

Representative Johnny Anderson proposes the following substitute bill:

AMENDMENTS TO TRANSPORTATION FUNDING

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Johnny Anderson

Senate Sponsor: Jerry W. Stevenson

Cosponsor: Joel K. Briscoe

LONG TITLE

General Description:

This bill addresses funding for transportation.

Highlighted Provisions:

This bill:

- ▶ addresses the circumstances under which the state is required to impose a sales and use tax to be distributed to public transit districts;
- ▶ authorizes a county or certain cities or towns to increase certain local option sales and use tax rates for public transit;
- ▶ addresses the use of certain revenue collected from a local option sales and use tax for public transit by a county of the first class;
- ▶ repeals obsolete language; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2014.



25 **Utah Code Sections Affected:**

26 AMENDS:

27 **59-12-2003**, as last amended by Laws of Utah 2010, Chapter 263

28 **59-12-2213**, as last amended by Laws of Utah 2011, Chapter 223

29 **59-12-2214**, as enacted by Laws of Utah 2010, Chapter 263

30 **59-12-2218**, as renumbered and amended by Laws of Utah 2010, Chapter 263

31 REPEALS:

32 **59-12-2212.1**, as enacted by Laws of Utah 2010, Chapter 263



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

35 Section 1. Section **59-12-2003** is amended to read:

36 **59-12-2003. Imposition -- Base -- Rate -- Revenues distributed to certain public**
37 **transit districts.**

38 (1) Subject to the other provisions of this section and except as provided in Subsection
39 (2) or (4), beginning on July 1, 2008, the state shall impose a tax under this part on the
40 transactions described in Subsection **59-12-103**(1) within a city, town, or the unincorporated
41 area of a county of the first or second class if, on January 1, 2008, there is a public transit
42 district within any portion of that county of the first or second class.

43 (2) The state may not impose a tax under this part within a county of the first or second
44 class if within all of the cities, towns, and the unincorporated area of the county of the first or
45 second class there is imposed a sales and use tax of:

- 46 (a) at least .30% under Section **59-12-2213**;
- 47 (b) .30% under Section **59-12-2215**; or
- 48 (c) .30% under Section **59-12-2216**.

49 (3) (a) Subject to Subsection (3)(b), if the state imposes a tax under this part, the tax
50 rate imposed within a city, town, or the unincorporated area of a county of the first or second
51 class is a percentage equal to the difference between:

- 52 (i) .30%; and
- 53 (ii) (A) for a city within the county of the first or second class, the highest tax rate
54 imposed within that city under:

55 (I) Section **59-12-2213**;

56 (II) Section 59-12-2215; or
57 (III) Section 59-12-2216;
58 (B) for a town within the county of the first or second class, the highest tax rate
59 imposed within that town under:
60 (I) Section 59-12-2213;
61 (II) Section 59-12-2215; or
62 (III) Section 59-12-2216; or
63 (C) for the unincorporated area of the county of the first or second class, the highest tax
64 rate imposed within that unincorporated area under:
65 (I) Section 59-12-2213;
66 (II) Section 59-12-2215; or
67 (III) Section 59-12-2216.
68 (b) For purposes of Subsection (3)(a), if for a city, town, or the unincorporated area of
69 a county of the first or second class, the highest tax rate imposed under Section 59-12-2213,
70 59-12-2215, or 59-12-2216 within that city, town, or unincorporated area of the county of the
71 first or second class is at least .30%, the state may not impose a tax under this part within that
72 city, town, or unincorporated area.
73 (4) (a) The state may not impose a tax under this part on:
74 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
75 are exempt from taxation under Section 59-12-104; or
76 (ii) except as provided in Subsection (4)(b), amounts paid or charged for food and food
77 ingredients.
78 (b) The state shall impose a tax under this part on amounts paid or charged for food
79 and food ingredients if the food and food ingredients are sold as part of a bundled transaction
80 attributable to food and ingredients and tangible personal property other than food and food
81 ingredients.
82 (5) For purposes of Subsection (1), the location of a transaction shall be determined in
83 accordance with Sections 59-12-211 through 59-12-215.
84 (6) The commission shall distribute the revenues the state collects from the sales and
85 use tax under this part, after subtracting amounts a seller retains in accordance with Section
86 59-12-108, to the public transit districts within the cities, towns, and unincorporated areas:

- 87 (a) within which the state imposes a tax under this part; and
- 88 (b) in proportion to the revenues collected from the sales and use tax under this part
- 89 within each city, town, and unincorporated area within which the state imposes a tax under this
- 90 part.

