

**REVISIONS TO TAX**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ryan D. Wilcox**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions related to taxation.

**Highlighted Provisions:**

This bill:

▸ amends the allocation of sales and use tax revenue based on certain increases in the tax rate that is imposed on motor fuels and special fuels, including:

- requiring a reduction of the amount of sales and use tax revenue deposited into the Transportation Investment Fund of 2005 under certain circumstances;

- requiring a deposit of sales and use tax revenue into the Education Fund under certain circumstances; and

- requiring a deposit of sales and use tax revenue into the Income Tax Rate Reduction Restricted Account;

- enacts the Income Tax Rate Reduction Restricted Account; and

- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect on July 1, 2014.

**Utah Code Sections Affected:**

AMENDS:



28           **59-12-103 (Effective 07/01/14)**, as last amended by Laws of Utah 2013, Chapters 150  
29 and 227

30           **59-12-1201**, as last amended by Laws of Utah 2012, Chapter 121

31 ENACTS:

32           **59-12-103.3**, Utah Code Annotated 1953

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

35           Section 1. Section **59-12-103 (Effective 07/01/14)** is amended to read:

36           **59-12-103 (Effective 07/01/14). Sales and use tax base -- Rates -- Effective dates --**

37 **Use of sales and use tax revenues.**

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

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

41           (b) amounts paid for:

42           (i) telecommunications service, other than mobile telecommunications service, that  
43 originates and terminates within the boundaries of this state;

44           (ii) mobile telecommunications service that originates and terminates within the  
45 boundaries of one state only to the extent permitted by the Mobile Telecommunications  
46 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

47           (iii) an ancillary service associated with a:

48           (A) telecommunications service described in Subsection (1)(b)(i); or

49           (B) mobile telecommunications service described in Subsection (1)(b)(ii);

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

51           (i) gas;

52           (ii) electricity;

53           (iii) heat;

54           (iv) coal;

55           (v) fuel oil; or

56           (vi) other fuels;

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

58           (i) gas;

- 59 (ii) electricity;
- 60 (iii) heat;
- 61 (iv) coal;
- 62 (v) fuel oil; or
- 63 (vi) other fuels;
- 64 (e) sales of prepared food;
- 65 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 66 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 67 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 68 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 69 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 70 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 71 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 72 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 73 exhibition, cultural, or athletic activity;
- 74 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 75 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 76 (i) the tangible personal property; and
- 77 (ii) parts used in the repairs or renovations of the tangible personal property described
- 78 in Subsection (1)(g)(i), whether or not any parts are actually used in the repairs or renovations
- 79 of that tangible personal property;
- 80 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 81 assisted cleaning or washing of tangible personal property;
- 82 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 83 accommodations and services that are regularly rented for less than 30 consecutive days;
- 84 (j) amounts paid or charged for laundry or dry cleaning services;
- 85 (k) amounts paid or charged for leases or rentals of tangible personal property if within
- 86 this state the tangible personal property is:
- 87 (i) stored;
- 88 (ii) used; or
- 89 (iii) otherwise consumed;

90 (l) amounts paid or charged for tangible personal property if within this state the  
91 tangible personal property is:

92 (i) stored;

93 (ii) used; or

94 (iii) consumed; and

95 (m) amounts paid or charged for a sale:

96 (i) (A) of a product transferred electronically; or

97 (B) of a repair or renovation of a product transferred electronically; and

98 (ii) regardless of whether the sale provides:

99 (A) a right of permanent use of the product; or

100 (B) a right to use the product that is less than a permanent use, including a right:

101 (I) for a definite or specified length of time; and

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

103 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax  
104 is imposed on a transaction described in Subsection (1) equal to the sum of:

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

106 (A) 4.70%; and

107 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales  
108 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
109 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional  
110 State Sales and Use Tax Act; and

111 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales  
112 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
113 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state  
114 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

115 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
116 transaction under this chapter other than this part.

117 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed  
118 on a transaction described in Subsection (1)(d) equal to the sum of:

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

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

121 transaction under this chapter other than this part.

122 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed  
123 on amounts paid or charged for food and food ingredients equal to the sum of:

124 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at  
125 a tax rate of 1.75%; and

126 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
127 amounts paid or charged for food and food ingredients under this chapter other than this part.

128 (d) (i) For a bundled transaction that is attributable to food and food ingredients and  
129 tangible personal property other than food and food ingredients, a state tax and a local tax is  
130 imposed on the entire bundled transaction equal to the sum of:

131 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

132 (I) the tax rate described in Subsection (2)(a)(i)(A); and

133 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
134 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
135 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
136 Additional State Sales and Use Tax Act; and

137 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
138 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
139 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
140 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

143 (ii) If an optional computer software maintenance contract is a bundled transaction that  
144 consists of taxable and nontaxable products that are not separately itemized on an invoice or  
145 similar billing document, the purchase of the optional computer software maintenance contract  
146 is 40% taxable under this chapter and 60% nontaxable under this chapter.

