

1 **MOTOR AND SPECIAL FUEL TAX INCREASE**

2 **AMENDMENTS**

3 2014 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Jim Nielson**

6 Senate Sponsor: _____

7
8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the Motor and Special Fuel Tax Act by amending provisions relating
11 to the motor and special fuel tax rates.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ defines gasoline gallon equivalent;
- 15 ▶ increases the motor and special fuel tax rate annually over the next five years;
- 16 ▶ increases the tax rate imposed on compressed natural gas and liquified natural gas
17 annually over the next five years; and
- 18 ▶ makes technical corrections.

19 **Money Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 None

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-13-102**, as last amended by Laws of Utah 2012, Chapter 369

26 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308

27 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259



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

Section 1. Section **59-13-102** is amended to read:

59-13-102. Definitions.

As used in this chapter:

(1) "Aviation fuel" means fuel that is sold at airports and used exclusively for the operation of aircraft.

(2) "Clean fuel" means:

(a) the following special fuels:

(i) propane;

(ii) compressed natural gas;

(iii) liquified natural gas; or

(iv) electricity; or

(b) any motor or special fuel that meets the clean fuel vehicle standards in the federal Clean Air Act Amendments of 1990, Title II.

(3) "Commission" means the State Tax Commission.

(4) (a) "Diesel fuel" means any liquid that is commonly or commercially known, offered for sale, or used as a fuel in diesel engines.

(b) "Diesel fuel" includes any combustible liquid, by whatever name the liquid may be known or sold, when the liquid is used in an internal combustion engine for the generation of power to operate a motor vehicle licensed to operate on the highway, except fuel that is subject to the tax imposed in Part 2, Motor Fuel, and Part 4, Aviation Fuel, of this chapter.

(5) "Distributor" means any person in this state who:

(a) imports or causes to be imported motor fuel for use, distribution, or sale, whether at retail or wholesale;

(b) produces, refines, manufactures, or compounds motor fuel in this state for use, distribution, or sale in this state;

(c) is engaged in the business of purchasing motor fuel for resale in wholesale quantities to retail dealers of motor fuel and who accounts for his own motor fuel tax liability; or

(d) for purposes of Part 4, Aviation Fuel, only, makes retail sales of aviation fuel to:

59 (i) federally certificated air carriers; and

60 (ii) other persons.

61 (6) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C. Sec.
62 4082 or United States Environmental Protection Agency or Internal Revenue Service
63 regulations and that is considered destined for nontaxable off-highway use.

64 (7) "Exchange agreement" means an agreement between licensed suppliers where one
65 is a position holder in a terminal who agrees to deliver taxable special fuel to the other supplier
66 or the other supplier's customer at the loading rack of the terminal where the delivering supplier
67 holds an inventory position.

68 (8) "Federally certificated air carrier" means a person who holds a certificate issued by
69 the Federal Aviation Administration authorizing the person to conduct an all-cargo operation or
70 scheduled operation, as defined in 14 C.F.R. Sec. 110.2.

71 (9) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is
72 generally used in an engine or motor for the generation of power, including aviation fuel, clean
73 fuel, diesel fuel, motor fuel, and special fuel.

74 (10) "Gasoline gallon equivalent" means 5.660 pounds of compressed natural gas.

75 [~~(10)~~] (11) "Highway" means every way or place, of whatever nature, generally open to
76 the use of the public for the purpose of vehicular travel notwithstanding that the way or place
77 may be temporarily closed for the purpose of construction, maintenance, or repair.

78 [~~(11)~~] (12) "Motor fuel" means fuel that is commonly or commercially known or sold
79 as gasoline or gasohol and is used for any purpose, but does not include aviation fuel.

80 [~~(12)~~] (13) "Motor fuels received" means:

81 (a) motor fuels that have been loaded at the refinery or other place into tank cars,
82 placed in any tank at the refinery from which any withdrawals are made directly into tank
83 trucks, tank wagons, or other types of transportation equipment, containers, or facilities other
84 than tank cars, or placed in any tank at the refinery from which any sales, uses, or deliveries not
85 involving transportation are made directly; or

86 (b) motor fuels that have been imported by any person into the state from any other
87 state or territory by tank car, tank truck, pipeline, or any other conveyance at the time when,
88 and the place where, the interstate transportation of the motor fuel is completed within the state
89 by the person who at the time of the delivery is the owner of the motor fuel.

