

Representative Johnny Anderson proposes the following substitute bill:

FUEL EXCISE TAX AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John L. Valentine

House Sponsor: Johnny Anderson

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ provides definitions;
- ▶ reduces the cents per gallon tax rate that is imposed on motor fuels and special fuels;
- ▶ imposes a percentage tax per gallon on motor fuel and special fuel based on the previous three calendar years' average rack price of a gallon of regular unleaded motor fuel;
- ▶ establishes procedures for the State Tax Commission to determine the previous three calendar years' average rack price of a gallon of regular unleaded motor fuel;
- ▶ provides that the adjusted fuel tax rate shall take effect on July 1 in a year that the fuel tax rate is required to be adjusted;
- ▶ repeals the percentage tax per gallon on motor fuel and special fuel based on the previous three calendar years' average rack price of a gallon of regular unleaded motor fuel on June 30, 2021; and



26 ▶ makes technical corrections.

27 **Money Appropriated in this Bill:**

28 None

29 **Other Special Clauses:**

30 This bill takes effect on July 1, 2014.

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **59-13-102**, as last amended by Laws of Utah 2012, Chapter 369

34 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308

35 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259

36 **59-13-403**, as last amended by Laws of Utah 2006, Chapter 322

37 **63I-1-259**, as last amended by Laws of Utah 2013, Chapter 462



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

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

41 **59-13-102. Definitions.**

42 As used in this chapter:

43 (1) "Average rack price" means the Salt Lake weekly contract rack average price for no
44 lead, E10 published by an oil pricing service.

45 ~~(1)~~ (2) "Aviation fuel" means fuel that is sold at airports and used exclusively for the
46 operation of aircraft.

47 ~~(2)~~ (3) "Clean fuel" means:

48 (a) the following special fuels:

49 (i) propane;

50 (ii) compressed natural gas;

51 (iii) liquified natural gas; or

52 (iv) electricity; or

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

55 ~~(3)~~ (4) "Commission" means the State Tax Commission.

56 ~~(4)~~ (5) (a) "Diesel fuel" means any liquid that is commonly or commercially known,

57 offered for sale, or used as a fuel in diesel engines.

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

62 (6) "Diesel gallon equivalent" means 6.06 pounds of liquified natural gas.

63 [~~(5)~~] (7) "Distributor" means any person in this state who:

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

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

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

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

72 (i) federally certificated air carriers; and

73 (ii) other persons.

74 [~~(6)~~] (8) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C.
75 Sec. 4082 or United States Environmental Protection Agency or Internal Revenue Service
76 regulations and that is considered destined for nontaxable off-highway use.

77 [~~(7)~~] (9) "Exchange agreement" means an agreement between licensed suppliers where
78 one is a position holder in a terminal who agrees to deliver taxable special fuel to the other
79 supplier or the other supplier's customer at the loading rack of the terminal where the delivering
80 supplier holds an inventory position.

81 [~~(8)~~] (10) "Federally certificated air carrier" means a person who holds a certificate
82 issued by the Federal Aviation Administration authorizing the person to conduct an all-cargo
83 operation or scheduled operation, as defined in 14 C.F.R. Sec. 110.2.

84 [~~(9)~~] (11) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is
85 generally used in an engine or motor for the generation of power, including aviation fuel, clean
86 fuel, diesel fuel, motor fuel, and special fuel.

87 (12) "Gasoline gallon equivalent" means 5.660 pounds of compressed natural gas.

88 ~~[(10)]~~ (13) "Highway" means every way or place, of whatever nature, generally open to
89 the use of the public for the purpose of vehicular travel notwithstanding that the way or place
90 may be temporarily closed for the purpose of construction, maintenance, or repair.

91 ~~[(11)]~~ (14) "Motor fuel" means fuel that is commonly or commercially known or sold
92 as gasoline or gasohol and is used for any purpose, but does not include aviation fuel.

93 ~~[(12)]~~ (15) "Motor fuels received" means:

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

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

103 (16) "Oil pricing service" means an organization that:

104 (a) publishes wholesale petroleum prices within the United States;

105 (b) publishes at least 25,000 rack prices on a daily basis; and

106 (c) receives daily gasoline and diesel prices from at least 100,000 retail outlets in the
107 United States and Canada.

108 ~~[(13)]~~ (17) (a) "Qualified motor vehicle" means a special fuel-powered motor vehicle
109 used, designed, or maintained for transportation of persons or property which:

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

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

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

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

117 ~~[(14)]~~ (18) "Rack," as used in Part 3, Special Fuel, means a deck, platform, or open bay
118 which consists of a series of metered pipes and hoses for the delivery or removal of diesel fuel

119 from a refinery or terminal into a motor vehicle, rail car, or vessel.

