

Representative Johnny Anderson proposes the following substitute bill:

TRANSPORTATION INFRASTRUCTURE FUNDING

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Johnny Anderson

Senate Sponsor: Alvin B. Jackson

LONG TITLE

General Description:

This bill modifies provisions relating to transportation funding.

Highlighted Provisions:

This bill:

- ▶ provides definitions;
- ▶ authorizes a county to impose a local option sales and use tax for highways and public transit;
- ▶ addresses the use of revenue collected from the local option sales and use tax for highways and public transit;
- ▶ requires a political subdivision that receives certain sales and use tax revenue to submit certain information in audits, reviews, compilations, or fiscal reports;
- ▶ repeals the cents per gallon tax rate that is imposed on motor fuels and special fuels after a specified date;
- ▶ imposes a percentage tax per gallon on motor fuel and special fuel based on the previous fiscal year statewide average rack price of a gallon of regular unleaded motor fuel after a specified date;
- ▶ establishes procedures for the State Tax Commission to determine the previous fiscal year statewide average rack price of a gallon of regular unleaded motor fuel;



- 26 ▶ specifies the date that the adjusted fuel tax rate shall take effect each year;
- 27 ▶ repeals the requirement to post a tax rate decal on each motor fuel or undyed special
- 28 fuel pump or dispensing device;
- 29 ▶ repeals the cap on the amount of motor fuel tax revenue that is deposited in the
- 30 Off-highway Vehicle Account;
- 31 ▶ amends the apportionment formula for revenues deposited in the class B and class C
- 32 roads account;
- 33 ▶ makes technical and conforming changes.

34 **Money Appropriated in this Bill:**

35 None

36 **Other Special Clauses:**

37 None

38 **Utah Code Sections Affected:**

39 AMENDS:

- 40 **51-2a-202**, as enacted by Laws of Utah 2004, Chapter 206
- 41 **59-12-2203**, as enacted by Laws of Utah 2010, Chapter 263
- 42 **59-12-2206**, as enacted by Laws of Utah 2010, Chapter 263
- 43 **59-13-102**, as last amended by Laws of Utah 2012, Chapter 369
- 44 **59-13-201**, as last amended by Laws of Utah 2010, Chapter 308
- 45 **59-13-301**, as last amended by Laws of Utah 2011, Chapter 259
- 46 **63I-1-259**, as last amended by Laws of Utah 2014, Chapter 54
- 47 **72-2-108**, as last amended by Laws of Utah 2008, Chapter 109

48 ENACTS:

- 49 **59-12-2219**, Utah Code Annotated 1953
- 50 **63I-1-251**, Utah Code Annotated 1953

51 REPEALS:

- 52 **59-13-104**, as enacted by Laws of Utah 1998, Chapter 253



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

55 Section 1. Section **51-2a-202** is amended to read:

56 **51-2a-202. Reporting requirements.**

57 (1) The governing board of each entity required to have an audit, review, compilation,
58 or fiscal report shall ensure that the audit, review, compilation, or fiscal report is:

59 (a) made at least annually; and

60 (b) filed with the state auditor within six months of the close of the fiscal year of the
61 entity.

62 (2) If the political subdivision, interlocal organization, or other local entity receives
63 federal funding, the audit, review, or compilation shall be performed in accordance with both
64 federal and state auditing requirements.

65 (3) If a political subdivision receives revenue from a sales and use tax imposed under
66 Section 59-12-2219, the political subdivision shall identify the amount of revenue the political
67 subdivision budgets for transportation and verify compliance with Subsection 59-12-2219(10)
68 in the audit, review, compilation, or fiscal report.

69 Section 2. Section 59-12-2203 is amended to read:

70 **59-12-2203. Authority to impose a sales and use tax under this part.**

71 (1) As provided in this Subsection (1), one of the following sales and use taxes may be
72 imposed within the boundaries of a local taxing jurisdiction:

73 (a) a county, city, or town may impose the sales and use tax authorized by Section
74 59-12-2213 in accordance with Section 59-12-2213; or

75 (b) a city or town may impose the sales and use tax authorized by Section 59-12-2215
76 in accordance with Section 59-12-2215.