90 ~~[(13)]~~ (14) (a) "Qualified motor vehicle" means a special fuel-powered motor vehicle
91 used, designed, or maintained for transportation of persons or property which:

92 (i) has a gross vehicle weight or registered gross vehicle weight exceeding 26,000
93 pounds;

94 (ii) has three or more axles regardless of weight; or

95 (iii) is used in a combination of vehicles when the weight of the combination of
96 vehicles exceeds 26,000 pounds gross vehicle weight.

97 (b) "Qualified motor vehicle" does not include a recreational vehicle not used in
98 connection with any business activity.

99 ~~[(14)]~~ (15) "Rack," as used in Part 3, Special Fuel, means a deck, platform, or open bay
100 which consists of a series of metered pipes and hoses for the delivery or removal of diesel fuel
101 from a refinery or terminal into a motor vehicle, rail car, or vessel.

102 ~~[(15)]~~ (16) "Removal," as used in Part 3, Special Fuel, means the physical transfer of
103 diesel fuel from a production, manufacturing, terminal, or refinery facility and includes use of
104 diesel fuel. Removal does not include:

105 (a) loss by evaporation or destruction; or

106 (b) transfers between refineries, racks, or terminals.

107 ~~[(16)]~~ (17) (a) "Special fuel" means any fuel regardless of name or character that:

108 (i) is usable as fuel to operate or propel a motor vehicle upon the public highways of
109 the state; and

110 (ii) is not taxed under the category of aviation or motor fuel.

111 (b) Special fuel includes:

112 (i) fuels that are not conveniently measurable on a gallonage basis; and

113 (ii) diesel fuel.

114 ~~[(17)]~~ (18) "Supplier," as used in Part 3, Special Fuel, means a person who:

115 (a) imports or acquires immediately upon importation into this state diesel fuel from
116 within or without a state, territory, or possession of the United States or the District of
117 Columbia;

118 (b) produces, manufactures, refines, or blends diesel fuel in this state;

119 (c) otherwise acquires for distribution or sale in this state, diesel fuel with respect to
120 which there has been no previous taxable sale or use; or

121 (d) is in a two party exchange where the receiving party is deemed to be the supplier.

122 [~~(18)~~] (19) "Terminal," as used in Part 3, Special Fuel, means a facility for the storage
123 of diesel fuel which is supplied by a motor vehicle, pipeline, or vessel and from which diesel
124 fuel is removed for distribution at a rack.

125 [~~(19)~~] (20) "Two party exchange" means a transaction in which special fuel is
126 transferred between licensed suppliers pursuant to an exchange agreement.

127 [~~(20)~~] (21) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing
128 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental
129 Protection Agency or Internal Revenue Service regulations.

130 [~~(21)~~] (22) "Use," as used in Part 3, Special Fuel, means the consumption of special
131 fuel for the operation or propulsion of a motor vehicle upon the public highways of the state
132 and includes the reception of special fuel into the fuel supply tank of a motor vehicle.

133 [~~(22)~~] (23) "User," as used in Part 3, Special Fuel, means any person who uses special
134 fuel within this state in an engine or motor for the generation of power to operate or propel a
135 motor vehicle upon the public highways of the state.

136 [~~(23)~~] (24) "Ute tribal member" means an enrolled member of the Ute tribe.

137 [~~(24)~~] (25) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray
138 Reservation.

139 [~~(25)~~] (26) "Ute trust land" means the lands:

140 (a) of the Uintah and Ouray Reservation that are held in trust by the United States for
141 the benefit of:

142 (i) the Ute tribe;

143 (ii) an individual; or

144 (iii) a group of individuals; or

145 (b) specified as trust land by agreement between the governor and the Ute tribe meeting
146 the requirements of Subsections [59-13-201.5\(3\)](#) and [59-13-301.5\(3\)](#).

