59-28-104**, Utah Code Annotated 1953
- 31 **59-28-105**, Utah Code Annotated 1953
- 32 **59-28-106**, Utah Code Annotated 1953
- 33 **59-28-107**, Utah Code Annotated 1953
- 34 **59-28-108**, Utah Code Annotated 1953



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

37 Section 1. Section **59-28-101** is enacted to read:

38 **CHAPTER 28. GOVERNMENT ENTERPRISE GROSS RECEIPTS TAX ACT**

39 **59-28-101. Title.**

40 This chapter is known as the "Government Enterprise Gross Receipts Tax Act."

41 Section 2. Section **59-28-102** is enacted to read:

42 **59-28-102. Definitions.**

43 As used in this chapter:

44 (1) "Admission or user fee" means an amount paid or charged as an admission or user
45 fee.

46 (2) "Correctional facility manufacturing" means tangible personal property produced
47 by an inmate of the Utah State Prison or a county jail.

48 (3) (a) Subject to Subsection (3)(b), "governmental entity" means:

49 (i) the state, including:

50 (A) a department;

51 (B) an institution;

52 (C) a board;

53 (D) a division;

54 (E) a bureau;

55 (F) an office;

56 (G) a commission;

57 (H) a committee; or

58 (I) an elected official;

- 59 (ii) a political subdivision of the state, including:
- 60 (A) a county;
- 61 (B) a city;
- 62 (C) a town;
- 63 (D) a school district;
- 64 (E) a public transit district;
- 65 (F) a redevelopment agency;
- 66 (G) a special improvement district; or
- 67 (H) a taxing district;
- 68 (iii) an institution of higher education listed in Section 53B-1-102; or
- 69 (iv) an independent entity.
- 70 (b) "Governmental entity" does not include the United States or an entity created by the
- 71 United States.
- 72 (4) (a) Subject to Subsections (4)(b) and (c), "government enterprise" means a
- 73 governmental entity that receives payment from a person:
- 74 (i) who is not a governmental entity; and
- 75 (ii) for the purchase, lease, or rental of:
- 76 (A) an admission or user fee;
- 77 (B) a product transferred electronically;
- 78 (C) a service; or
- 79 (D) tangible personal property.
- 80 (b) "Government enterprise" includes a person with whom a governmental entity
- 81 contracts if that person is a nonprofit entity exempt from federal income taxation.
- 82 (c) "Government enterprise" does not include a person with whom a governmental
- 83 entity contracts to operate a business for profit on the property of the governmental entity.
- 84 (5) (a) "Fitness center" means an establishment that provides exercise equipment or an
- 85 exercise facility for the purpose of physical exercise.
- 86 (b) "Fitness center" includes:
- 87 (i) an athletic club;
- 88 (ii) a gym;
- 89 (iii) a swimming pool; or

90 (iv) an establishment similar to Subsections (5)(b)(i) through (iii) as the commission
91 may provide by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
92 Rulemaking Act.

93 (6) (a) "Health care service" means a service provided for the treatment or prevention
94 of illness.

95 (b) "Health care service" does not include:

96 (i) health care insurance as defined in Section 31A-1-301; or

97 (ii) an administrative cost related to providing a health care service.

98 (7) "Janitorial service" means the cleaning and related maintenance of the occupied
99 spaces and common areas of a building.

100 (8) "Product transferred electronically" is as defined in Section 59-12-103.

101 (9) "Tangible personal property" is as defined in Section 59-12-103.

102 Section 3. Section **59-28-103** is enacted to read:

103 **59-28-103. Imposition of tax.**

104 (1) A tax is imposed on a government enterprise that provides:

105 (a) correctional facility manufacturing;

106 (b) a fitness center;

107 (c) a golf course;

108 (d) a health care service;

109 (e) a janitorial service; or

110 (f) the rental of space on the property of a governmental entity.

111 (2) For purposes of this section, the tax rate is:

112 (a) for correctional facility manufacturing described in Subsection (1)(a), 5% of the
113 gross receipts the government enterprise receives for the tangible personal property that is
114 manufactured;

115 (b) for a fitness center described in Subsection (1)(b), 5% of the gross receipts the
116 government enterprise receives for admissions or user fees for use of the fitness center;

117 (c) for a golf course described in Subsection (1)(c), 5% of the gross receipts the
118 government enterprise receives for admissions or user fees for use of the golf course;

119 (d) for a health care service described in Subsection (1)(d), 5% of the gross receipts the
120 government enterprise receives for amounts paid by or charged to a purchaser of the health care

121 service;

122 (e) for a janitorial service described in Subsection (1)(e), 5% of the gross receipts the
123 government enterprise receives for amounts paid by or charged to a purchaser of the janitorial
124 service; or

125 (f) for the rental of space on the property of a governmental entity described in
126 Subsection (1)(f), 5% of the gross receipts the government enterprise receives for amounts paid
127 by or charged to a purchaser of the rental of space.

128 (3) A tax under this section may not be imposed on any other tax paid under this title.

129 Section 4. Section **59-28-104** is enacted to read:

130 **59-28-104. Administration of tax.**

131 The commission shall administer a tax under this chapter in accordance with Chapter 1,
132 General Taxation Policies.

133 Section 5. Section **59-28-105** is enacted to read:

134 **59-28-105. Payment of tax.**

135 (1) A government enterprise shall pay a tax under this chapter quarterly on or before
136 the last day of the month immediately following the last day of the previous calendar quarter.

137 (2) The payment described in Subsection (1) shall be accompanied by a return.

138 (3) The commission shall prescribe the contents of the return.

139 Section 6. Section **59-28-106** is enacted to read:

140 **59-28-106. Revenue collected from tax deposited into Education Fund.**

141 The commission shall deposit revenue the commission collects from a tax under this
142 chapter into the Education Fund.

143 Section 7. Section **59-28-107** is enacted to read:

144 **59-28-107. Records.**

145 A government enterprise shall keep books and records and open those books and
146 records for examination as provided in Subsection 59-1-1406(1).

147 Section 8. Section **59-28-108** is enacted to read:

148 **59-28-108. Penalties and interest.**

149 A government enterprise that fails to comply with this chapter is subject to:

150 (1) penalties as provided in Section 59-1-401; and

151 (2) interest as provided in Section 59-1-402.

152 Section 9. **Effective date.**
153 This bill takes effect on July 1, 2013.

Legislative Review Note
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Office of Legislative Research and General Counsel