77 (2) As provided in this Subsection (2), one of the following sales and use taxes may be
78 imposed within the boundaries of a local taxing jurisdiction:

79 (a) a county, city, or town may impose the sales and use tax authorized by Section
80 59-12-2214 in accordance with Section 59-12-2214; or

81 (b) a county may impose the sales and use tax authorized by Section 59-12-2216 in
82 accordance with Section 59-12-2216.

83 (3) As provided in this Subsection (3), one of the following sales and use taxes may be
84 imposed within the boundaries of a local taxing jurisdiction:

85 (a) a county may impose the sales and use tax authorized by Section 59-12-2217 in
86 accordance with Section 59-12-2217; or

87 (b) a county, city, or town may impose the sales and use tax authorized by Section

88 [59-12-2218](#) in accordance with Section [59-12-2218](#).

89 (4) A county may impose the sales and use tax authorized by Section [59-12-2219](#) in
90 accordance with Section [59-12-2219](#).

91 Section 3. Section **59-12-2206** is amended to read:

92 **59-12-2206. Administration, collection, and enforcement of a sales and use tax**
93 **under this part -- Transmission of revenues monthly by electronic funds transfer --**
94 **Transfer of revenues to a public transit district or eligible political subdivision.**

95 (1) Except as provided in Subsection (2), the commission shall administer, collect, and
96 enforce a sales and use tax imposed under this part.

97 (2) The commission shall administer, collect, and enforce a sales and use tax imposed
98 under this part in accordance with:

99 (a) the same procedures used to administer, collect, and enforce a tax under:

100 (i) Part 1, Tax Collection; or

101 (ii) Part 2, Local Sales and Use Tax Act; and

102 (b) Chapter 1, General Taxation Policies.

103 (3) A sales and use tax under this part is not subject to Subsections [59-12-205](#)(2)
104 through (6).

105 (4) Subject to Section [59-12-2207](#) and except as provided in Subsection (5) or another
106 provision of this part, the state treasurer shall transmit revenues collected within a county, city,
107 or town from a sales and use tax under this part to the county, city, or town legislative body
108 monthly by electronic funds transfer.

109 (5) Subject to Section [59-12-2207](#), the state treasurer shall transfer revenues collected
110 within a county, city, or town from a sales and use tax under this part directly to a public transit
111 district organized under Title 17B, Chapter 2a, Part 8, Public Transit District Act, or an eligible
112 political subdivision as defined in Section [59-12-2219](#), if the county, city, or town legislative
113 body:

114 (a) provides written notice to the state treasurer requesting the transfer; and

115 (b) designates the public transit district or eligible political subdivision to which the
116 county, city, or town legislative body requests the state treasurer to transfer the revenues.

117 Section 4. Section **59-12-2219** is enacted to read:

118 **59-12-2219. County option sales and use tax for highways and public transit --**

119 **Base -- Rate -- Distribution and expenditure of revenue -- Revenue may not supplant**
120 **existing budgeted transportation revenue.**

121 (1) As used in this section:

122 (a) "Class B road" means the same as that term is defined in Section [72-3-103](#).

123 (b) "Class C road" means the same as that term is defined in Section [72-3-104](#).

124 (c) "Eligible political subdivision" means a political subdivision that:

125 (i) on May 12, 2015, provides public transit services;

126 (ii) is not a public transit district; and

127 (iii) is not annexed into a public transit district.

128 (d) "Public transit district" means a public transit district organized under Title 17B,

129 Chapter 2a, Part 8, Public Transit District Act.

130 (2) Subject to the other provisions of this part, a county legislative body may impose a
131 sales and use tax of .25% on the transactions described in Subsection [59-12-103\(1\)](#) within the
132 county, including the cities and towns within the county.