147 Section 2. Section **59-13-201** is amended to read:

148 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**
149 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**
150 **in limited circumstances.**

151 (1) (a) Subject to the provisions of this section, a tax is imposed upon all motor fuel

152 that is sold, used, or received for sale or used in this state at the rate of:

153 (i) until June 30, 2014, [a tax is imposed at the rate of] 24-1/2 cents per gallon [upon
154 all motor fuel that is sold, used, or received for sale or used in this state.];

155 (ii) beginning on July 1, 2014, and until June 30, 2015, 26 cents per gallon;

156 (iii) beginning on July 1, 2015, and until June 30, 2016, 27-1/2 cents per gallon;

157 (iv) beginning on July 1, 2016, and until June 30, 2017, 29 cents per gallon;

158 (v) beginning on July 1, 2017, and until June 30, 2018, 30-1/2 cents per gallon; and

159 (vi) beginning on July 1, 2018, 32 cents per gallon.

160 (b) In lieu of the tax imposed under Subsection (1)(a) and subject to the provisions of
161 this section, a tax is imposed at the rate of 3/19 of the rate imposed under Subsection (1)(a),
162 rounded up to the nearest penny, upon all motor fuels that meet the definition of clean fuel in
163 Section 59-13-102 and are sold, used, or received for sale or use in this state.

164 (2) Any increase or decrease in tax rate applies to motor fuel that is imported to the
165 state or sold at refineries in the state on or after the effective date of the rate change.

166 (3) (a) No motor fuel tax is imposed upon:

167 (i) motor fuel that is brought into and sold in this state in original packages as purely
168 interstate commerce sales;

169 (ii) motor fuel that is exported from this state if proof of actual exportation on forms
170 prescribed by the commission is made within 180 days after exportation;

171 (iii) motor fuel or components of motor fuel that is sold and used in this state and
172 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
173 this state; or

174 (iv) motor fuel that is sold to the United States government, this state, or the political
175 subdivisions of this state.

176 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
177 commission shall make rules governing the procedures for administering the tax exemption
178 provided under Subsection (3)(a)(iv).

179 (4) The commission may either collect no tax on motor fuel exported from the state or,
180 upon application, refund the tax paid.

181 (5) (a) All revenue received by the commission under this part shall be deposited daily
182 with the state treasurer and credited to the Transportation Fund.

183 (b) An appropriation from the Transportation Fund shall be made to the commission to
184 cover expenses incurred in the administration and enforcement of this part and the collection of
185 the motor fuel tax.

186 (6) (a) The commission shall determine what amount of motor fuel tax revenue is
187 received from the sale or use of motor fuel used in motorboats registered under the provisions
188 of the State Boating Act, and this amount shall be deposited in a restricted revenue account in
189 the General Fund of the state.

190 (b) The funds from this account shall be used for the construction, improvement,
191 operation, and maintenance of state-owned boating facilities and for the payment of the costs
192 and expenses of the Division of Parks and Recreation in administering and enforcing the State
193 Boating Act.

194 (7) (a) The United States government or any of its instrumentalities, this state, or a
195 political subdivision of this state that has purchased motor fuel from a licensed distributor or
196 from a retail dealer of motor fuel and has paid the tax on the motor fuel as provided in this
197 section is entitled to a refund of the tax and may file with the commission for a quarterly
198 refund.

199 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
200 commission shall make rules governing the application and refund provided for in Subsection
201 (7)(a).

202 (8) (a) The commission shall refund annually into the Off-Highway Vehicle Account in
203 the General Fund an amount equal to the lesser of the following:

- 204 (i) .5% of the motor fuel tax revenues collected under this section; or
- 205 (ii) \$1,050,000.

206 (b) This amount shall be used as provided in Section [41-22-19](#).

207 (9) (a) Beginning on April 1, 2001, a tax imposed under this section on motor fuel that
208 is sold, used, or received for sale or use in this state is reduced to the extent provided in
209 Subsection (9)(b) if:

210 (i) a tax imposed on the basis of the sale, use, or receipt for sale or use of the motor
211 fuel is paid to the Navajo Nation;

212 (ii) the tax described in Subsection (9)(a)(i) is imposed without regard to whether or
213 not the person required to pay the tax is an enrolled member of the Navajo Nation; and

214 (iii) the commission and the Navajo Nation execute and maintain an agreement as
215 provided in this Subsection (9) for the administration of the reduction of tax.