91 Section 2. Section 59-12-2213 is amended to read:

92 **59-12-2213. County, city, or town option sales and use tax to fund a system for**
93 **public transit -- Base -- Rate -- Expenditure of revenue.**

94 (1) As used in this section, "qualified city or town" means a city or town that is:

95 (a) located within a county that is not annexed into a public transit district as defined in
96 Section 17B-1-102; and

97 (b) annexed into a public transit district as defined in Section 17B-1-102.

98 ~~[(1) Subject]~~ (2) Except as provided in Subsection (3) and subject to the other
99 provisions of this part, a county, city, or town may impose a sales and use tax under this section
100 of up to:

101 (a) for a county, city, or town other than a county, city, or town described in Subsection
102 ~~[(1)]~~ (2)(b), .25% on the transactions described in Subsection 59-12-103(1) located within the
103 county, city, or town to fund a system for public transit; or

104 (b) for a county, city, or town within which a tax is not imposed under Section
105 59-12-2216, .30% on the transactions described in Subsection 59-12-103(1) located within the
106 county, city, or town, to fund a system for public transit.

107 ~~[(2) Notwithstanding Section 59-12-2208, a county, city, or town legislative body is~~
108 ~~not required to submit an opinion question to the county's, city's, or town's registered voters in~~
109 ~~accordance with Section 59-12-2208 to impose a sales and use tax under this section if the~~
110 ~~county, city, or town imposes the sales and use tax under Section 59-12-2216 on or before July~~
111 ~~1, 2011.]~~

112 (3) A county or a qualified city or town may impose a sales and use tax under this
113 section of up to the sum of:

114 (a) the maximum rate the county or qualified city or town is allowed to impose under
115 Subsection (2); and

116 (b) .25%.

117 (4) A county of the first class that imposes a tax described in Subsection (3) may not

118 expend more than the revenue collected from the maximum tax rate the county is allowed to
119 impose under Subsection (2) to pay:

120 (a) the costs of a project relating to the construction or extension of a fixed guideway
121 that uses and occupies rail; or

122 (b) principal, interest, and issuance costs of bonds used in conjunction with a project
123 relating to the construction or extension of a fixed guideway that uses and occupies rail.

124 Section 3. Section **59-12-2214** is amended to read:

125 **59-12-2214. County, city, or town option sales and use tax to fund a system for**
126 **public transit, an airport facility, or to be deposited into the County of the First Class**
127 **State Highway Projects Fund -- Base -- Rate.**

128 (1) Subject to the other provisions of this part, a county, city, or town may impose a
129 sales and use tax of .25% on the transactions described in Subsection **59-12-103(1)** located
130 within the county, city, or town.

131 (2) Subject to Subsection (3), a county, city, or town that imposes a sales and use tax
132 under this section shall expend the revenues collected from the sales and use tax:

133 (a) to fund a system for public transit;

134 (b) to fund a project or service related to an airport facility for the portion of the project
135 or service that is performed within the county, city, or town within which the sales and use tax
136 is imposed:

137 (i) for a county that imposes the sales and use tax, if the airport facility is part of the
138 regional transportation plan of the area metropolitan planning organization if a metropolitan
139 planning organization exists for the area; or

140 (ii) for a city or town that imposes the sales and use tax, if:

141 (A) that city or town is located within a county of the second class;

142 (B) that city or town owns or operates the airport facility; and

143 (C) an airline is headquartered in that city or town; or

144 (c) for a combination of Subsections (2)(a) and (b).