133 (3) The commission shall distribute sales and use tax revenue collected under this
134 section as provided in Subsections (4) through (7).

135 (4) If the entire boundary of a county that imposes a sales and use tax under this section
136 is annexed into a single public transit district, the commission shall distribute the sales and use
137 tax revenue collected within the county as follows:

138 (a) .10% shall be transferred to the public transit district in accordance with Section
139 [59-12-2206](#);

140 (b) .10% shall be distributed as provided in Subsection (6); and

141 (c) .05% shall be distributed to the county legislative body.

142 (5) If the entire boundary of a county that imposes a sales and use tax under this section
143 is not annexed into a single public transit district, or if there is not a public transit district
144 within the county, the commission shall distribute the sales and use tax revenue collected
145 within the county as follows:

146 (a) for a city or town within the county that is annexed into a single public transit
147 district, the commission shall distribute the sales and use tax revenue collected within that city
148 or town as follows:

149 (i) .10% shall be transferred to the public transit district in accordance with Section

150 [59-12-2206](#);

151 (ii) .10% shall be distributed as provided in Subsection (6); and

152 (iii) .05% shall be distributed to the county legislative body;

153 (b) for an eligible political subdivision within the county, the commission shall

154 distribute the sales and use tax revenue collected within that eligible political subdivision as
155 follows:

156 (i) .10% shall be transferred to the eligible political subdivision in accordance with
157 Section [59-12-2206](#);

158 (ii) .10% shall be distributed as provided in Subsection (6); and

159 (iii) .05% shall be distributed to the county legislative body; and

160 (c) the commission shall distribute the sales and use tax revenue, except for the sales
161 and use tax revenue described in Subsections (5)(a) and (b), as follows:

162 (i) .10% shall be distributed as provided in Subsection (6); and

163 (ii) .15% shall be distributed to the county legislative body.

164 (6) (a) Subject to Subsection (6)(b), the commission shall make the distributions
165 required by Subsections (4)(b), (5)(a)(ii), (5)(b)(ii), and (5)(c)(i) as follows:

166 (i) 50% of the total revenue collected under Subsections (4)(b), (5)(a)(ii), (5)(b)(ii), and
167 (5)(c)(i) within the counties that impose a tax under this section shall be distributed to the
168 unincorporated areas, cities, and towns within those counties on the basis of the percentage that
169 the population of each unincorporated area, city, or town bears to the total population of all of
170 the counties that impose a tax under this section; and

171 (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(a)(ii), (5)(b)(ii),
172 and (5)(c)(i) within the counties that impose a tax under this section shall be distributed to the
173 unincorporated areas, cities, and towns within those counties on the basis of the location of the
174 transaction as determined under Sections [59-12-211](#) through [59-12-215](#).

175 (b) (i) Population for purposes of this Subsection (6) shall be determined on the basis
176 of the most recent official census or census estimate of the United States Census Bureau.

177 (ii) If a needed population estimate is not available from the United States Census
178 Bureau, population figures shall be derived from an estimate from the Utah Population
179 Estimates Committee created by executive order of the governor.

180 (7) (a) If a public transit district is organized after the date a county legislative body

181 first imposes a tax under this section, a change in a distribution required by this section may
182 not take effect until the first distribution the commission makes under this section after a
183 90-day period that begins on the date the commission receives written notice from the public
184 transit district of the organization of the public transit district.

185 (b) If an eligible political subdivision intends to provide public transit service within a
186 county after the date a county legislative body first imposes a tax under this section, a change
187 in a distribution required by this section may not take effect until the first distribution the
188 commission makes under this section after a 90-day period that begins on the date the
189 commission receives written notice from the eligible political subdivision stating that the
190 eligible political subdivision intends to provide public transit service within the county.

