

1                   **MODIFICATIONS TO DISTRIBUTION OF LOCAL SALES**

2                                   **TAX REVENUES**

3   2017 GENERAL SESSION

4   STATE OF UTAH

5                                   **Chief Sponsor: Ralph Okerlund**

6                                   House Sponsor: Michael E. Noel

---

---

8 **LONG TITLE**

9 **General Description:**

10           This bill addresses the distribution of local sales and use tax revenue.

11 **Highlighted Provisions:**

12           This bill:

13               ▶ removes the repeal date for an eligible county, city, or town to receive a minimum  
14 distribution of certain local sales and use tax revenue.

15 **Money Appropriated in this Bill:**

16           None

17 **Other Special Clauses:**

18           None

19 **Utah Code Sections Affected:**

20 AMENDS:

21           **59-12-205**, as last amended by Laws of Utah 2016, Chapter 364

---

---

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

24           Section 1. Section **59-12-205** is amended to read:

25           **59-12-205. Ordinances to conform with statutory amendments -- Distribution of**  
26 **tax revenue -- Determination of population.**

27           (1) A county, city, or town, in order to maintain in effect sales and use tax ordinances



28 adopted pursuant to Section 59-12-204, shall, within 30 days of an amendment to an applicable  
29 provision of Part 1, Tax Collection, adopt amendments to the county's, city's, or town's sales  
30 and use tax ordinances as required to conform to the amendments to Part 1, Tax Collection.

31 (2) Except as provided in Subsections (3) through (6) and subject to Subsection (7):

32 (a) 50% of each dollar collected from the sales and use tax authorized by this part shall  
33 be distributed to each county, city, and town on the basis of the percentage that the population  
34 of the county, city, or town bears to the total population of all counties, cities, and towns in the  
35 state; and

36 (b) (i) except as provided in Subsection (2)(b)(ii), 50% of each dollar collected from  
37 the sales and use tax authorized by this part shall be distributed to each county, city, and town  
38 on the basis of the location of the transaction as determined under Sections 59-12-211 through  
39 59-12-215; and

40 (ii) 50% of each dollar collected from the sales and use tax authorized by this part  
41 within a project area described in a project area plan adopted by the military installation  
42 development authority under Title 63H, Chapter 1, Military Installation Development  
43 Authority Act, shall be distributed to the military installation development authority created in  
44 Section 63H-1-201.

45 (3) (a) Beginning on July 1, 2011, and ending on June 30, 2016, the commission shall  
46 each year distribute to a county, city, or town the distribution required by this Subsection (3) if:

47 (i) the county, city, or town is a:

48 (A) county of the third, fourth, fifth, or sixth class;

49 (B) city of the fifth class; or

50 (C) town;

51 (ii) the county, city, or town received a distribution under this section for the calendar  
52 year beginning on January 1, 2008, that was less than the distribution under this section that the  
53 county, city, or town received for the calendar year beginning on January 1, 2007;

54 (iii) (A) for a county described in Subsection (3)(a)(i)(A), the county had located  
55 within the unincorporated area of the county for one or more days during the calendar year  
56 beginning on January 1, 2008, an establishment described in NAICS Industry Group 2121,  
57 Coal Mining, or NAICS Code 213113, Support Activities for Coal Mining, of the 2002 North  
58 American Industry Classification System of the federal Executive Office of the President,

59 Office of Management and Budget; or

60 (B) for a city described in Subsection (3)(a)(i)(B) or a town described in Subsection  
61 (3)(a)(i)(C), the city or town had located within the city or town for one or more days during  
62 the calendar year beginning on January 1, 2008, an establishment described in NAICS Industry  
63 Group 2121, Coal Mining, or NAICS Code 213113, Support Activities for Coal Mining, of the  
64 2002 North American Industry Classification System of the federal Executive Office of the  
65 President, Office of Management and Budget; and

66 (iv) (A) for a county described in Subsection (3)(a)(i)(A), at least one establishment  
67 described in Subsection (3)(a)(iii)(A) located within the unincorporated area of the county for  
68 one more days during the calendar year beginning on January 1, 2008, was not the holder of a  
69 direct payment permit under Section 59-12-107.1; or

70 (B) for a city described in Subsection (3)(a)(i)(B) or a town described in Subsection  
71 (3)(a)(i)(C), at least one establishment described in Subsection (3)(a)(iii)(B) located within a  
72 city or town for one or more days during the calendar year beginning on January 1, 2008, was  
73 not the holder of a direct payment permit under Section 59-12-107.1.

74 (b) The commission shall make the distribution required by this Subsection (3) to a  
75 county, city, or town described in Subsection (3)(a):

76 (i) from the distribution required by Subsection (2)(a); and

77 (ii) before making any other distribution required by this section.