145 (3) A county of the first class that imposes a sales and use tax under this section shall
146 expend the revenues collected from the sales and use tax as follows:

147 (a) 80% of the revenues collected from the sales and use tax shall be expended to fund
148 a system for public transit; and

149 (b) 20% of the revenues collected from the sales and use shall be deposited into the
150 County of the First Class State Highway Projects Fund created by Section 72-2-121.

151 ~~[(4) Notwithstanding Section 59-12-2208, a county, city, or town legislative body is~~
152 ~~not required to submit an opinion question to the county's, city's, or town's registered voters in~~
153 ~~accordance with Section 59-12-2208 to impose a sales and use tax under this section if:]~~

154 ~~[(a) the county, city, or town imposes the sales and use tax under this section on or~~
155 ~~after July 1, 2010, but on or before July 1, 2011;]~~

156 ~~[(b) on July 1, 2010, the county, city, or town imposes a sales and use tax under:]~~

157 ~~[(i) Section 59-12-2213; or]~~

158 ~~[(ii) Section 59-12-2215; and]~~

159 ~~[(c) the county, city, or town obtained voter approval to impose the sales and use tax~~
160 ~~under:]~~

161 ~~[(i) Section 59-12-2213; or]~~

162 ~~[(ii) Section 59-12-2215;]~~

163 Section 4. Section 59-12-2218 is amended to read:

164 **59-12-2218. County, city, or town option sales and use tax for airports, highways,**
165 **and a system for public transit -- Base -- Rate -- Administration of sales and use tax --**
166 **Voter approval exception.**

167 (1) (a) Subject to the other provisions of this part, the following may impose a sales
168 and use tax under this section:

169 (i) if, on April 1, 2009, a county legislative body of a county of the second class
170 imposes a sales and use tax under this section, the county legislative body of the county of the
171 second class may impose the sales and use tax on the transactions:

172 (A) described in Subsection 59-12-103(1); and

173 (B) within the county, including the cities and towns within the county; or

174 (ii) if, on April 1, 2009, a county legislative body of a county of the second class does
175 not impose a sales and use tax under this section:

176 (A) a city legislative body of a city within the county of the second class may impose a
177 sales and use tax under this section on the transactions described in Subsection 59-12-103(1)
178 within that city;

179 (B) a town legislative body of a town within the county of the second class may impose

180 a sales and use tax under this section on the transactions described in Subsection 59-12-103(1)
181 within that town; and

182 (C) the county legislative body of the county of the second class may impose a sales
183 and use tax on the transactions described in Subsection 59-12-103(1):

184 (I) within the county, including the cities and towns within the county, if on the date
185 the county legislative body provides the notice described in Section 59-12-2209 to the
186 commission stating that the county will enact a sales and use tax under this section, no city or
187 town within that county:

188 (Aa) imposes a sales and use tax under this section; or

189 (Bb) has provided the notice described in Section 59-12-2209 to the commission
190 stating that the city or town will enact a sales and use tax under this section; or

191 (II) within the county, except for within a city or town within that county, if, on the
192 date the county legislative body provides the notice described in Section 59-12-2209 to the
193 commission stating that the county will enact a sales and use tax under this section, that city or
194 town:

195 (Aa) imposes a sales and use tax under this section; or

196 (Bb) has provided the notice described in Section 59-12-2209 to the commission
197 stating that the city or town will enact a sales and use tax under this section.

198 (b) For purposes of Subsection (1)(a), a county, city, or town legislative body that
199 imposes a sales and use tax under this section may impose the tax at a rate of:

200 (i) .10%, to be:

201 (A) as determined by the county, city, or town legislative body, deposited as provided
202 in Subsection (3)(b)(i) into the County of the Second Class State Highway Projects Fund
203 created by Section 72-2-121.2 and expended as provided in Section 72-2-121.2;

204 (B) as determined by the county, city, or town legislative body, expended for a project
205 or service relating to an airport facility for the portion of the project or service that is performed
206 within the county, city, or town within which the tax is imposed:

207 (I) for a county legislative body that imposes the sales and use tax, if that airport
208 facility is part of the regional transportation plan of the area metropolitan planning organization
209 if a metropolitan planning organization exists for the area; or