191 (8) A county, city, or town may expend revenue collected from a tax under this section,
192 except for revenue the commission distributes in accordance with Subsection (4)(a), (5)(a)(i),
193 or (5)(b)(i), for:

194 (a) a class B road;

195 (b) a class C road;

196 (c) traffic and pedestrian safety, including for a class B road or class C road, for:

197 (i) a sidewalk;

198 (ii) curb and gutter;

199 (iii) a safety feature;

200 (iv) a traffic sign;

201 (v) a traffic signal;

202 (vi) street lighting; or

203 (vii) a combination of Subsections (8)(c)(i) through (vi);

204 (d) the construction, maintenance, or operation of an active transportation facility that
205 is for nonmotorized vehicles and multimodal transportation and connects an origin with a
206 destination;

207 (e) public transit system services; or

208 (f) a combination of Subsections (8)(a) through (e).

209 (9) A public transit district or an eligible political subdivision may expend revenue the
210 commission distributes in accordance with Subsection (4)(a), (5)(a)(i), or (5)(b)(i), for capital
211 expenses and service delivery expenses of the public transit district or eligible political

212 subdivision.

213 (10) Revenue collected from a sales and use tax under this section may not be used to
214 supplant existing revenue a county, city, or town budgets for transportation.

215 Section 5. Section **59-13-102** is amended to read:

216 **59-13-102. Definitions.**

217 As used in this chapter:

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

220 (2) "Clean fuel" means:

221 (a) the following special fuels:

222 (i) propane;

223 (ii) compressed natural gas;

224 (iii) liquified natural gas; or

225 (iv) electricity; or

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

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

229 (4) "Consumer Price Index" means the Consumer Price Index for All Urban
230 Consumers as published by the Bureau of Labor Statistics of the United States Department of
231 Labor.

232 [~~4~~] (5) (a) "Diesel fuel" means any liquid that is commonly or commercially known,
233 offered for sale, or used as a fuel in diesel engines.

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

238 [~~5~~] (6) "Distributor" means any person in this state who:

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

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

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

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

247 (i) federally certificated air carriers; and

248 (ii) other persons.

249 ~~[(6)]~~ (7) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with 26 U.S.C.
250 Sec. 4082 or United States Environmental Protection Agency or Internal Revenue Service
251 regulations and that is considered destined for nontaxable off-highway use.

252 ~~[(7)]~~ (8) "Exchange agreement" means an agreement between licensed suppliers where
253 one is a position holder in a terminal who agrees to deliver taxable special fuel to the other
254 supplier or the other supplier's customer at the loading rack of the terminal where the delivering
255 supplier holds an inventory position.

256 ~~[(8)]~~ (9) "Federally certificated air carrier" means a person who holds a certificate
257 issued by the Federal Aviation Administration authorizing the person to conduct an all-cargo
258 operation or scheduled operation, as defined in 14 C.F.R. Sec. 110.2.

259 ~~[(9)]~~ (10) "Fuels" means any gas, liquid, solid, mixture, or other energy source which is
260 generally used in an engine or motor for the generation of power, including aviation fuel, clean
261 fuel, diesel fuel, motor fuel, and special fuel.

262 ~~[(10)]~~ (11) "Highway" means every way or place, of whatever nature, generally open to
263 the use of the public for the purpose of vehicular travel notwithstanding that the way or place
264 may be temporarily closed for the purpose of construction, maintenance, or repair.

265 ~~[(11)]~~ (12) "Motor fuel" means fuel that is commonly or commercially known or sold
266 as gasoline or gasohol and is used for any purpose, but does not include aviation fuel.

267 ~~[(12)]~~ (13) "Motor fuels received" means:

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

273 (b) motor fuels that have been imported by any person into the state from any other

274 state or territory by tank car, tank truck, pipeline, or any other conveyance at the time when,
275 and the place where, the interstate transportation of the motor fuel is completed within the state
276 by the person who at the time of the delivery is the owner of the motor fuel.