120 ~~[(15)]~~ (19) "Removal," as used in Part 3, Special Fuel, means the physical transfer of
121 diesel fuel from a production, manufacturing, terminal, or refinery facility and includes use of
122 diesel fuel. Removal does not include:

123 (a) loss by evaporation or destruction; or

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

125 ~~[(16)]~~ (20) (a) "Special fuel" means any fuel regardless of name or character that:

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

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

129 (b) Special fuel includes:

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

131 (ii) diesel fuel.

132 ~~[(17)]~~ (21) "Supplier," as used in Part 3, Special Fuel, means a person who:

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

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

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

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

140 ~~[(18)]~~ (22) "Terminal," as used in Part 3, Special Fuel, means a facility for the storage
141 of diesel fuel which is supplied by a motor vehicle, pipeline, or vessel and from which diesel
142 fuel is removed for distribution at a rack.

143 ~~[(19)]~~ (23) "Two party exchange" means a transaction in which special fuel is
144 transferred between licensed suppliers pursuant to an exchange agreement.

145 ~~[(20)]~~ (24) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing
146 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental
147 Protection Agency or Internal Revenue Service regulations.

148 ~~[(21)]~~ (25) "Use," as used in Part 3, Special Fuel, means the consumption of special
149 fuel for the operation or propulsion of a motor vehicle upon the public highways of the state

150 and includes the reception of special fuel into the fuel supply tank of a motor vehicle.

151 [(22)] (26) "User," as used in Part 3, Special Fuel, means any person who uses special
152 fuel within this state in an engine or motor for the generation of power to operate or propel a
153 motor vehicle upon the public highways of the state.

154 [(23)] (27) "Ute tribal member" means an enrolled member of the Ute tribe.

155 [(24)] (28) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray
156 Reservation.

157 [(25)] (29) "Ute trust land" means the lands:

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

160 (i) the Ute tribe;

161 (ii) an individual; or

162 (iii) a group of individuals; or

163 (b) specified as trust land by agreement between the governor and the Ute tribe meeting
164 the requirements of Subsections 59-13-201.5(3) and 59-13-301.5(3).

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

166 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**
167 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**
168 **in limited circumstances.**

169 (1) (a) Subject to the provisions of this section, a tax is imposed [~~at the rate of 24-1/2~~
170 ~~cents per gallon~~] upon all motor fuel that is sold, used, or received for sale or used in this
171 state[-] at the rate of:

172 (i) until June 30, 2017, 24-1/2 cents per gallon; and

173 (ii) beginning on July 1, 2017, 14 cents per gallon.

174 (b) (i) Beginning on July 1, 2017, and in addition to the rate imposed under Subsection
175 (1)(a), a tax is imposed at the rate of 3.69% of the average rack price of a gallon of motor fuel
176 per gallon upon all motor fuel that is sold, used, or received for sale or used in this state.

177 (ii) Subject to the requirement under Subsection (1)(b)(iii), the average rack price of a
178 gallon of motor fuel under Subsection (1)(b)(i) shall be determined by calculating the previous
179 three calendar years' average rack price of a gallon of regular unleaded motor fuel, excluding
180 federal and state excise taxes, for the 36 months ending on the preceding December 31 as

181 published by an oil pricing service.

182 (iii) The average rack price of a gallon of motor fuel determined under Subsection
183 (1)(b)(ii) may not be less than \$2.84 per gallon.

184 (iv) The commission shall, every three years:

185 (A) determine the average rack price of a gallon of motor fuel in accordance with
186 Subsection (1)(b)(ii);

187 (B) adjust the fuel tax imposed under Subsection (1)(b)(i), rounded to the nearest
188 one-tenth of a cent, based on the determination under Subsection (1)(b)(ii); and

189 (C) post or otherwise make public the adjusted fuel tax rate as determined in
190 Subsection (1)(b)(iv)(B) no later than 90 days prior to the effective date of the tax rate under
191 Subsection (1)(b)(v).

192 (v) The fuel tax rate imposed under this Subsection (1)(b) and adjusted as required
193 under Subsection (1)(b)(iv) shall take effect on July 1 in a year that the fuel tax rate is required
194 to be adjusted.

195 ~~(b)~~ (c) In lieu of the ~~[tax]~~ taxes imposed under ~~[Subsection]~~ Subsections (1)(a) and
196 (b) and subject to the provisions of this section, a tax is imposed at the rate of 3/19 of the ~~[rate]~~
197 rates imposed under ~~[Subsection]~~ Subsections (1)(a) and (b), rounded up to the nearest penny,
198 upon all motor fuels that meet the definition of clean fuel in Section 59-13-102 and are sold,
199 used, or received for sale or use in this state.