210 (II) for a city or town legislative body that imposes the sales and use tax, if:

211 (Aa) that city or town owns or operates the airport facility; and
212 (Bb) an airline is headquartered in that city or town; or
213 (C) as determined by the county, city, or town legislative body, deposited or expended
214 for a combination of Subsections (1)(b)(i)(A) and (B); or
215 (ii) subject to Subsection (1)(c), .25%, to be expended as follows:
216 (A) .10% to be deposited as provided in Subsection (3)(b)(i) into the County of the
217 Second Class State Highway Projects Fund created by Section 72-2-121.2 and expended as
218 provided in Section 72-2-121.2;
219 (B) .05%, to be deposited as provided in Subsection (3)(b)(ii) into the Local
220 Transportation Corridor Preservation Fund created by Section 72-2-117.5 and expended and
221 distributed in accordance with Section 72-2-117.5; and
222 (C) as determined by the county, city, or town legislative body, .10% to be:
223 (I) deposited as provided in Subsection (3)(b)(i) into the County of the Second Class
224 State Highway Projects Fund created by Section 72-2-121.2 and expended as provided in
225 Section 72-2-121.2;
226 (II) expended for:
227 (Aa) a state highway designated under Title 72, Chapter 4, Part 1, State Highways;
228 (Bb) a local highway that is a principal arterial highway, minor arterial highway, major
229 collector highway, or minor collector road; or
230 (Cc) a combination of Subsections (1)(b)(ii)(C)(II)(Aa) and (Bb);
231 (III) expended for a project or service relating to a system for public transit for the
232 portion of the project or service that is performed within the county, city, or town within which
233 the sales and use tax is imposed;
234 (IV) expended for a project or service relating to an airport facility for the portion of
235 the project or service that is performed within the county, city, or town within which the sales
236 and use tax is imposed:
237 (Aa) for a county legislative body that imposes the sales and use tax, if that airport
238 facility is part of the regional transportation plan of the area metropolitan planning organization
239 if a metropolitan planning organization exists for the area; or
240 (Bb) for a city or town legislative body that imposes the sales and use tax, if:
241 (Ii) that city or town owns or operates the airport facility; and

242 (Iii) an airline is headquartered in that city or town; or
243 (V) deposited or expended for a combination of Subsections (1)(b)(ii)(C)(I) through
244 (IV).

245 (c) (i) Subject to the other provisions of this Subsection (1)(c), a city or town within
246 which a sales and use tax is imposed at the tax rate described in Subsection (1)(b)(ii) may:

247 (A) expend the revenues in accordance with Subsection (1)(b)(ii); or
248 (B) expend the revenues in accordance with Subsections (1)(c)(ii) through (iv) if:

249 (I) that city or town owns or operates an airport facility; and

250 (II) an airline is headquartered in that city or town.

251 (ii) (A) A city or town legislative body of a city or town within which a sales and use
252 tax is imposed at the tax rate described in Subsection (1)(b)(ii) may expend the revenues
253 collected from a tax rate of greater than .10% but not to exceed the revenues collected from a
254 tax rate of .25% for a purpose described in Subsection (1)(c)(ii)(B) if:

255 (I) that city or town owns or operates an airport facility; and

256 (II) an airline is headquartered in that city or town.

257 (B) A city or town described in Subsection (1)(c)(ii)(A) may expend the revenues
258 collected from a tax rate of greater than .10% but not to exceed the revenues collected from a
259 tax rate of .25% for:

260 (I) a project or service relating to the airport facility; and

261 (II) the portion of the project or service that is performed within the city or town
262 imposing the sales and use tax.