277 (14) "Oil pricing service" means an organization that:

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

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

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

282 ~~[(13)]~~ (15) (a) "Qualified motor vehicle" means a special fuel-powered motor vehicle
283 used, designed, or maintained for transportation of persons or property which:

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

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

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

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

291 ~~[(14)]~~ (16) "Rack," as used in Part 3, Special Fuel, means a deck, platform, or open bay
292 which consists of a series of metered pipes and hoses for the delivery or removal of diesel fuel
293 from a refinery or terminal into a motor vehicle, rail car, or vessel.

294 ~~[(15)]~~ (17) "Removal," as used in Part 3, Special Fuel, means the physical transfer of
295 diesel fuel from a production, manufacturing, terminal, or refinery facility and includes use of
296 diesel fuel. Removal does not include:

297 (a) loss by evaporation or destruction; or

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

299 ~~[(16)]~~ (18) (a) "Special fuel" means any fuel regardless of name or character that:

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

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

303 (b) Special fuel includes:

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

305 (ii) diesel fuel.

306 [~~(17)~~] (19) "Supplier," as used in Part 3, Special Fuel, means a person who:

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

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

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

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

314 [~~(18)~~] (20) "Terminal," as used in Part 3, Special Fuel, means a facility for the storage
315 of diesel fuel which is supplied by a motor vehicle, pipeline, or vessel and from which diesel
316 fuel is removed for distribution at a rack.

317 [~~(19)~~] (21) "Two party exchange" means a transaction in which special fuel is
318 transferred between licensed suppliers pursuant to an exchange agreement.

319 [~~(20)~~] (22) "Undyed diesel fuel" means diesel fuel that is not subject to the dyeing
320 requirements in accordance with 26 U.S.C. Sec. 4082 or United States Environmental
321 Protection Agency or Internal Revenue Service regulations.

322 [~~(21)~~] (23) "Use," as used in Part 3, Special Fuel, means the consumption of special
323 fuel for the operation or propulsion of a motor vehicle upon the public highways of the state
324 and includes the reception of special fuel into the fuel supply tank of a motor vehicle.

325 [~~(22)~~] (24) "User," as used in Part 3, Special Fuel, means any person who uses special
326 fuel within this state in an engine or motor for the generation of power to operate or propel a
327 motor vehicle upon the public highways of the state.

328 [~~(23)~~] (25) "Ute tribal member" means an enrolled member of the Ute tribe.

329 [~~(24)~~] (26) "Ute tribe" means the Ute Indian Tribe of the Uintah and Ouray
330 Reservation.

331 [~~(25)~~] (27) "Ute trust land" means the lands:

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

334 (i) the Ute tribe;

335 (ii) an individual; or

336 (iii) a group of individuals; or

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

339 Section 6. Section **59-13-201** is amended to read:

340 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited in the**
341 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**
342 **in limited circumstances.**

343 (1) (a) Subject to the provisions of this section and through December 31, 2015, a tax
344 is imposed at the rate of 24-1/2 cents per gallon upon all motor fuel that is sold, used, or
345 received for sale or used in this state.

346 (b) (i) Subject to the provisions of this section and beginning on January 1, 2016, a tax
347 is imposed at the rate of 10% of the statewide average rack price of a gallon of motor fuel per
348 gallon upon all motor fuel that is sold, used, or received for sale or used in this state.

349 (ii) (A) Until December 31, 2018, and subject to the requirements under Subsection
350 (1)(b)(iii), the statewide average rack price of a gallon of motor fuel under Subsection (1)(b)(i)
351 shall be determined by calculating the previous fiscal year statewide average rack price of a
352 gallon of regular unleaded motor fuel, excluding federal and state excise taxes, for the 12
353 months ending on the previous June 30 as published by an oil pricing service.

354 (B) Beginning on January 1, 2019 and subject to the requirements under Subsection
355 (1)(b)(iii), the statewide average rack price of a gallon of motor fuel under Subsection (1)(b)(i)
356 shall be determined by calculating the previous three fiscal years statewide average rack price
357 of a gallon of regular unleaded motor fuel, excluding federal and state excise taxes, for the 36
358 months ending on the previous June 30 as published by an oil pricing service.

