

INFRASTRUCTURE FUNDING AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: J. Stuart Adams

House Sponsor: Lee B. Perry

LONG TITLE

General Description:

This bill modifies provisions relating to infrastructure funding.

Highlighted Provisions:

This bill:

- ▶ provides that certain sales and use tax revenue that was deposited into the Transportation Fund shall be deposited into the Water Infrastructure Restricted Account;

- ▶ provides that a certain amount of revenue shall annually be transferred from the Transportation Investment Fund of 2005 to the Transportation Fund; and

- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-12-103, as last amended by Laws of Utah 2015, Chapter 283

72-2-107, as last amended by Laws of Utah 2010, Chapter 391

72-2-124, as last amended by Laws of Utah 2015, Chapter 421

73-10g-103, as enacted by Laws of Utah 2015, Chapter 458



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

Section 1. Section **59-12-103** is amended to read:

59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.

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

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

(b) amounts paid for:

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

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

(iii) an ancillary service associated with a:

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

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

(c) sales of the following for commercial use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(d) sales of the following for residential use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

59 (e) sales of prepared food;

60 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
61 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
62 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
63 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
64 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
65 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
66 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
67 horseback rides, sports activities, or any other amusement, entertainment, recreation,
68 exhibition, cultural, or athletic activity;

69 (g) amounts paid or charged for services for repairs or renovations of tangible personal
70 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

71 (i) the tangible personal property; and

72 (ii) parts used in the repairs or renovations of the tangible personal property described
73 in Subsection (1)(g)(i), regardless of whether:

74 (A) any parts are actually used in the repairs or renovations of that tangible personal
75 property; or

76 (B) the particular parts used in the repairs or renovations of that tangible personal
77 property are exempt from a tax under this chapter;

78 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
79 assisted cleaning or washing of tangible personal property;

80 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
81 accommodations and services that are regularly rented for less than 30 consecutive days;

82 (j) amounts paid or charged for laundry or dry cleaning services;

83 (k) amounts paid or charged for leases or rentals of tangible personal property if within
84 this state the tangible personal property is:

85 (i) stored;

86 (ii) used; or

87 (iii) otherwise consumed;

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

- 90 (i) stored;
- 91 (ii) used; or
- 92 (iii) consumed; and
- 93 (m) amounts paid or charged for a sale:
- 94 (i) (A) of a product transferred electronically; or
- 95 (B) of a repair or renovation of a product transferred electronically; and
- 96 (ii) regardless of whether the sale provides:
- 97 (A) a right of permanent use of the product; or
- 98 (B) a right to use the product that is less than a permanent use, including a right:
- 99 (I) for a definite or specified length of time; and
- 100 (II) that terminates upon the occurrence of a condition.
- 101 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 102 is imposed on a transaction described in Subsection (1) equal to the sum of:
- 103 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 104 (A) 4.70%; and
- 105 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
- 106 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 107 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
- 108 State Sales and Use Tax Act; and
- 109 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
- 110 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 111 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
- 112 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 113 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 114 transaction under this chapter other than this part.
- 115 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 116 on a transaction described in Subsection (1)(d) equal to the sum of:
- 117 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 118 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 119 transaction under this chapter other than this part.
- 120 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed

121 on amounts paid or charged for food and food ingredients equal to the sum of:

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

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

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

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

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

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

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

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

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

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

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

151 (I) the seller is able to identify by reasonable and verifiable standards the tangible

152 personal property, product, or service that is not subject to taxation under this chapter from the
153 books and records the seller keeps in the seller's regular course of business; or

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

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

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

162 (II) state or federal law provides otherwise.

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

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

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

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

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

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

182 (B) the seller is able to identify by reasonable and verifiable standards, from the books

183 and records the seller keeps in the seller's regular course of business, the portion of the
184 transaction that is not subject to taxation under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

213 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing

214 statement for the billing period is rendered on or after the effective date of the repeal of the tax
215 or the tax rate decrease imposed under:

- 216 (A) Subsection (2)(a)(i)(A);
- 217 (B) Subsection (2)(b)(i);
- 218 (C) Subsection (2)(c)(i); or
- 219 (D) Subsection (2)(d)(i)(A)(I).

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

- 223 (A) on the first day of a calendar quarter; and
- 224 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

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

- 226 (A) Subsection (2)(a)(i)(A);
- 227 (B) Subsection (2)(b)(i);
- 228 (C) Subsection (2)(c)(i); or
- 229 (D) Subsection (2)(d)(i)(A)(I).