200 (2) Any increase or decrease in the tax [rate] rates imposed under Subsection (1)
201 applies to motor fuel that is imported to the state or sold at refineries in the state on or after the
202 effective date of the rate change.

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

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

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

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

211 (iv) motor fuel that is sold to the United States government, this state, or the political

212 subdivisions of this state.

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

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

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

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

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

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

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

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

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

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

243 (b) This amount shall be used as provided in Section 41-22-19.

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

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

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

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

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

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

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

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

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

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

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

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

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

270 (i) may not:

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

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

274 (C) affect the power of the state to establish rates of taxation;
275 (ii) shall:
276 (A) be in writing;
277 (B) be signed by:
278 (I) the chair of the commission or the chair's designee; and
279 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
280 (C) be conditioned on obtaining any approval required by federal law;
281 (D) state the effective date of the agreement; and
282 (E) state any accommodation the Navajo Nation makes related to the construction and
283 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
284 Nation; and
285 (iii) may:
286 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
287 Navajo Nation information that is:
288 (I) contained in a document filed with the commission; and
289 (II) related to the tax imposed under this section;
290 (B) provide for maintaining records by the commission or the Navajo Nation; or
291 (C) provide for inspections or audits of distributors, carriers, or retailers located or
292 doing business within the Utah portion of the Navajo Nation.
293 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
294 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a
295 result of the change in the tax rate is not effective until the first day of the calendar quarter after
296 a 60-day period beginning on the date the commission receives notice:
297 (A) from the Navajo Nation; and
298 (B) meeting the requirements of Subsection (9)(f)(ii).
299 (ii) The notice described in Subsection (9)(f)(i) shall state:
300 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
301 motor fuel;
302 (B) the effective date of the rate change of the tax described in Subsection (9)(f)(ii)(A);
303 and
304 (C) the new rate of the tax described in Subsection (9)(f)(ii)(A).

305 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not
306 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a
307 30-day period beginning on the day the agreement terminates.

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

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

311 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
312 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

313 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section
314 **59-13-304**, ~~[a tax is]~~ taxes are imposed at the same ~~[rate]~~ rates imposed under ~~[Subsection]~~
315 Subsections 59-13-201(1)(a) and (b) on the:

316 (i) removal of undyed diesel fuel from any refinery;

317 (ii) removal of undyed diesel fuel from any terminal;

318 (iii) entry into the state of any undyed diesel fuel for consumption, use, sale, or
319 warehousing;

320 (iv) sale of undyed diesel fuel to any person who is not registered as a supplier under
321 this part unless the tax has been collected under this section;

322 (v) any untaxed special fuel blended with undyed diesel fuel; or

323 (vi) use of untaxed special fuel other than propane or electricity.

324 (b) The ~~[tax]~~ taxes imposed under this section shall only be imposed once upon any
325 special fuel.

326 (2) (a) No special fuel tax is imposed or collected upon dyed diesel fuel which:

327 (i) is sold or used for any purpose other than to operate or propel a motor vehicle upon
328 the public highways of the state, but this exemption applies only in those cases where the
329 purchasers or the users of special fuel establish to the satisfaction of the commission that the
330 special fuel was used for purposes other than to operate a motor vehicle upon the public
331 highways of the state; or

332 (ii) is sold to this state or any of its political subdivisions.

333 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:

334 (i) sold to the United States government or any of its instrumentalities or to this state or
335 any of its political subdivisions;

336 (ii) exported from this state if proof of actual exportation on forms prescribed by the
337 commission is made within 180 days after exportation;

338 (iii) used in a vehicle off-highway;

339 (iv) used to operate a power take-off unit of a vehicle;

340 (v) used for off-highway agricultural uses;

341 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
342 upon the highways of the state; or

343 (vii) used in machinery and equipment not registered and not required to be registered
344 for highway use.

345 (3) No tax is imposed or collected on special fuel if it is:

346 (a) (i) purchased for business use in machinery and equipment not registered and not
347 required to be registered for highway use; and

348 (ii) used pursuant to the conditions of a state implementation plan approved under Title
349 19, Chapter 2, Air Conservation Act; or

350 (b) propane or electricity.

351 (4) Upon request of a buyer meeting the requirements under Subsection (3), the
352 Division of Air Quality shall issue an exemption certificate that may be shown to a seller.

353 (5) The special fuel tax shall be paid by the supplier.

354 (6) (a) The special fuel tax shall be paid by every user who is required by Sections
355 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

356 (b) The user shall receive a refundable credit for special fuel taxes paid on purchases
357 which are delivered into vehicles and for which special fuel tax liability is reported.