263 (iii) If a city or town legislative body described in Subsection (1)(c)(ii)(A) determines
264 to expend the revenues collected from a tax rate of greater than .10% but not to exceed the
265 revenues collected from a tax rate of .25% for a project or service relating to an airport facility
266 as allowed by Subsection (1)(c)(ii), any remaining revenues that are collected from the sales
267 and use tax imposed at the tax rate described in Subsection (1)(b)(ii) that are not expended for
268 the project or service relating to an airport facility as allowed by Subsection (1)(c)(ii) shall be
269 expended as follows:

270 (A) 75% of the remaining revenues shall be deposited as provided in Subsection (3)(c)
271 into the County of the Second Class State Highway Projects Fund created by Section
272 [72-2-121.2](#) and expended as provided in Section [72-2-121.2](#); and

273 (B) 25% of the remaining revenues shall be deposited as provided in Subsection (3)(c)
274 into the Local Transportation Corridor Preservation Fund created by Section 72-2-117.5 and
275 expended and distributed in accordance with Section 72-2-117.5.

276 (iv) A city or town legislative body that expends the revenues collected from a sales
277 and use tax imposed at the tax rate described in Subsection (1)(b)(ii) in accordance with
278 Subsections (1)(c)(ii) and (iii):

279 (A) shall, on or before the date the city or town legislative body provides the notice
280 described in Section 59-12-2209 to the commission stating that the city or town will enact a
281 sales and use tax under this section:

282 (I) determine the tax rate:

283 (Aa) the collections from which the city or town legislative body will expend for a
284 project or service relating to an airport facility as allowed by Subsection (1)(c)(ii); and

285 (Bb) at a percentage that is greater than .10% but does not exceed .25%; and

286 (II) notify the commission in writing of the tax rate the city or town legislative body
287 determines in accordance with Subsection (1)(c)(iv)(A)(I);

288 (B) shall, on or before the April 1 immediately following the date the city or town
289 legislative body provides the notice described in Subsection (1)(c)(iv)(A) to the commission:

290 (I) determine the tax rate:

291 (Aa) the collections from which the city or town legislative body will expend for a
292 project or service relating to an airport facility as allowed by Subsection (1)(c)(ii); and

293 (Bb) at a percentage that is greater than .10% but does not exceed .25%; and

294 (II) notify the commission in writing of the tax rate the city or town legislative body
295 determines in accordance with Subsection (1)(c)(iv)(B)(I);

296 (C) shall, on or before April 1 of each year after the April 1 described in Subsection
297 (1)(c)(iv)(B):

298 (I) determine the tax rate:

299 (Aa) the collections from which the city or town legislative body will expend for a
300 project or service relating to an airport facility as allowed by Subsection (1)(c)(ii); and

301 (Bb) at a percentage that is greater than .10% but does not exceed .25%; and

302 (II) notify the commission in writing of the tax rate the city or town legislative body
303 determines in accordance with Subsection (1)(c)(iv)(C)(I); and

304 (D) may not change the tax rate the city or town legislative body determines in
305 accordance with Subsections (1)(c)(iv)(A) through (C) more frequently than as prescribed by
306 Subsections (1)(c)(iv)(A) through (C).

307 (2) Before a city or town legislative body may impose a sales and use tax under this
308 section, the city or town legislative body shall provide a copy of the notice described in Section
309 [59-12-2209](#) that the city or town legislative body provides to the commission:

- 310 (a) to the county legislative body within which the city or town is located; and
- 311 (b) at the same time as the city or town legislative body provides the notice to the
312 commission.

313 (3) (a) Subject to Subsections (3)(b) through (e) and Section [59-12-2207](#), the
314 commission shall transmit revenues collected within a county, city, or town from a tax under
315 this part that will be expended for a purpose described in Subsection (1)(b)(i)(B) or
316 Subsections (1)(b)(ii)(C)(II) through (IV) to the county, city, or town legislative body in
317 accordance with Section [59-12-2206](#).

318 (b) Except as provided in Subsection (3)(c) and subject to Section [59-12-2207](#), the
319 commission shall deposit revenues collected within a county, city, or town from a sales and use
320 tax under this section that:

321 (i) are required to be expended for a purpose described in Subsection (1)(b)(ii)(A) into
322 the County of the Second Class State Highway Projects Fund created by Section [72-2-121.2](#);

323 (ii) are required to be expended for a purpose described in Subsection (1)(b)(ii)(B) into
324 the Local Transportation Corridor Preservation Fund created by Section [72-2-117.5](#); or

325 (iii) a county, city, or town legislative body determines to expend for a purpose
326 described in Subsection (1)(b)(i)(A) or (1)(b)(ii)(C)(I) into the County of the Second Class
327 State Highway Projects Fund created by Section [72-2-121.2](#) if the county, city, or town
328 legislative body provides written notice to the commission requesting the deposit.