359 (iii) (A) Subject to the requirement in Subsection (1)(b)(iii)(B), the statewide average
360 rack price of a gallon of motor fuel determined under Subsection (1)(b)(ii) may not be less than
361 \$2.45 per gallon.

362 (B) Beginning on a calendar year following the year that the actual statewide average
363 rack price of a gallon of motor fuel reaches \$2.45 before applying the minimum under
364 Subsection (1)(b)(iii)(A), the commission shall, on January 1, annually adjust the minimum
365 statewide average rack price of a gallon of motor fuel described in Subsection (1)(b)(iii)(A) by
366 taking the minimum statewide average rack price of a gallon of motor fuel for the previous

367 calendar year and adding an amount equal to the greater of:

368 (I) an amount calculated by multiplying the minimum average rack price of a gallon of
369 motor fuel for the previous calendar year by the actual percent change during the previous
370 fiscal year in the Consumer Price Index; and

371 (II) 0.

372 (C) The statewide average rack price of a gallon of motor fuel determined by the
373 commission under Subsection (1)(b)(ii) may not exceed \$4.00 per gallon.

374 (iv) The commission shall annually:

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

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

379 (C) publish the adjusted fuel tax as a cents per gallon rate; and

380 (D) post or otherwise make public the adjusted fuel tax rate as determined in
381 Subsection (1)(b)(iv)(B) no later than 60 days prior to the annual effective date under
382 Subsection (1)(b)(v).

383 (v) The tax rate imposed under this Subsection (1)(b) and adjusted as required under
384 Subsection (1)(b)(iv) shall take effect on January 1 of each year.

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

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

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

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

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

397 (iii) motor fuel or components of motor fuel that is sold and used in this state and

398 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
399 this state; or

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

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

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

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

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

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

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

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

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

428 (8) (a) The commission shall refund annually into the Off-Highway Vehicle Account in

429 the General Fund an amount equal to ~~[the lesser of the following: (i)]~~ .5% of the motor fuel tax
430 revenues collected under this section~~[-or]~~.

431 ~~[(ii) \$1,050,000.]~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

459 (i) may not:

- 460 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;
- 461 (B) provide a reduction of taxes greater than or different from the reduction described
- 462 in this Subsection (9); or
- 463 (C) affect the power of the state to establish rates of taxation;
- 464 (ii) shall:
- 465 (A) be in writing;
- 466 (B) be signed by:
- 467 (I) the chair of the commission or the chair's designee; and
- 468 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
- 469 (C) be conditioned on obtaining any approval required by federal law;
- 470 (D) state the effective date of the agreement; and
- 471 (E) state any accommodation the Navajo Nation makes related to the construction and
- 472 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
- 473 Nation; and
- 474 (iii) may:
- 475 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the
- 476 Navajo Nation information that is:
- 477 (I) contained in a document filed with the commission; and
- 478 (II) related to the tax imposed under this section;
- 479 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 480 (C) provide for inspections or audits of distributors, carriers, or retailers located or
- 481 doing business within the Utah portion of the Navajo Nation.
- 482 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
- 483 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a
- 484 result of the change in the tax rate is not effective until the first day of the calendar quarter after
- 485 a 60-day period beginning on the date the commission receives notice:
- 486 (A) from the Navajo Nation; and
- 487 (B) meeting the requirements of Subsection (9)(f)(ii).
- 488 (ii) The notice described in Subsection (9)(f)(i) shall state:
- 489 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
- 490 motor fuel;

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

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

494 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not
495 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a
496 30-day period beginning on the day the agreement terminates.

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

499 Section 7. Section **59-13-301** is amended to read:

500 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**
501 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

502 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section
503 **59-13-304**, a tax is imposed at the same ~~[rate]~~ rates imposed under ~~[Subsection]~~ Subsections
504 **59-13-201(1)(a) and (b)** on the:

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

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

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

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

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

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

513 (b) The tax imposed under this section shall only be imposed once upon any special
514 fuel.

