

1                                   **LOCAL FUNDING FOR RURAL HEALTH CARE**

2   **AMENDMENTS**

3   2014 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: Ralph Okerlund**

6   House Sponsor: John R. Westwood

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8                   **LONG TITLE**

9                   **General Description:**

10                   This bill addresses local funding for rural health care.

11                   **Highlighted Provisions:**

12                   This bill:

- 13                   ▶ addresses General Fund distributions to fund rural health care;
- 14                   ▶ amends definitions;
- 15                   ▶ addresses the distribution and expenditure of revenue collected from local option
- 16 sales and use taxes to fund rural health care; and
- 17                   ▶ makes technical and conforming changes.

18                   **Money Appropriated in this Bill:**

19                   None

20                   **Other Special Clauses:**

21                   None

22                   **Utah Code Sections Affected:**

23                   AMENDS:

24                   26-9-4, as last amended by Laws of Utah 2010, Chapter 278

25                   59-12-801, as last amended by Laws of Utah 2006, Chapter 302

26                   59-12-802, as last amended by Laws of Utah 2011, Chapter 309

27                   59-12-804, as last amended by Laws of Utah 2011, Chapter 309



28 **59-12-805**, as enacted by Laws of Utah 2000, Chapter 253

29 REPEALS:

30 **59-12-803**, as last amended by Laws of Utah 2000, Chapter 253

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

33 Section 1. Section **26-9-4** is amended to read:

34 **26-9-4. Rural Health Care Facilities Account -- Source of revenues -- Interest --**  
35 **Distribution of revenues -- Expenditure of revenues -- Unexpended revenues lapse into**  
36 **the General Fund.**

37 (1) As used in this section:

- 38 (a) "Emergency medical services" is as defined in Section **26-8a-102**.
- 39 (b) "Federally qualified health center" is as defined in 42 U.S.C. Sec. 1395x.
- 40 (c) "Fiscal year" means a one-year period beginning on July 1 of each year.
- 41 (d) "Freestanding urgent care center" is as defined in Section **59-12-801**.
- 42 (e) "Nursing care facility" is as defined in Section **26-21-2**.
- 43 (f) "Rural city hospital" is as defined in Section **59-12-801**.
- 44 (g) "Rural county health care facility" is as defined in Section **59-12-801**.
- 45 (h) "Rural county hospital" is as defined in Section **59-12-801**.
- 46 (i) "Rural county nursing care facility" is as defined in Section **59-12-801**.
- 47 (j) "Rural emergency medical services" is as defined in Section **59-12-801**.
- 48 (k) "Rural health clinic" is as defined in 42 U.S.C. Sec. 1395x.

49 (2) There is created a restricted account within the General Fund known as the "Rural  
50 Health Care Facilities Account."

51 (3) (a) The restricted account shall be funded by amounts appropriated by the  
52 Legislature.

53 (b) Any interest earned on the restricted account shall be deposited into the General  
54 Fund.

55 (4) Subject to Subsections (5) and (6), the State Tax Commission shall for a fiscal year  
56 distribute money deposited into the restricted account to each:

57 (a) county legislative body of a county that, on January 1, 2007, imposes a tax in  
58 accordance with Section **59-12-802**; or

59 (b) city legislative body of a city that, on January 1, 2007, imposes a tax in accordance  
60 with Section 59-12-804.

61 (5) (a) Subject to Subsection (6), for purposes of the distribution required by Subsection  
62 (4), the State Tax Commission shall:

63 (i) estimate for each county and city described in Subsection (4) the amount by which  
64 the revenues collected from the taxes imposed under Sections 59-12-802 and 59-12-804 for  
65 fiscal year 2005-06 would have been reduced had:

66 (A) the amendments made by Laws of Utah 2007, Chapter 288, Sections 25 and 26, to  
67 Sections 59-12-802 and 59-12-804 been in effect for fiscal year 2005-06; and

68 (B) each county and city described in Subsection (4) imposed the tax under Sections  
69 59-12-802 and 59-12-804 for the entire fiscal year 2005-06;

70 (ii) calculate a percentage for each county and city described in Subsection (4) by  
71 dividing the amount estimated for each county and city in accordance with Subsection (5)(a)(i)  
72 by \$555,000; and

73 (iii) distribute to each county and city described in Subsection (4) an amount equal to  
74 the product of:

75 (A) the percentage calculated in accordance with Subsection (5)(a)(ii); and

76 (B) the amount appropriated by the Legislature to the restricted account for the fiscal  
77 year.