216 (b) (i) If but for Subsection (9)(a) the motor fuel is subject to a tax imposed by this
217 section:

218 (A) the state shall be paid the difference described in Subsection (9)(b)(ii) if that
219 difference is greater than \$0; and

220 (B) a person may not require the state to provide a refund, a credit, or similar tax relief
221 if the difference described in Subsection (9)(b)(ii) is less than or equal to \$0.

222 (ii) The difference described in Subsection (9)(b)(i) is equal to the difference between:

223 (A) the amount of tax imposed on the motor fuel by this section; less

224 (B) the tax imposed and collected by the Navajo Nation on the motor fuel.

225 (c) For purposes of Subsections (9)(a) and (b), the tax paid to the Navajo Nation under
226 a tax imposed by the Navajo Nation on the basis of the sale, use, or receipt for sale or use of
227 motor fuel does not include any interest or penalties a taxpayer may be required to pay to the
228 Navajo Nation.

229 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
230 commission shall make rules governing the procedures for administering the reduction of tax
231 provided under this Subsection (9).

232 (e) The agreement required under Subsection (9)(a):

233 (i) may not:

234 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

235 (B) provide a reduction of taxes greater than or different from the reduction described
236 in this Subsection (9); or

237 (C) affect the power of the state to establish rates of taxation;

238 (ii) shall:

239 (A) be in writing;

240 (B) be signed by:

241 (I) the chair of the commission or the chair's designee; and

242 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;

243 (C) be conditioned on obtaining any approval required by federal law;

244 (D) state the effective date of the agreement; and

245 (E) state any accommodation the Navajo Nation makes related to the construction and
246 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
247 Nation; and

248 (iii) may:

249 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
250 Navajo Nation information that is:

251 (I) contained in a document filed with the commission; and

252 (II) related to the tax imposed under this section;

253 (B) provide for maintaining records by the commission or the Navajo Nation; or

254 (C) provide for inspections or audits of distributors, carriers, or retailers located or
255 doing business within the Utah portion of the Navajo Nation.

256 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
257 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a
258 result of the change in the tax rate is not effective until the first day of the calendar quarter after
259 a 60-day period beginning on the date the commission receives notice:

260 (A) from the Navajo Nation; and

261 (B) meeting the requirements of Subsection (9)(f)(ii).

262 (ii) The notice described in Subsection (9)(f)(i) shall state:

263 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
264 motor fuel;

265 (B) the effective date of the rate change of the tax described in Subsection (9)(f)(ii)(A);
266 and

267 (C) the new rate of the tax described in Subsection (9)(f)(ii)(A).

268 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not
269 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a
270 30-day period beginning on the day the agreement terminates.

271 (h) If there is a conflict between this Subsection (9) and the agreement required by
272 Subsection (9)(a), this Subsection (9) governs.

273 Section 3. Section 59-13-301 is amended to read:

274 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
275 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

276 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section
277 59-13-304, a tax is imposed at the same rate imposed under Subsection 59-13-201(1)(a) on the:
278 (i) removal of undyed diesel fuel from any refinery;
279 (ii) removal of undyed diesel fuel from any terminal;
280 (iii) entry into the state of any undyed diesel fuel for consumption, use, sale, or
281 warehousing;
282 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under
283 this part unless the tax has been collected under this section;
284 (v) any untaxed special fuel blended with undyed diesel fuel; or
285 (vi) use of untaxed special fuel other than propane or electricity.
286 (b) The tax imposed under this section shall only be imposed once upon any special
287 fuel.
288 (2) (a) No special fuel tax is imposed or collected upon dyed diesel fuel which:
289 (i) is sold or used for any purpose other than to operate or propel a motor vehicle upon
290 the public highways of the state, but this exemption applies only in those cases where the
291 purchasers or the users of special fuel establish to the satisfaction of the commission that the
292 special fuel was used for purposes other than to operate a motor vehicle upon the public
293 highways of the state; or
294 (ii) is sold to this state or any of its political subdivisions.
295 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:
296 (i) sold to the United States government or any of its instrumentalities or to this state or
297 any of its political subdivisions;
298 (ii) exported from this state if proof of actual exportation on forms prescribed by the
299 commission is made within 180 days after exportation;
300 (iii) used in a vehicle off-highway;
301 (iv) used to operate a power take-off unit of a vehicle;
302 (v) used for off-highway agricultural uses;
303 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
304 upon the highways of the state; or
305 (vii) used in machinery and equipment not registered and not required to be registered
306 for highway use.