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

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

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

- 522 (b) No special fuel tax is imposed on undyed diesel fuel or clean fuel that is:
523 (i) sold to the United States government or any of its instrumentalities or to this state or
524 any of its political subdivisions;
525 (ii) exported from this state if proof of actual exportation on forms prescribed by the
526 commission is made within 180 days after exportation;
527 (iii) used in a vehicle off-highway;
528 (iv) used to operate a power take-off unit of a vehicle;
529 (v) used for off-highway agricultural uses;
530 (vi) used in a separately fueled engine on a vehicle that does not propel the vehicle
531 upon the highways of the state; or
532 (vii) used in machinery and equipment not registered and not required to be registered
533 for highway use.

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

- 535 (a) (i) purchased for business use in machinery and equipment not registered and not
536 required to be registered for highway use; and
537 (ii) used pursuant to the conditions of a state implementation plan approved under Title
538 19, Chapter 2, Air Conservation Act; or
539 (b) propane or electricity.

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

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

543 (6) (a) The special fuel tax shall be paid by every user who is required by Sections
544 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

583 (A) the state shall be paid the difference described in Subsection (11)(b)(ii) if that

584 difference is greater than \$0; and

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

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

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

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

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

594 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
595 commission shall make rules governing the procedures for administering the reduction of tax
596 provided under this Subsection (11).

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

598 (i) may not:

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

600 (B) provide a reduction of taxes greater than or different from the reduction described
601 in this Subsection (11); or

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

603 (ii) shall:

604 (A) be in writing;

605 (B) be signed by:

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

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

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

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

610 (E) state any accommodation the Navajo Nation makes related to the construction and
611 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
612 Nation; and

613 (iii) may:

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

615 Navajo Nation information that is:

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

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

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

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

621 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax
622 imposed on special fuel, any change in the amount of the reduction of taxes under this
623 Subsection (11) as a result of the change in the tax rate is not effective until the first day of the
624 calendar quarter after a 60-day period beginning on the date the commission receives notice:

625 (A) from the Navajo Nation; and

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

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

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

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

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

633 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not
634 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a
635 30-day period beginning on the day the agreement terminates.

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

638 (12) (a) Beginning on January 1, 2009, a tax imposed under this section on compressed
639 natural gas is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be
640 increased [~~or decreased~~] proportionately with any increase [~~or decrease~~] in the rate in
641 Subsection [59-13-201](#)(1)(a).

642 (b) Beginning on July 1, 2011, a tax imposed under this section on liquified natural gas
643 is imposed at a reduced rate of 8-1/2 cents per gasoline gallon equivalent to be increased [~~or~~
644 ~~decreased~~] proportionately with any increase [~~or decrease~~] in the rate in Subsection
645 [59-13-201](#)(1)(a).

646 Section 8. Section **63I-1-251** is enacted to read:

647 **63I-1-251. Repeal dates, Title 51.**

648 Subsection 51-2a-202(3) is repealed on June 30, 2020.

649 Section 9. Section **63I-1-259** is amended to read:

650 **63I-1-259. Repeal dates, Title 59.**

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

652 (2) Section 59-2-924.3 is repealed on December 31, 2016.

653 (3) Section 59-9-102.5 is repealed December 31, 2020.

654 (4) Subsection 59-12-2219(10) is repealed on June 30, 2020.

655 Section 10. Section **72-2-108** is amended to read:

656 **72-2-108. Apportionment of funds available for use on class B and class C roads**

657 **-- Bonds.**

658 (1) For purposes of this section:

659 (a) "Graveled road" means a road:

660 (i) that is:

661 (A) graded; and

662 (B) drained by transverse drainage systems to prevent serious impairment of the road
663 by surface water;

664 (ii) that has an improved surface; and

665 (iii) that has a wearing surface made of:

666 (A) gravel;

667 (B) broken stone;

668 (C) slag;

669 (D) iron ore;

670 (E) shale; or

671 (F) other material that is:

672 (I) similar to a material described in Subsection (1)(a)(iii)(A) through (E); and

673 (II) coarser than sand.