78 (c) (i) For purposes of this Subsection (3), the distribution is the amount calculated by  
79 multiplying the fraction calculated under Subsection (3)(c)(ii) by \$333,583.

80 (ii) For purposes of Subsection (3)(c)(i):

81 (A) the numerator of the fraction is the difference calculated by subtracting the  
82 distribution a county, city, or town described in Subsection (3)(a) received under this section  
83 for the calendar year beginning on January 1, 2008, from the distribution under this section that  
84 the county, city, or town received for the calendar year beginning on January 1, 2007; and

85 (B) the denominator of the fraction is \$333,583.

86 (d) A distribution required by this Subsection (3) is in addition to any other distribution  
87 required by this section.

88 (4) (a) For fiscal years beginning with fiscal year 1983-84 and ending with fiscal year  
89 2005-06, a county, city, or town may not receive a tax revenue distribution less than .75% of

90 the taxable sales within the boundaries of the county, city, or town.

91 (b) The commission shall proportionally reduce monthly distributions to any county,  
92 city, or town that, but for the reduction, would receive a distribution in excess of 1% of the  
93 sales and use tax revenue collected within the boundaries of the county, city, or town.

94 (5) (a) As used in this Subsection (5):

95 (i) "Eligible county, city, or town" means a county, city, or town that receives \$2,000 or  
96 more in tax revenue distributions in accordance with Subsection (4) for each of the following  
97 fiscal years:

98 (A) fiscal year 2002-03;

99 (B) fiscal year 2003-04; and

100 (C) fiscal year 2004-05.

101 (ii) "Minimum tax revenue distribution" means the greater of:

102 (A) the total amount of tax revenue distributions an eligible county, city, or town  
103 receives from a tax imposed in accordance with this part for fiscal year 2000-01; or

104 (B) the total amount of tax revenue distributions an eligible county, city, or town  
105 receives from a tax imposed in accordance with this part for fiscal year 2004-05.

106 (b) (i) Except as provided in Subsection (5)(b)(ii), beginning with fiscal year 2006-07  
107 and ending with fiscal year 2012-13, an eligible county, city, or town shall receive a tax  
108 revenue distribution for a tax imposed in accordance with this part equal to the greater of:

109 (A) the payment required by Subsection (2); or

110 (B) the minimum tax revenue distribution.

111 (ii) If the tax revenue distribution required by Subsection (5)(b)(i) for an eligible  
112 county, city, or town is equal to the amount described in Subsection (5)(b)(i)(A) for three  
113 consecutive fiscal years, for fiscal years beginning with the fiscal year immediately following  
114 that three consecutive fiscal year period, the eligible county, city, or town shall receive the tax  
115 revenue distribution equal to the payment required by Subsection (2).

116 (c) For a fiscal year beginning with fiscal year 2013-14 and ending with fiscal year  
117 2015-16, an eligible county, city, or town shall receive the minimum tax revenue distribution  
118 for that fiscal year if for fiscal year 2012-13 the payment required by Subsection (2) to that  
119 eligible county, city, or town is less than or equal to the product of:

120 (i) the minimum tax revenue distribution; and

121 (ii) .90.

122 (6) (a) As used in this Subsection (6):

123 (i) "Eligible county, city, or town" means a county, city, or town that:

124 (A) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue

125 distributions for fiscal year 2002-03;

126 (B) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue

127 distributions for fiscal year 2003-04;

128 (C) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue

129 distributions for fiscal year 2004-05;

130 (D) for a fiscal year beginning with fiscal year 2012-13 and ending with fiscal year

131 2015-16, does not receive a tax revenue distribution described in Subsection (5) equal to the

132 amount described in Subsection (5)(b)(i)(A) for three consecutive fiscal years; and

133 (E) does not impose a sales and use tax under Section 59-12-2103 on or before July 1,

134 2016.

135 (ii) "Minimum tax revenue distribution" means the total amount of tax revenue

136 distributions an eligible county, city, or town receives from a tax imposed in accordance with

137 this part for fiscal year 2004-05.

138 (b) Beginning with fiscal year 2016-17 [~~and ending with fiscal year 2020-21~~], an

139 eligible county, city, or town shall receive a tax revenue distribution for a tax imposed in

140 accordance with this part equal to the greater of:

141 (i) the payment required by Subsection (2); or

142 (ii) the minimum tax revenue distribution.

143 (7) (a) Population figures for purposes of this section shall be based on the most recent

144 official census or census estimate of the United States Census Bureau.

145 (b) If a needed population estimate is not available from the United States Census

146 Bureau, population figures shall be derived from the estimate from the Utah Population

147 Estimates Committee created by executive order of the governor.

148 (c) The population of a county for purposes of this section shall be determined only

149 from the unincorporated area of the county.

**Legislative Review Note**  
**Office of Legislative Research and General Counsel**