78 (b) The State Tax Commission shall make the estimations, calculations, and  
79 distributions required by Subsection (5)(a) on the basis of data collected by the State Tax  
80 Commission.

81 (6) If a county legislative body repeals a tax imposed under Section 59-12-802 or a city  
82 legislative body repeals a tax imposed under Section 59-12-804:

83 (a) the commission shall determine in accordance with Subsection (5) the distribution  
84 that, but for this Subsection (6), the county legislative body or city legislative body would  
85 receive; and

86 (b) after making the determination required by Subsection (6)(a), the commission shall:

87 (i) if the effective date of the repeal of a tax imposed under Section 59-12-802 or  
88 59-12-804 is October 1:

89 (A) (I) distribute to the county legislative body or city legislative body 25% of the

90 distribution determined in accordance with Subsection (6)(a); and

91 (II) deposit 75% of the distribution determined in accordance with Subsection (6)(a)  
92 into the General Fund; and

93 (B) beginning with the first fiscal year after the effective date of the repeal and for each  
94 subsequent fiscal year, deposit the entire amount of the distribution determined in accordance  
95 with Subsection (6)(a) into the General Fund;

96 (ii) if the effective date of the repeal of a tax imposed under Section 59-12-802 or  
97 59-12-804 is January 1:

98 (A) (I) distribute to the county legislative body or city legislative body 50% of the  
99 distribution determined in accordance with Subsection (6)(a); and

100 (II) deposit 50% of the distribution determined in accordance with Subsection (6)(a)  
101 into the General Fund; and

102 (B) beginning with the first fiscal year after the effective date of the repeal and for each  
103 subsequent fiscal year, deposit the entire amount of the distribution determined in accordance  
104 with Subsection (6)(a) into the General Fund;

105 (iii) if the effective date of the repeal of a tax imposed under Section 59-12-802 or  
106 59-12-804 is April 1:

107 (A) (I) distribute to the county legislative body or city legislative body 75% of the  
108 distribution determined in accordance with Subsection (6)(a); and

109 (II) deposit 25% of the distribution determined in accordance with Subsection (6)(a)  
110 into the General Fund; and

111 (B) beginning with the first fiscal year after the effective date of the repeal and for each  
112 subsequent fiscal year, deposit the entire amount of the distribution determined in accordance  
113 with Subsection (6)(a) into the General Fund; or

114 (iv) if the effective date of the repeal of a tax imposed under Section 59-12-802 or  
115 59-12-804 is July 1, beginning on that effective date and for each subsequent fiscal year,  
116 deposit the entire amount of the distribution determined in accordance with Subsection (6)(a)  
117 into the General Fund.

118 (7) (a) Subject to Subsection (7)(b) and Section 59-12-802, a county legislative body  
119 shall distribute the money the county legislative body receives in accordance with Subsection  
120 (5) or (6):

121 (i) for a county of the third~~;~~ or fourth~~;~~ ~~or fifth~~ class, to fund rural county health care  
122 facilities in that county; and

123 (ii) for a county of the fifth or sixth class, to fund:

124 (A) rural emergency medical services in that county;

125 (B) federally qualified health centers in that county;

126 (C) freestanding urgent care centers in that county;

127 (D) rural county health care facilities in that county;

128 (E) rural health clinics in that county; or

129 (F) a combination of Subsections (7)(a)(ii)(A) through (E).

130 (b) A county legislative body shall distribute ~~[a percentage of]~~ the money the county  
131 legislative body receives in accordance with Subsection (5) or (6) to ~~[each]~~ a center, clinic,  
132 facility, or service described in Subsection (7)(a) ~~[equal to the same percentage that the county~~  
133 ~~legislative body distributes to that center, clinic, facility, or service in accordance with Section~~  
134 ~~59-12-803 for the calendar year ending on the December 31 immediately preceding the first~~  
135 ~~day of the fiscal year for which the county legislative body receives the distribution in~~  
136 ~~accordance with Subsection (5) or (6)]~~ as determined by the county legislative body.