674 (b) "Paved road" includes a gravelled road with a chip seal surface.

675 (c) "Road mile" means a one-mile length of road, regardless of:

676 (i) the width of the road; or

677 (ii) the number of lanes into which the road is divided.

678 (d) "Weighted mileage" means the sum of the following:

679 (i) paved road miles multiplied by five; and

680 [~~(ii) graveled road miles multiplied by two; and~~]

681 [~~(iii)~~] (ii) all other road type road miles multiplied by [~~one~~] two.

682 (2) Subject to the provisions of Subsections (3) through (5), funds in the class B and
683 class C roads account shall be apportioned among counties and municipalities in the following
684 manner:

685 (a) 50% in the ratio that the class B roads weighted mileage within each county and
686 class C roads weighted mileage within each municipality bear to the total class B and class C
687 roads weighted mileage within the state; and

688 (b) 50% in the ratio that the population of a county or municipality bears to the total
689 population of the state as of the last official federal census or the United States Bureau of
690 Census estimate, whichever is most recent, except that if population estimates are not available
691 from the United States Bureau of Census, population figures shall be derived from the estimate
692 from the Utah Population Estimates Committee.

693 (3) For purposes of Subsection (2)(b), "the population of a county" means:

694 (a) the population of a county outside the corporate limits of municipalities in that
695 county, if the population of the county outside the corporate limits of municipalities in that
696 county is not less than 14% of the total population of that county, including municipalities; and

697 (b) if the population of a county outside the corporate limits of municipalities in the
698 county is less than 14% of the total population:

699 (i) the aggregate percentage of the population apportioned to municipalities in that
700 county shall be reduced by an amount equal to the difference between:

701 (A) 14%; and

702 (B) the actual percentage of population outside the corporate limits of municipalities in
703 that county; and

704 (ii) the population apportioned to the county shall be 14% of the total population of
705 that county, including incorporated municipalities.

706 (4) (a) If an apportionment under Subsection (2) for fiscal year 2014 to a county or
707 municipality with a population of less than 14,000 is less than 120% of the amount apportioned

708 to the county or municipality from the class B and class C roads account for fiscal year
709 1996-97, the department shall:

710 (i) reapportion the funds under Subsection (2) to ensure that the county or municipality
711 receives an amount equal to [~~120% of~~] the amount apportioned to the county or municipality
712 from the class B and class C roads account for fiscal year 1996-97 multiplied by the percentage
713 increase in the class B and class C roads account from fiscal year 1996-97 to the most recently
714 completed fiscal year; and

715 (ii) decrease proportionately as provided in Subsection (4)(b) the apportionments to
716 counties and municipalities for which the reapportionment under Subsection (4)(a)(i) does not
717 apply.

718 (b) The aggregate amount of the funds that the department shall decrease
719 proportionately from the apportionments under Subsection (4)(a)(ii) is an amount equal to the
720 aggregate amount reapportioned to counties and municipalities under Subsection (4)(a)(i).

721 (5) (a) In addition to the apportionment adjustments made under Subsection (4), a
722 county or municipality that qualifies for reapportioned money under Subsection (4)(a)(i) shall
723 receive the percentage change in the class B and class C roads account compounded annually
724 beginning in fiscal year 2006-07.

725 (b) The adjustment under Subsection (5)(a) shall be made in the same way as provided
726 in Subsection (4)(a)(ii) and (b).

727 (6) The governing body of any municipality or county may issue bonds redeemable up
728 to a period of 10 years under Title 11, Chapter 14, Local Government Bonding Act, to pay the
729 costs of constructing, repairing, and maintaining class B or class C roads and may pledge class
730 B or class C road funds received pursuant to this section to pay principal, interest, premiums,
731 and reserves for the bonds.

732 Section 11. **Repealer.**

733 This bill repeals:

734 Section [59-13-104](#), **Tax rate decals -- Posted on pump.**