- 307 (3) No tax is imposed or collected on special fuel if it is:
- 308 (a) (i) purchased for business use in machinery and equipment not registered and not
309 required to be registered for highway use; and
- 310 (ii) used pursuant to the conditions of a state implementation plan approved under Title
311 19, Chapter 2, Air Conservation Act; or
- 312 (b) propane or electricity.
- 313 (4) Upon request of a buyer meeting the requirements under Subsection (3), the
314 Division of Air Quality shall issue an exemption certificate that may be shown to a seller.
- 315 (5) The special fuel tax shall be paid by the supplier.
- 316 (6) (a) The special fuel tax shall be paid by every user who is required by Sections
317 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.
- 318 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
319 which are delivered into vehicles and for which special fuel tax liability is reported.
- 320 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
321 commission from taxes and license fees under this part shall be deposited daily with the state
322 treasurer and credited to the Transportation Fund.
- 323 (b) An appropriation from the Transportation Fund shall be made to the commission to
324 cover expenses incurred in the administration and enforcement of this part and the collection of
325 the special fuel tax.
- 326 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303
327 may be used by the commission as a dedicated credit to cover the costs of electronic
328 credentialing as provided in Section 41-1a-303.
- 329 (8) The commission may either collect no tax on special fuel exported from the state
330 or, upon application, refund the tax paid.
- 331 (9) (a) The United States government or any of its instrumentalities, this state, or a
332 political subdivision of this state that has purchased special fuel from a supplier or from a retail
333 dealer of special fuel and has paid the tax on the special fuel as provided in this section is
334 entitled to a refund of the tax and may file with the commission for a quarterly refund in a
335 manner prescribed by the commission.
- 336 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
337 commission shall make rules governing the application and refund provided for in Subsection

338 (9)(a).

339 (10) (a) The purchaser shall pay the tax on diesel fuel or clean fuel purchased for uses
340 under Subsections (2)(b)(i), (iii), (iv), (v), (vi), and (vii) and apply for a refund for the tax paid
341 as provided in Subsection (9) and this Subsection (10).

342 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
343 commission shall make rules governing the application and refund for off-highway and
344 nonhighway uses provided under Subsections (2)(b)(iii), (iv), (vi), and (vii).

345 (c) A refund of tax paid under this part on diesel fuel used for nonhighway agricultural
346 uses shall be made in accordance with the tax return procedures under Section [59-13-202](#).

347 (11) (a) Beginning on April 1, 2001, a tax imposed under this section on special fuel is
348 reduced to the extent provided in Subsection (11)(b) if:

349 (i) the Navajo Nation imposes a tax on the special fuel;

350 (ii) the tax described in Subsection (11)(a)(i) is imposed without regard to whether the
351 person required to pay the tax is an enrolled member of the Navajo Nation; and

352 (iii) the commission and the Navajo Nation execute and maintain an agreement as
353 provided in this Subsection (11) for the administration of the reduction of tax.

354 (b) (i) If but for Subsection (11)(a) the special fuel is subject to a tax imposed by this
355 section:

356 (A) the state shall be paid the difference described in Subsection (11)(b)(ii) if that
357 difference is greater than \$0; and

358 (B) a person may not require the state to provide a refund, a credit, or similar tax relief
359 if the difference described in Subsection (11)(b)(ii) is less than or equal to \$0.

360 (ii) The difference described in Subsection (11)(b)(i) is equal to the difference
361 between:

362 (A) the amount of tax imposed on the special fuel by this section; less

363 (B) the tax imposed and collected by the Navajo Nation on the special fuel.

364 (c) For purposes of Subsections (11)(a) and (b), the tax paid to the Navajo Nation on
365 the special fuel does not include any interest or penalties a taxpayer may be required to pay to
366 the Navajo Nation.

367 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
368 commission shall make rules governing the procedures for administering the reduction of tax

369 provided under this Subsection (11).