147 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled  
148 transaction described in Subsection (2)(d)(i) or (ii):

149 (A) if the sales price of the bundled transaction is attributable to tangible personal  
150 property, a product, or a service that is subject to taxation under this chapter and tangible  
151 personal property, a product, or service that is not subject to taxation under this chapter, the

152 entire bundled transaction is subject to taxation under this chapter unless:

153 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
154 personal property, product, or service that is not subject to taxation under this chapter from the  
155 books and records the seller keeps in the seller's regular course of business; or

156 (II) state or federal law provides otherwise; or

157 (B) if the sales price of a bundled transaction is attributable to two or more items of  
158 tangible personal property, products, or services that are subject to taxation under this chapter  
159 at different rates, the entire bundled transaction is subject to taxation under this chapter at the  
160 higher tax rate unless:

161 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
162 personal property, product, or service that is subject to taxation under this chapter at the lower  
163 tax rate from the books and records the seller keeps in the seller's regular course of business; or

164 (II) state or federal law provides otherwise.

165 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the  
166 seller's regular course of business includes books and records the seller keeps in the regular  
167 course of business for nontax purposes.

168 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)  
169 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a  
170 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental  
171 of tangible personal property, other property, a product, or a service that is not subject to  
172 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless  
173 the seller, at the time of the transaction:

174 (A) separately states the portion of the transaction that is not subject to taxation under  
175 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

176 (B) is able to identify by reasonable and verifiable standards, from the books and  
177 records the seller keeps in the seller's regular course of business, the portion of the transaction  
178 that is not subject to taxation under this chapter.

179 (ii) A purchaser and a seller may correct the taxability of a transaction if:

180 (A) after the transaction occurs, the purchaser and the seller discover that the portion of  
181 the transaction that is not subject to taxation under this chapter was not separately stated on an  
182 invoice, bill of sale, or similar document provided to the purchaser because of an error or

183 ignorance of the law; and

184 (B) the seller is able to identify by reasonable and verifiable standards, from the books  
185 and records the seller keeps in the seller's regular course of business, the portion of the  
186 transaction that is not subject to taxation under this chapter.

187 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps  
188 in the seller's regular course of business includes books and records the seller keeps in the  
189 regular course of business for nontax purposes.

190 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible  
191 personal property, products, or services that are subject to taxation under this chapter at  
192 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate  
193 unless the seller, at the time of the transaction:

194 (A) separately states the items subject to taxation under this chapter at each of the  
195 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

196 (B) is able to identify by reasonable and verifiable standards the tangible personal  
197 property, product, or service that is subject to taxation under this chapter at the lower tax rate  
198 from the books and records the seller keeps in the seller's regular course of business.

199 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the  
200 seller's regular course of business includes books and records the seller keeps in the regular  
201 course of business for nontax purposes.

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

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

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

206 (iii) Subsection (2)(c)(i); or

207 (iv) Subsection (2)(d)(i)(A)(I).

208 (h) (i) A tax rate increase takes effect on the first day of the first billing period that  
209 begins on or after the effective date of the tax rate increase if the billing period for the  
210 transaction begins before the effective date of a tax rate increase imposed under:

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

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

213 (C) Subsection (2)(c)(i); or

214 (D) Subsection (2)(d)(i)(A)(I).

215 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing  
216 statement for the billing period is rendered on or after the effective date of the repeal of the tax  
217 or the tax rate decrease imposed under:

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

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

220 (C) Subsection (2)(c)(i); or

221 (D) Subsection (2)(d)(i)(A)(I).

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

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

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

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

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

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

230 (C) Subsection (2)(c)(i); or

231 (D) Subsection (2)(d)(i)(A)(I).

232 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
233 the commission may by rule define the term "catalogue sale."

234 (3) (a) The following state taxes shall be deposited into the General Fund:

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

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

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

238 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

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

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

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

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

244 (iv) the tax imposed by Subsection (2)(d)(i)(B).



245 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
246 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)  
247 through (g):

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

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

250 (B) for the fiscal year; or

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

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

255 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to  
256 protect sensitive plant and animal species; or

257 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
258 act, to political subdivisions of the state to implement the measures described in Subsections  
259 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

271 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in  
272 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund  
273 created in Section 4-18-106.

274 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described  
275 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water

276 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of  
277 water rights.

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

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

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

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

285 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described  
286 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development  
287 Fund created in Section 73-10-24 for use by the Division of Water Resources.