329 (c) Subject to Subsection (3)(d) or (e), if a city or town legislative body provides notice
330 to the commission in accordance with Subsection (1)(c)(iv), the commission shall:

331 (i) transmit the revenues collected from the tax rate stated on the notice to the city or
332 town legislative body monthly by electronic funds transfer; and

333 (ii) deposit any remaining revenues described in Subsection (1)(c)(iii) in accordance
334 with Subsection (1)(c)(iii).

335 (d) (i) If a city or town legislative body provides the notice described in Subsection
336 (1)(c)(iv)(A) to the commission, the commission shall transmit or deposit the revenues
337 collected from the sales and use tax:

338 (A) in accordance with Subsection (3)(c);

339 (B) beginning on the date the city or town legislative body enacts the sales and use tax;
340 and

341 (C) ending on the earlier of:

342 (I) the June 30 immediately following the date the city or town legislative body
343 provides the notice described in Subsection (1)(c)(iv)(B) to the commission; or

344 (II) the date the city or town legislative body repeals the sales and use tax.

345 (ii) If a city or town legislative body provides the notice described in Subsection
346 (1)(c)(iv)(B) or (C) to the commission, the commission shall transmit or deposit the revenues
347 collected from the sales and use tax:

348 (A) in accordance with Subsection (3)(c);

349 (B) beginning on the July 1 immediately following the date the city or town legislative
350 body provides the notice described in Subsection (1)(c)(iv)(B) or (C) to the commission; and

351 (C) ending on the earlier of:

352 (I) the June 30 of the year after the date the city or town legislative body provides the
353 notice described in Subsection (1)(c)(iv)(B) or (C) to the commission; or

354 (II) the date the city or town legislative body repeals the sales and use tax.

355 (e) (i) If a city or town legislative body that is required to provide the notice described
356 in Subsection (1)(c)(iv)(A) does not provide the notice described in Subsection (1)(c)(iv)(A) to
357 the commission on or before the date required by Subsection (1)(c)(iv) for providing the notice,
358 the commission shall transmit, transfer, or deposit the revenues collected from the sales and use
359 tax within the city or town in accordance with Subsections (3)(a) and (b).

360 (ii) If a city or town legislative body that is required to provide the notice described in
361 Subsection (1)(c)(iv)(B) or (C) does not provide the notice described in Subsection
362 (1)(c)(iv)(B) or (C) to the commission on or before the date required by Subsection (1)(c)(iv)
363 for providing the notice, the commission shall transmit or deposit the revenues collected from
364 the sales and use tax within the city or town in accordance with:

365 (A) Subsection (3)(c); and

366 (B) the most recent notice the commission received from the city or town legislative
367 body under Subsection (1)(c)(iv).

368 [~~(4) Notwithstanding Section 59-12-2208, a county, city, or town legislative body is~~
369 ~~not required to submit an opinion question to the county's, city's, or town's registered voters in~~
370 ~~accordance with Section 59-12-2208 to impose a sales and use tax under this section if:]~~

371 [~~(a) the county, city, or town imposes the sales and use tax under this section on or~~
372 ~~after July 1, 2010, but on or before July 1, 2011; and]~~

373 [~~(b) a purpose for which the county, city, or town will expend revenues collected from~~
374 ~~the sales and use tax under this section is:]~~

375 [~~(i) a project or service described in Subsection (1)(b)(i)(B); or]~~

376 [~~(ii) a project or service described in Subsection (1)(b)(ii)(C)(IV).]~~

377 Section 5. **Repealer.**

378 This bill repeals:

379 Section **59-12-2212.1, Transition provisions.**

380 Section 6. **Effective date.**

381 This bill takes effect on July 1, 2014.