137 (c) A center, clinic, facility, or service that receives a distribution in accordance with  
138 this Subsection (7) shall expend that distribution for the same purposes for which money  
139 ~~[generated by]~~ collected from a tax under Section 59-12-802 may be expended.

140 (8) (a) Subject to Subsection (8)(b), a city legislative body shall distribute the money  
141 the city legislative body receives in accordance with Subsection (5) or (6) to fund rural city  
142 hospitals in that city.

143 (b) A city legislative body shall distribute a percentage of the money the city legislative  
144 body receives in accordance with Subsection (5) or (6) to each rural city hospital described in  
145 Subsection (8)(a) equal to the same percentage that the city legislative body distributes to that  
146 rural city hospital in accordance with Section 59-12-805 for the calendar year ending on the  
147 December 31 immediately preceding the first day of the fiscal year for which the city  
148 legislative body receives the distribution in accordance with Subsection (5) or (6).

149 (c) A rural city hospital that receives a distribution in accordance with this Subsection  
150 (8) shall expend that distribution for the same purposes for which money ~~[generated by]~~  
151 collected from a tax under Section 59-12-804 may be expended.

152 (9) Any money remaining in the Rural Health Care Facilities Account at the end of a  
153 fiscal year after the State Tax Commission makes the distributions required by this section  
154 shall lapse into the General Fund.

155 Section 2. Section **59-12-801** is amended to read:

156 **59-12-801. Definitions.**

157 As used in this part:

158 (1) "Emergency medical services" is as defined in Section [26-8a-102](#).

159 (2) "Federally qualified health center" is as defined in 42 U.S.C. Sec. 1395x.

160 (3) "Freestanding urgent care center" means a facility that provides outpatient health  
161 care service:

162 (a) on an as-needed basis, without an appointment;

163 (b) to the public;

164 (c) for the diagnosis and treatment of a medical condition if that medical condition  
165 does not require hospitalization or emergency intervention for a life threatening or potentially  
166 permanently disabling condition; and

167 (d) including one or more of the following services:

168 (i) a medical history physical examination;

169 (ii) an assessment of health status; or

170 (iii) treatment:

171 (A) for a variety of medical conditions; and

172 (B) that is commonly offered in a physician's office.

173 (4) "Nursing care facility" is as defined in Section [26-21-2](#).

174 (5) "Rural city hospital" means a hospital owned by a city that is located within a third,  
175 fourth, fifth, or sixth class county.

176 (6) "Rural county health care facility" means a:

177 (a) rural county hospital; or

178 (b) rural county nursing care facility.

179 (7) "Rural county hospital" means a hospital owned by a county that is:

180 (a) a third, fourth, fifth, or sixth class county, as defined in Section [17-50-501](#); and

181 (b) located outside of a standard metropolitan statistical area, as designated by the  
182 United States Bureau of the Census.

183 (8) "Rural county nursing care facility" means a nursing care facility owned by:  
 184 (a) a county that is:  
 185 ~~[(a)]~~ (i) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and  
 186 ~~[(b)]~~ (ii) located outside of a standard metropolitan statistical area, as designated by the  
 187 United States Census Bureau[-]; or  
 188 (b) a special service district if the special service district is:  
 189 (i) created for the purpose of operating the nursing care facility; and  
 190 (ii) within a county that is:  
 191 (A) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and  
 192 (B) located outside of a standard metropolitan statistical area, as designated by the  
 193 United States Census Bureau.

194 (9) "Rural emergency medical services" means emergency medical services that are  
 195 provided by a county that is:  
 196 (a) a ~~[third, fourth,]~~ fifth[-] or sixth class county, as defined in Section 17-50-501; and  
 197 (b) located outside of a standard metropolitan statistical area, as designated by the  
 198 United States Census Bureau.

199 (10) "Rural health clinic" is as defined in 42 U.S.C. Sec. 1395x.  
 200 Section 3. Section 59-12-802 is amended to read:

201 **59-12-802. Imposition of rural county health care facilities tax -- Expenditure of**  
 202 **tax revenues -- Base -- Rate -- Administration, collection, and enforcement of tax --**  
 203 **Administrative charge.**

204 (1) (a) A county legislative body of a county of the third, fourth, fifth, or sixth class  
 205 may impose a sales and use tax of up to 1%[:-(i)] on the transactions described in Subsection  
 206 59-12-103(1) located within the county[~~;~~and].