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

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

- 233 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 234 (ii) the tax imposed by Subsection (2)(b)(i);
- 235 (iii) the tax imposed by Subsection (2)(c)(i); or
- 236 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

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

- 239 (i) the tax imposed by Subsection (2)(a)(ii);
- 240 (ii) the tax imposed by Subsection (2)(b)(ii);
- 241 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 242 (iv) the tax imposed by Subsection (2)(d)(i)(B).

243 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
244 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)

245 through (g):

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

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

248 (B) for the fiscal year; or

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

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

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

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

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

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

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

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

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

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

272 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
273 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
274 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
275 water rights.

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

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

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

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

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

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

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

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

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

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

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

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

305 (ii) develop underground sources of water, including springs and wells; and

306 (iii) develop surface water sources.

307 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
308 2006, the difference between the following amounts shall be expended as provided in this
309 Subsection (5), if that difference is greater than \$1:

310 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
311 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

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

313 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

314 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
315 credits; and

316 (B) expended by the Department of Natural Resources for watershed rehabilitation or
317 restoration.

318 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
319 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
320 created in Section 73-10-24.

321 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
322 remaining difference described in Subsection (5)(a) shall be:

323 (A) transferred each fiscal year to the Division of Water Resources as dedicated
324 credits; and

325 (B) expended by the Division of Water Resources for cloud-seeding projects
326 authorized by Title 73, Chapter 15, Modification of Weather.

327 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
328 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
329 created in Section 73-10-24.

330 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
331 remaining difference described in Subsection (5)(a) shall be deposited into the Water
332 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
333 Division of Water Resources for:

334 (i) preconstruction costs:

335 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
336 26, Bear River Development Act; and

337 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project

338 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

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

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

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

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

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

352 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
353 ~~[2003]~~ 2016, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a
354 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be
355 deposited ~~[in]~~ into the ~~[Transportation Fund created by Section [72-2-102](#)]~~ Water Infrastructure
356 Restricted Account created in Section [73-10g-103](#).

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

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

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

369 (A) the tax imposed by Subsection (2)(a)(i)(A);
370 (B) the tax imposed by Subsection (2)(b)(i);
371 (C) the tax imposed by Subsection (2)(c)(i); and
372 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus
373 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
374 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through
375 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
376 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

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

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

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

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

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

397 (9) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
398 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, the Division of
399 Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes listed under

400 Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section
401 72-2-124.

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

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

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

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

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

425 (13) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
426 fiscal year during which the Division of Finance receives notice under ~~[Subsection]~~ Section
427 63N-2-510~~[(3)]~~ that construction on a qualified hotel, as defined in Section 63N-2-502, has
428 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
429 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
430 Impact Mitigation Fund, created in Section 63N-2-512.

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

434 Section 2. Section **72-2-107** is amended to read:

435 **72-2-107. Appropriation from Transportation Fund -- Deposit into class B and**
436 **class C roads account.**

437 (1) There is appropriated to the department from the Transportation Fund annually an
438 amount equal to 30% of an amount which the director of finance shall compute in the
439 following manner: The total revenue deposited into the Transportation Fund during the fiscal
440 year from state highway-user taxes and fees, minus:

441 (a) those amounts appropriated or transferred from the Transportation Fund during the
442 same fiscal year to:

443 (i) the Department of Public Safety;

444 (ii) the State Tax Commission;

445 (iii) the Division of Finance;

446 (iv) the Utah Travel Council; and

447 (v) any other amounts appropriated or transferred for any other state agencies not a part
448 of the department; and

449 (b) the amount of [~~sales and use tax~~] revenue deposited [~~in~~] into the Transportation
450 Fund in accordance with [~~Section~~] Sections [59-12-103](#) and [72-2-124](#).

451 (2) (a) Except as provided in Subsection (2)(b), all of this money shall be placed in an
452 account to be known as the class B and class C roads account to be used as provided in this
453 title.

454 (b) The director of finance shall annually transfer \$500,000 of the amount calculated
455 under Subsection (1) to the department as dedicated credits for the State Park Access Highways
456 Improvement Program created in Section [72-3-207](#).

457 (3) Each quarter of every year the director of finance shall make the necessary
458 accounting entries to transfer the money appropriated under this section to the class B and class
459 C roads account.

460 (4) The funds in the class B and class C roads account shall be expended under the
461 direction of the department as the Legislature shall provide.