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

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

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

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

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

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

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

- 307 (ii) develop underground sources of water, including springs and wells; and  
308 (iii) develop surface water sources.
- 309 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
310 2006, the difference between the following amounts shall be expended as provided in this  
311 Subsection (5), if that difference is greater than \$1:
- 312 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the  
313 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and  
314 (ii) \$17,500,000.
- 315 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:  
316 (A) transferred each fiscal year to the Department of Natural Resources as dedicated  
317 credits; and  
318 (B) expended by the Department of Natural Resources for watershed rehabilitation or  
319 restoration.
- 320 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
321 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund  
322 created in Section 73-10-24.
- 323 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the  
324 remaining difference described in Subsection (5)(a) shall be:  
325 (A) transferred each fiscal year to the Division of Water Resources as dedicated  
326 credits; and  
327 (B) expended by the Division of Water Resources for cloud-seeding projects  
328 authorized by Title 73, Chapter 15, Modification of Weather.
- 329 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
330 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund  
331 created in Section 73-10-24.
- 332 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the  
333 remaining difference described in Subsection (5)(a) shall be deposited into the Water  
334 Resources Conservation and Development Fund created in Section 73-10-24 for use by the  
335 Division of Water Resources for:  
336 (i) preconstruction costs:  
337 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter

338 26, Bear River Development Act; and

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

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

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

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

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

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

354 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
355 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%  
356 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in  
357 the Transportation Fund created by Section 72-2-102.

358 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of  
359 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section  
360 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated  
361 by a 1/64% tax rate on the taxable transactions under Subsection (1).

362 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in  
363 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,  
364 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
365 created by Section 72-2-124:

366 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of  
367 the revenues collected from the following taxes, which represents a portion of the  
368 approximately 17% of sales and use tax revenues generated annually by the sales and use tax

369 on vehicles and vehicle-related products:

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

371 (B) the tax imposed by Subsection (2)(b)(i);

372 (C) the tax imposed by Subsection (2)(c)(i); and

373 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

374 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the  
375 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through  
376 (D) that exceeds the amount collected from the sales and use taxes described in Subsections  
377 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

378 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of  
379 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total  
380 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)  
381 generated in the current fiscal year than the total percentage of sales and use taxes deposited in  
382 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection  
383 (8)(a) equal to the product of:

384 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the  
385 previous fiscal year; and

386 (B) the total sales and use tax revenue generated by the taxes described in Subsections  
387 (8)(a)(i)(A) through (D) in the current fiscal year.

388 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under  
389 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes  
390 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of  
391 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in  
392 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

393 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected  
394 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited  
395 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues  
396 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the  
397 current fiscal year under Subsection (8)(a).

398 (9) Notwithstanding Subsection (3)(a) and subject to Subsection (14), and in addition  
399 to the amounts deposited under Subsections (7) and (8), for a fiscal year beginning on or after

400 July 1, 2012, the Division of Finance shall annually deposit \$90,000,000 of the revenues  
401 generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund  
402 of 2005 created by Section [72-2-124](#).

403 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year  
404 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund  
405 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

406 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),  
407 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July  
408 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
409 created by Section [72-2-124](#) the amount of tax revenue generated by a .025% tax rate on the  
410 transactions described in Subsection (1).

411 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into  
412 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or  
413 charged for food and food ingredients, except for tax revenue generated by a bundled  
414 transaction attributable to food and food ingredients and tangible personal property other than  
415 food and food ingredients described in Subsection (2)(d).

416 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection  
417 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the  
418 Transportation Fund created by Section [72-2-102](#) the amount of tax revenue generated by a  
419 .025% tax rate on the transactions described in Subsection (1) to be expended to address  
420 chokepoints in construction management.

421 (b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into  
422 the Transportation Fund any tax revenue generated by amounts paid or charged for food and  
423 food ingredients, except for tax revenue generated by a bundled transaction attributable to food  
424 and food ingredients and tangible personal property other than food and food ingredients  
425 described in Subsection (2)(d).

426 ~~[(13) Notwithstanding Subsections (4) through (12), an amount required to be~~  
427 ~~expended or deposited in accordance with Subsections (4) through (12) may not include an~~  
428 ~~amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).]~~

429 (13) (a) As used in this Subsection (13):

430 (i) "Base fiscal year" means the most recent fiscal year in which the commission

431 collects a tax imposed under Subsections 59-13-201(1)(a) and 59-13-301(1)(a) at a rate of  
 432 24-1/2 cents per gallon for the entire fiscal year.

433 (ii) "Base fiscal year revenue" means the total revenue the commission collects in the  
 434 base fiscal year for a tax imposed under Subsections 59-13-201(1)(a) and 59-13-301(1)(a).

435 (iii) "Reduction fiscal year" means the most recently completed fiscal year in which the  
 436 commission collects a tax imposed under Subsections 59-13-201(1)(a) and 59-13-301(1)(a) at a  
 437 rate greater than 24-1/2 cents per gallon.