207 ~~[(ii) subject]~~ (b) Subject to Subsection (3), the money collected from a tax under this  
 208 section may be used to fund:

209 ~~[(A)]~~ (i) for a county of the third[-] or fourth[- ~~or fifth~~] class, rural county health care  
 210 facilities in that county; or

211 ~~[(B)]~~ (ii) for a county of the fifth or sixth class:

212 ~~[(i)]~~ (A) rural emergency medical services in that county;

213 ~~[(ii)]~~ (B) federally qualified health centers in that county;

214           ~~[(H)]~~ (C) freestanding urgent care centers in that county;  
 215           ~~[(IV)]~~ (D) rural county health care facilities in that county;  
 216           ~~[(V)]~~ (E) rural health clinics in that county; or  
 217           ~~[(VI)]~~ (F) a combination of Subsections ~~[(1)(a)(ii)(B)(1) through (V)]~~ (1)(b)(ii)(A)  
 218 through (E).

219           ~~[(b)]~~ (c) Notwithstanding Subsection (1)(a)~~[(i)]~~, a county legislative body may not  
 220 impose a tax under this section on:

221           (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses  
 222 are exempt from taxation under Section 59-12-104;

223           (ii) a transaction to the extent a rural city hospital tax is imposed on that transaction in  
 224 a city that imposes a tax under Section 59-12-804; and

225           (iii) except as provided in Subsection (1)~~[(d)]~~(e), amounts paid or charged for food and  
 226 food ingredients.

227           ~~[(c)]~~ (d) For purposes of this Subsection (1), the location of a transaction shall be  
 228 determined in accordance with Sections 59-12-211 through 59-12-215.

229           ~~[(d)]~~ (e) A county legislative body imposing a tax under this section shall impose the  
 230 tax on amounts paid or charged for food and food ingredients if the food and food ingredients  
 231 are sold as part of a bundled transaction attributable to food and food ingredients and tangible  
 232 personal property other than food and food ingredients.

233           (2) (a) Before imposing a tax under Subsection (1)~~[(a)]~~, a county legislative body shall  
 234 obtain approval to impose the tax from a majority of the:

- 235           (i) members of the county's legislative body; and
- 236           (ii) county's registered voters voting on the imposition of the tax.

237           (b) The county legislative body shall conduct the election according to the procedures  
 238 and requirements of Title 11, Chapter 14, Local Government Bonding Act.

239           (3) (a) The money ~~[generated by]~~ collected from a tax imposed under Subsection (1) by  
 240 a county legislative body of a county of the third~~;~~  or fourth~~;~~  ~~or fifth~~ class may only be used  
 241 for the financing of:

- 242           (i) ongoing operating expenses of a rural county health care facility within that county;
- 243           (ii) the acquisition of land for a rural county health care facility within that county; or
- 244           (iii) the design, construction, equipping, or furnishing of a rural county health care



245 facility within that county.

246 (b) The money [~~generated by~~] collected from a tax imposed under Subsection (1) by a  
 247 county of the fifth or sixth class may only be used [for the financing of] to fund:

248 (i) ongoing operating expenses of a center, clinic, or facility described in Subsection  
 249 (1)[~~(a)(ii)(B)~~](b)(ii) within that county;

250 (ii) the acquisition of land for a center, clinic, or facility described in Subsection  
 251 (1)[~~(a)(ii)(B)~~](b)(ii) within that county;

252 (iii) the design, construction, equipping, or furnishing of a center, clinic, or facility  
 253 described in Subsection (1)[~~(a)(ii)(B)~~](b)(ii) within that county; or

254 (iv) [~~the provision of~~] rural emergency medical services within that county.

255 (4) (a) A tax under this section shall be:

256 (i) except as provided in Subsection (4)(b), administered, collected, and enforced in  
 257 accordance with:

258 (A) the same procedures used to administer, collect, and enforce the tax under:

259 (I) Part 1, Tax Collection; or

260 (II) Part 2, Local Sales and Use Tax Act; and

261 (B) Chapter 1, General Taxation Policies; and

262 (ii) levied for a period of 10 years and may be reauthorized at the end of the ten-year  
 263 period by the county legislative body as provided in Subsection (1).