462 Section 3. Section 72-2-124 is amended to read:

463 **72-2-124. Transportation Investment Fund of 2005.**

464 (1) There is created a capital projects fund entitled the Transportation Investment Fund
465 of 2005.

466 (2) The fund consists of money generated from the following sources:

467 (a) any voluntary contributions received for the maintenance, construction,
468 reconstruction, or renovation of state and federal highways;

469 (b) appropriations made to the fund by the Legislature;

470 (c) the sales and use tax revenues deposited into the fund in accordance with Section
471 59-12-103; and

472 (d) registration fees designated under Section 41-1a-1201.

473 (3) (a) The fund shall earn interest.

474 (b) All interest earned on fund money shall be deposited into the fund.

475 (4) (a) Except as provided in Subsection (4)(b), the executive director may use fund
476 money only to pay:

477 (i) the costs of maintenance, construction, reconstruction, or renovation to state and
478 federal highways prioritized by the Transportation Commission through the prioritization
479 process for new transportation capacity projects adopted under Section 72-1-304;

480 (ii) the costs of maintenance, construction, reconstruction, or renovation to the highway
481 projects described in Subsections 63B-18-401(2), (3), and (4);

482 (iii) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401
483 minus the costs paid from the County of the First Class Highway Projects Fund in accordance
484 with Subsection 72-2-121(4)(f);

485 (iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt
486 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount certified
487 by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the
488 debt service on \$30,000,000 of the revenue bonds issued by Salt Lake County;

489 (v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101
490 for projects prioritized in accordance with Section 72-2-125;

491 (vi) all highway general obligation bonds that are intended to be paid from revenues in
492 the Centennial Highway Fund created by Section 72-2-118; [~~and~~]

493 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First
494 Class Highway Projects Fund created in Section [72-2-121](#) to be used for the purposes described
495 in Section [72-2-121](#)[-]; and

496 (viii) for a fiscal year beginning on or after July 1, 2016, to transfer an amount equal to
497 the amount of revenue generated by a 1/16% tax rate on the transactions described in
498 Subsection [59-12-103](#)(1) for the fiscal year to the Transportation Fund created in Section
499 [72-2-102](#).

500 (b) The executive director may use fund money to exchange for an equal or greater
501 amount of federal transportation funds to be used as provided in Subsection (4)(a).

502 (5) (a) Before bonds authorized by Section [63B-18-401](#) may be issued in any fiscal
503 year, the department and the commission shall appear before the Executive Appropriations
504 Committee of the Legislature and present the amount of bond proceeds that the department
505 needs to provide funding for the projects identified in Subsections [63B-18-401](#)(2), (3), and (4)
506 for the next fiscal year.

507 (b) The Executive Appropriations Committee of the Legislature shall review and
508 comment on the amount of bond proceeds needed to fund the projects.

509 (6) The Division of Finance shall, from money deposited into the fund, transfer the
510 amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by
511 Section [63B-18-401](#) in the current fiscal year to the appropriate debt service or sinking fund.

512 (7) (a) The commission shall develop prior to June 30, 2015, a funding plan and
513 identify a highway construction program using the prioritization process for new transportation
514 capacity projects adopted under Section [72-1-304](#) that meets long-term transportation needs
515 beyond the normal four year programming horizon.

516 (b) The commission shall report the plan and program established under Subsection
517 (7)(a) to the Transportation Interim Committee of the Legislature by no later than September
518 30, 2015.

519 Section 4. Section [73-10g-103](#) is amended to read:

520 **[73-10g-103. Creation of the Water Infrastructure Restricted Account.](#)**

521 (1) (a) There is created a restricted account in the General Fund known as the "Water
522 Infrastructure Restricted Account."

523 (b) The restricted account shall earn interest.

524 (2) The restricted account consists of money generated from the following sources:
525 (a) the sales and use tax revenue deposited into the account in accordance with Section
526 59-12-103;
527 ~~(a)~~ (b) voluntary contributions made to the division for the construction, operation, or
528 maintenance of state water projects;
529 ~~(b)~~ (c) appropriations made to the ~~[fund]~~ account by the Legislature; and
530 ~~(c)~~ (d) interest earned on the restricted account.
531 (3) Subject to appropriation, the division and the board shall manage the restricted
532 account created in Subsection (1) in accordance with this chapter.
533 Section 5. **Effective date.**
534 This bill takes effect on July 1, 2016.

Legislative Review Note
Office of Legislative Research and General Counsel