358 (7) (a) Except as provided under Subsections (7)(b) and (c), all revenue received by the
359 commission from taxes and license fees under this part shall be deposited daily with the state
360 treasurer and credited to the Transportation Fund.

361 (b) An appropriation from the Transportation Fund shall be made to the commission to
362 cover expenses incurred in the administration and enforcement of this part and the collection of
363 the special fuel tax.

364 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303
365 may be used by the commission as a dedicated credit to cover the costs of electronic
366 credentialing as provided in Section 41-1a-303.

367 (8) The commission may either collect no tax on special fuel exported from the state
368 or, upon application, refund the tax paid.

369 (9) (a) The United States government or any of its instrumentalities, this state, or a
370 political subdivision of this state that has purchased special fuel from a supplier or from a retail
371 dealer of special fuel and has paid the tax on the special fuel as provided in this section is
372 entitled to a refund of the tax and may file with the commission for a quarterly refund in a
373 manner prescribed by the commission.

374 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
375 commission shall make rules governing the application and refund provided for in Subsection
376 (9)(a).

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

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

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

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

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

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

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

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

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

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

- 398 (ii) The difference described in Subsection (11)(b)(i) is equal to the difference
399 between:
- 400 (A) the amount of tax imposed on the special fuel by this section; less
401 (B) the tax imposed and collected by the Navajo Nation on the special fuel.
- 402 (c) For purposes of Subsections (11)(a) and (b), the tax paid to the Navajo Nation on
403 the special fuel does not include any interest or penalties a taxpayer may be required to pay to
404 the Navajo Nation.
- 405 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
406 commission shall make rules governing the procedures for administering the reduction of tax
407 provided under this Subsection (11).
- 408 (e) The agreement required under Subsection (11)(a):
- 409 (i) may not:
- 410 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;
411 (B) provide a reduction of taxes greater than or different from the reduction described
412 in this Subsection (11); or
- 413 (C) affect the power of the state to establish rates of taxation;
- 414 (ii) shall:
- 415 (A) be in writing;
416 (B) be signed by:
417 (I) the chair of the commission or the chair's designee; and
418 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
419 (C) be conditioned on obtaining any approval required by federal law;
420 (D) state the effective date of the agreement; and
421 (E) state any accommodation the Navajo Nation makes related to the construction and
422 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
423 Nation; and
- 424 (iii) may:
- 425 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
426 Navajo Nation information that is:
427 (I) contained in a document filed with the commission; and
428 (II) related to the tax imposed under this section;

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

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

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

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

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

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

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

436 (A) from the Navajo Nation; and

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

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

439 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on

440 special fuel;

441 (B) the effective date of the rate change of the tax described in Subsection

442 (11)(f)(ii)(A); and

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

444 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not

445 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a

446 30-day period beginning on the day the agreement terminates.

447 (h) If there is a conflict between this Subsection (11) and the agreement required by

448 Subsection (11)(a), this Subsection (11) governs.

449 (12) (a) Beginning on January 1, 2009, a tax imposed under this section on compressed

450 natural gas is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be

451 increased [~~or decreased~~] proportionately with any increase [~~or decrease~~] in the rate in

452 Subsection 59-13-201(1)(a).

453 (b) Beginning on July 1, 2011, a tax imposed under this section on liquified natural gas

454 is imposed at a reduced rate of 8-1/2 cents per [~~gasoline~~] diesel gallon equivalent to be

455 increased [~~or decreased~~] proportionately with any increase [~~or decrease~~] in the rate in

456 Subsection 59-13-201(1)(a).

457 Section 4. Section 59-13-403 is amended to read:

458 **59-13-403. Administration and penalties -- Bond requirements.**

459 (1) All administrative and penalty provisions of Part 2, Motor Fuel, apply to the

460 administration of Part 4, Aviation Fuel.

461 (2) Notwithstanding Subsection (1), a distributor is not required to furnish a bond if the
462 distributor:

463 (a) meets the definition of distributor under Subsection ~~59-13-102~~(~~5~~)(7)(d); and

464 (b) has an average tax liability of \$500 or less per month.

465 Section 5. Section **63I-1-259** is amended to read:

466 **63I-1-259. Repeal dates, Title 59.**

467 (1) Sections ~~59-1-801.5~~ and ~~59-1-808~~ are repealed on June 30, 2014.

468 (2) Subsection ~~59-2-924~~(3)(g) is repealed on December 31, 2016.

469 (3) Section ~~59-2-924.3~~ is repealed on December 31, 2016.

470 (4) Section ~~59-9-102.5~~ is repealed December 31, 2020.

471 (5) Subsection ~~59-13-201~~(1)(b) is repealed June 30, 2021.

472 Section 6. **Effective date.**

473 This bill takes effect on July 1, 2014.