370 (e) The agreement required under Subsection (11)(a):

371 (i) may not:

372 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

373 (B) provide a reduction of taxes greater than or different from the reduction described

374 in this Subsection (11); or

375 (C) affect the power of the state to establish rates of taxation;

376 (ii) shall:

377 (A) be in writing;

378 (B) be signed by:

379 (I) the chair of the commission or the chair's designee; and

380 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;

381 (C) be conditioned on obtaining any approval required by federal law;

382 (D) state the effective date of the agreement; and

383 (E) state any accommodation the Navajo Nation makes related to the construction and

384 maintenance of state highways and other infrastructure within the Utah portion of the Navajo

385 Nation; and

386 (iii) may:

387 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the

388 Navajo Nation information that is:

389 (I) contained in a document filed with the commission; and

390 (II) related to the tax imposed under this section;

391 (B) provide for maintaining records by the commission or the Navajo Nation; or

392 (C) provide for inspections or audits of suppliers, distributors, carriers, or retailers

393 located or doing business within the Utah portion of the Navajo Nation.

394 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax

395 imposed on special fuel, any change in the amount of the reduction of taxes under this

396 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the

397 calendar quarter after a 60-day period beginning on the date the commission receives notice:

398 (A) from the Navajo Nation; and

399 (B) meeting the requirements of Subsection (11)(f)(ii).

400 (ii) The notice described in Subsection (11)(f)(i) shall state:

401 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
402 special fuel;

403 (B) the effective date of the rate change of the tax described in Subsection
404 (11)(f)(ii)(A); and

405 (C) the new rate of the tax described in Subsection (11)(f)(ii)(A).

406 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not
407 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a
408 30-day period beginning on the day the agreement terminates.

409 (h) If there is a conflict between this Subsection (11) and the agreement required by
410 Subsection (11)(a), this Subsection (11) governs.

411 (12) (a) [~~Beginning on January 1, 2009, a~~] A tax imposed under this section on
412 compressed natural gas is imposed at a reduced rate of:

413 (i) until June 30, 2014, 8-1/2 cents per gasoline gallon equivalent [~~to be increased or~~
414 ~~decreased proportionately with any increase or decrease in the rate in Subsection~~
415 ~~59-13-201(1)(a);~~];

416 (ii) beginning on July 1, 2014, and until June 30, 2015, 9 cents per gasoline gallon
417 equivalent;

418 (iii) beginning on July 1, 2015, and until June 30, 2016, 9-1/2 cents per gasoline gallon
419 equivalent;

420 (iv) beginning on July 1, 2016, and until June 30, 2017, 10 cents per gasoline gallon
421 equivalent;

422 (v) beginning on July 1, 2017, and until June 30, 2018, 10-1/2 cents per gasoline gallon
423 equivalent; and

424 (vi) beginning on July 1, 2018, 11 cents per gasoline gallon equivalent.

425 [~~(b) Beginning on July 1, 2011, a tax imposed under this section on liquefied natural~~
426 ~~gas is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be increased or~~
427 ~~decreased proportionately with any increase or decrease in the rate in Subsection~~
428 ~~59-13-201(1)(a);~~]

429 (b) A tax imposed under this section on liquefied natural gas is imposed at a reduced
430 rate of:

- 431 (i) until June 30, 2014, 8-1/2 cents per gallon;
432 (ii) beginning on July 1, 2014, and until June 30, 2015, 9 cents per gallon;
433 (iii) beginning on July 1, 2015, and until June 30, 2016, 9-1/2 cents per gallon;
434 (iv) beginning on July 1, 2016, and until June 30, 2017, 10 cents per gallon;
435 (v) beginning on July 1, 2017, and until June 30, 2018, 10-1/2 cents per gallon; and
436 (vi) beginning on July 1, 2018, 11 cents per gallon.
437 (c) After July 1, 2018, the tax rate imposed under this Subsection (12) on compressed
438 natural gas and liquified natural gas shall be increased or decreased proportionately with any
439 increase or decrease in the rate in Subsection [59-13-201\(1\)\(a\)](#).
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Legislative Review Note
as of 11-20-13 5:26 PM

Office of Legislative Research and General Counsel