

1 **DISTRIBUTION OF REVENUES COLLECTED UNDER THE**
2 **LOCAL SALES AND USE TAX ACT**
3 2017 GENERAL SESSION
4 STATE OF UTAH

5 **Chief Sponsor: David P. Hinkins**

6 House Sponsor: Christine F. Watkins

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies a distribution of local sales and use tax revenue.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ reinstates for five years the additional distribution of local sales and use tax revenue
14 to certain counties, cities, or towns that have a coal mining establishment located
15 within their boundaries.

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 None

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **59-12-205**, as last amended by Laws of Utah 2016, Chapter 364

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

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

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



28 (1) [~~A county, city, or town, in order to maintain in effect sales and use tax ordinances~~
29 ~~adopted pursuant to Section 59-12-204, shall, within 30 days of an amendment to an applicable~~
30 ~~provision of Part 1, Tax Collection,]~~ To maintain in effect sales and use tax ordinances adopted
31 pursuant to Section 59-12-204, a county, city, or town shall adopt amendments to the county's,
32 city's, or town's sales and use tax ordinances;

33 (a) within 30 days of the day on which the state makes an amendment to an applicable
34 provision of Part 1, Tax Collection; and

35 (b) as required to conform to the amendments to Part 1, Tax Collection.

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

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

41 (b) (i) except as provided in Subsection (2)(b)(ii), 50% of each dollar collected from
42 the sales and use tax authorized by this part shall be distributed to each county, city, and town
43 on the basis of the location of the transaction as determined under Sections 59-12-211 through
44 59-12-215; and

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

50 (3) (a) Beginning on July 1, [~~2011~~] 2017, and ending on June 30, [~~2016~~] 2022, the
51 commission shall [~~each year~~] distribute annually to a county, city, or town the distribution
52 required by this Subsection (3) if:

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

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

55 (B) city of the fifth class; or

56 (C) town;

57 (ii) the county, city, or town received a distribution under this section for the calendar
58 year beginning on January 1, 2008, that was less than the distribution under this section that the

59 county, city, or town received for the calendar year beginning on January 1, 2007;

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

66 (B) for a city described in Subsection (3)(a)(i)(B) or a town described in Subsection
67 (3)(a)(i)(C), the city or town had located within the city or town for one or more days during
68 the calendar year beginning on January 1, 2008, an establishment described in NAICS Industry
69 Group 2121, Coal Mining, or NAICS Code 213113, Support Activities for Coal Mining, of the
70 2002 North American Industry Classification System of the federal Executive Office of the
71 President, Office of Management and Budget; and

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

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

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

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

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

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

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

87 (A) the numerator of the fraction is the difference calculated by subtracting the
88 distribution a county, city, or town described in Subsection (3)(a) received under this section
89 for the calendar year beginning on January 1, 2008, from the distribution under this section that

90 the county, city, or town received for the calendar year beginning on January 1, 2007; and

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

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

94 (4) (a) For fiscal years beginning with fiscal year 1983-84 and ending with fiscal year
95 2005-06, a county, city, or town may not receive a tax revenue distribution less than .75% of
96 the taxable sales within the boundaries of the county, city, or town.

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

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

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

104 (A) fiscal year 2002-03;

105 (B) fiscal year 2003-04; and

106 (C) fiscal year 2004-05.

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

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

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

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

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

116 (B) the minimum tax revenue distribution.

117 (ii) If the tax revenue distribution required by Subsection (5)(b)(i) for an eligible
118 county, city, or town is equal to the amount described in Subsection (5)(b)(i)(A) for three
119 consecutive fiscal years, for fiscal years beginning with the fiscal year immediately following
120 that three consecutive fiscal year period, the eligible county, city, or town shall receive the tax

121 revenue distribution equal to the payment required by Subsection (2).

122 (c) For a fiscal year beginning with fiscal year 2013-14 and ending with fiscal year
123 2015-16, an eligible county, city, or town shall receive the minimum tax revenue distribution
124 for that fiscal year if for fiscal year 2012-13 the payment required by Subsection (2) to that
125 eligible county, city, or town is less than or equal to the product of:

126 (i) the minimum tax revenue distribution; and

127 (ii) .90.

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

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

130 (A) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue
131 distributions for fiscal year 2002-03;

132 (B) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue
133 distributions for fiscal year 2003-04;

134 (C) receives, in accordance with Subsection (4), \$2,000 or more in tax revenue
135 distributions for fiscal year 2004-05;

136 (D) for a fiscal year beginning with fiscal year 2012-13 and ending with fiscal year
137 2015-16, does not receive a tax revenue distribution described in Subsection (5) equal to the
138 amount described in Subsection (5)(b)(i)(A) for three consecutive fiscal years; and

139 (E) does not impose a sales and use tax under Section [59-12-2103](#) on or before July 1,
140 2016.

141 (ii) "Minimum tax revenue distribution" means the total amount of tax revenue
142 distributions an eligible county, city, or town receives from a tax imposed in accordance with
143 this part for fiscal year 2004-05.

144 (b) Beginning with fiscal year 2016-17 and ending with fiscal year 2020-21, an eligible
145 county, city, or town shall receive a tax revenue distribution for a tax imposed in accordance
146 with this part equal to the greater of:

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

148 (ii) the minimum tax revenue distribution.

149 (7) (a) Population figures for purposes of this section shall be based on the most recent
150 official census or census estimate of the United States Census Bureau.

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

152 Bureau, population figures shall be derived from the estimate from the Utah Population
153 Estimates Committee created by executive order of the governor.

154 (c) The population of a county for purposes of this section shall be determined only
155 from the unincorporated area of the county.

Legislative Review Note
Office of Legislative Research and General Counsel