264 (b) Notwithstanding Subsection (4)(a)(i), a tax under this section is not subject to  
 265 Subsections [59-12-205](#)(2) through (6).

266 (c) A county legislative body shall distribute money collected from a tax under this  
 267 section quarterly.

268 (5) The commission shall retain and deposit an administrative charge in accordance  
 269 with Section [59-1-306](#) from the revenues the commission collects from a tax under this section.

270 Section 4. Section [59-12-804](#) is amended to read:

271 **59-12-804. Imposition of rural city hospital tax -- Base -- Rate -- Administration,**  
 272 **collection, and enforcement of tax -- Administrative charge.**

273 (1) (a) A city legislative body may impose a sales and use tax of up to 1%:

274 (i) on the transactions described in Subsection [59-12-103](#)(1) located within the city;

275 and

276 (ii) to fund rural city hospitals in that city.

277 (b) Notwithstanding Subsection (1)(a)(i), a city legislative body may not impose a tax  
278 under this section on:

279 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses  
280 are exempt from taxation under Section 59-12-104; and

281 (ii) except as provided in Subsection (1)(d), amounts paid or charged for food and food  
282 ingredients.

283 (c) For purposes of this Subsection (1), the location of a transaction shall be  
284 determined in accordance with Sections 59-12-211 through 59-12-215.

285 (d) A city legislative body imposing a tax under this section shall impose the tax on  
286 amounts paid or charged for food and food ingredients if the food and food ingredients are sold  
287 as part of a bundled transaction attributable to food and food ingredients and tangible personal  
288 property other than food and food ingredients.

289 (2) (a) Before imposing a tax under Subsection (1)(a), a city legislative body shall  
290 obtain approval to impose the tax from a majority of the:

291 (i) members of the city legislative body; and

292 (ii) city's registered voters voting on the imposition of the tax.

293 (b) The city legislative body shall conduct the election according to the procedures and  
294 requirements of Title 11, Chapter 14, Local Government Bonding Act.

295 (3) The money [~~generated by~~] collected from a tax imposed under Subsection (1) may  
296 only be used [~~for the financing of~~] to fund:

297 (a) ongoing operating expenses of a rural city hospital;

298 (b) the acquisition of land for a rural city hospital; or

299 (c) the design, construction, equipping, or furnishing of a rural city hospital.

300 (4) (a) A tax under this section shall be:

301 (i) except as provided in Subsection (4)(b), administered, collected, and enforced in  
302 accordance with:

303 (A) the same procedures used to administer, collect, and enforce the tax under:

304 (I) Part 1, Tax Collection; or

305 (II) Part 2, Local Sales and Use Tax Act; and

306 (B) Chapter 1, General Taxation Policies; and

307 (ii) levied for a period of 10 years and may be reauthorized at the end of the ten-year  
308 period by the city legislative body as provided in Subsection (1).

309 (b) Notwithstanding Subsection (4)(a)(i), a tax under this section is not subject to  
310 Subsections 59-12-205(2) through (6).

311 (5) The commission shall retain and deposit an administrative charge in accordance  
312 with Section 59-1-306 from the revenues the commission collects from a tax under this section.

313 Section 5. Section 59-12-805 is amended to read:

314 **59-12-805. Distribution of money collected from rural city hospital tax.**

315 (1) Except as provided in Subsection 59-12-804(5) and Subsection (2), all [revenues]  
316 money collected [~~by a city~~] from a tax under Section 59-12-804 shall be distributed quarterly  
317 by the city legislative body to rural city hospitals.

318 (2) [~~Notwithstanding Subsection (1), if~~] If there is more than one rural city hospital in a  
319 city, the [revenues] money collected [~~by the city~~] from a tax under Section 59-12-804 shall be  
320 distributed as determined by the city legislative body.

321 Section 6. **Repealer.**

322 This bill repeals:

323 Section 59-12-803, **Distribution of revenues generated by rural county health care**  
324 **facilities tax.**

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Legislative Review Note  
as of 1-30-14 11:19 AM

Office of Legislative Research and General Counsel