438 (iv) "Reduction fiscal year revenue" means the total revenue the commission collects in  
 439 a reduction fiscal year for a tax imposed under Subsections 59-13-201(1)(a) and  
 440 59-13-301(1)(a).

441 (b) For a fiscal year immediately following a reduction fiscal year, the Division of  
 442 Finance shall reduce the deposit described in Subsection (9) by an amount equal to the lesser  
 443 of:

444 (i) the product of five-sixths and the difference between:

445 (A) the reduction fiscal year revenue; and

446 (B) the base fiscal year revenue; or

447 (ii) \$90,000,000.

448 (14) For a fiscal year that the Division of Finance reduces the deposit described in  
 449 Subsection (9) as provided in Subsection (13)(b), the Division of Finance shall deposit an  
 450 amount of revenue generated by the taxes listed under Subsection (3)(a) equal to one-fifth of  
 451 the reduction described in Subsection (13)(b) into the Education Fund.

452 (15) Notwithstanding Subsections (4) through (14), an amount required to be expended  
 453 or deposited in accordance with Subsections (4) through (14) may not include an amount the  
 454 Division of Finance deposits in accordance with Section 59-12-103.2.

455 Section 2. Section 59-12-103.3 is enacted to read:

456 **59-12-103.3. Income Tax Rate Reduction Restricted Account -- Creation --**

457 **Funding for account -- Interest.**

458 (1) There is created within the General Fund a restricted account known as the "Income  
 459 Tax Rate Reduction Restricted Account."

460 (2) The account shall be funded annually by an amount of revenue generated by the  
 461 taxes listed under Subsection 59-12-103(3)(a) equal to four-fifths of the reduction calculated in

462 Subsection 59-12-103(13)(b).

463 (3) (a) The account shall earn interest.

464 (b) The interest described in Subsection (3)(a) shall be deposited into the account.

465 (4) The Division of Finance shall deposit the revenue described in Subsection (2) into  
466 the account.

467 (5) Each year the Legislature shall:

468 (a) review the amount of money in the account; and

469 (b) by statute, use the money in the account to lower a tax rate imposed under:

470 (i) Chapter 7, Corporate Franchise and Income Taxes;

471 (ii) Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay

472 Corporate Franchise or Income Tax Act; or

473 (iii) Chapter 10, Individual Income Tax Act.

474 Section 3. Section **59-12-1201** is amended to read:

475 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**  
476 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

477 (1) (a) Except as provided in Subsection (3), there is imposed a tax of 2.5% on all  
478 short-term leases and rentals of motor vehicles not exceeding 30 days.

479 (b) The tax imposed in this section is in addition to all other state, county, or municipal  
480 fees and taxes imposed on rentals of motor vehicles.

481 (2) (a) Subject to Subsection (2)(b), a tax rate repeal or tax rate change for the tax  
482 imposed under Subsection (1) shall take effect on the first day of a calendar quarter.

483 (b) (i) For a transaction subject to a tax under Subsection (1), a tax rate increase shall  
484 take effect on the first day of the first billing period:

485 (A) that begins after the effective date of the tax rate increase; and

486 (B) if the billing period for the transaction begins before the effective date of a tax rate  
487 increase imposed under Subsection (1).

488 (ii) For a transaction subject to a tax under Subsection (1), the repeal of a tax or a tax  
489 rate decrease shall take effect on the first day of the last billing period:

490 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;

491 and

492 (B) if the billing period for the transaction begins before the effective date of the repeal



493 of the tax or the tax rate decrease imposed under Subsection (1).

494 (3) A motor vehicle is exempt from the tax imposed under Subsection (1) if:

495 (a) the motor vehicle is registered for a gross laden weight of 12,001 or more pounds;

496 (b) the motor vehicle is rented as a personal household goods moving van; or

497 (c) the lease or rental of the motor vehicle is made for the purpose of temporarily  
498 replacing a person's motor vehicle that is being repaired pursuant to a repair agreement or an  
499 insurance agreement.

500 (4) (a) (i) The tax authorized under this section shall be administered, collected, and  
501 enforced in accordance with:

502 (A) the same procedures used to administer, collect, and enforce the tax under Part 1,  
503 Tax Collection; and

504 (B) Chapter 1, General Taxation Policies.

505 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to  
506 Subsections 59-12-103(4) through ~~[(12)]~~ (14) or Section 59-12-107.1 or 59-12-123.

507 (b) The commission shall retain and deposit an administrative charge in accordance  
508 with Section 59-1-306 from the revenues the commission collects from a tax under this part.

509 (c) Except as provided under Subsection (4)(b), all revenue received by the  
510 commission under this section shall be deposited daily with the state treasurer and credited  
511 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

512 Section 4. **Effective date.**

513 This bill takes effect on July 1, 2014.

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**Legislative Review Note**  
**as of 2-26-14 12:04 PM**

**Office of Legislative Research and General Counsel**