

**Senator Kevin T. Van Tassell** proposes the following substitute bill:

**TRANSPORTATION FUNDING MODIFICATIONS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kevin T. Van Tassell**

House Sponsor: Mike Schultz

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

- ▶ requires the State Tax Commission to annually reduce the amount of a deposit of sales and use tax revenue to the Transportation Investment Fund of 2005 in certain circumstances;
- ▶ amends provisions governing the calculation of the statewide average rack price of a gallon of motor fuel for purposes of determining the motor and special fuel tax rate;
- ▶ requires the Division of Finance to annually transfer a certain amount of revenue from the Transportation Fund to the Transportation Investment Fund of 2005; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**



26 AMENDS:

27 **59-12-103**, as last amended by Laws of Utah 2016, Chapters 184, 291, 348 and last  
28 amended by Coordination Clause, Laws of Utah 2016, Chapter 291

29 **59-13-201**, as last amended by Laws of Utah 2015, Chapter 275

30 **59-13-301**, as last amended by Laws of Utah 2015, Chapters 275, 467 and last amended  
31 by Coordination Clause, Laws of Utah 2015, Chapter 275

32 **72-2-106**, as last amended by Laws of Utah 2016, Chapter 291

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

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

36 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**  
37 **tax revenues.**

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

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

41 (b) amounts paid for:

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

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

47 (iii) an ancillary service associated with a:

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

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

50 (c) sales of the following for commercial use:

51 (i) gas;

52 (ii) electricity;

53 (iii) heat;

54 (iv) coal;

55 (v) fuel oil; or

56 (vi) other fuels;

- 57 (d) sales of the following for residential use:
- 58 (i) gas;
- 59 (ii) electricity;
- 60 (iii) heat;
- 61 (iv) coal;
- 62 (v) fuel oil; or
- 63 (vi) other fuels;
- 64 (e) sales of prepared food;
- 65 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 66 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 67 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 68 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 69 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 70 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 71 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 72 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 73 exhibition, cultural, or athletic activity;
- 74 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 75 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 76 (i) the tangible personal property; and
- 77 (ii) parts used in the repairs or renovations of the tangible personal property described
- 78 in Subsection (1)(g)(i), regardless of whether:
- 79 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 80 property; or
- 81 (B) the particular parts used in the repairs or renovations of that tangible personal
- 82 property are exempt from a tax under this chapter;
- 83 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 84 assisted cleaning or washing of tangible personal property;
- 85 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 86 accommodations and services that are regularly rented for less than 30 consecutive days;
- 87 (j) amounts paid or charged for laundry or dry cleaning services;

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

- 90 (i) stored;
- 91 (ii) used; or
- 92 (iii) otherwise consumed;

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

- 95 (i) stored;
- 96 (ii) used; or
- 97 (iii) consumed; and

98 (m) amounts paid or charged for a sale:

- 99 (i) (A) of a product transferred electronically; or
- 100 (B) of a repair or renovation of a product transferred electronically; and
- 101 (ii) regardless of whether the sale provides:
  - 102 (A) a right of permanent use of the product; or
  - 103 (B) a right to use the product that is less than a permanent use, including a right:
    - 104 (I) for a definite or specified length of time; and
    - 105 (II) that terminates upon the occurrence of a condition.

106 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax  
107 is imposed on a transaction described in Subsection (1) equal to the sum of:

- 108 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
  - 109 (A) 4.70%; and

110 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales  
111 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
112 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional  
113 State Sales and Use Tax Act; and

114 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales  
115 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211  
116 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state  
117 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; 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 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed  
121 on a transaction described in Subsection (1)(d) equal to the sum of:

122 (i) a state tax imposed on the transaction at a tax rate of 2%; and

123 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the  
124 transaction under this chapter other than this part.

125 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed  
126 on amounts paid or charged for food and food ingredients equal to the sum of:

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

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

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

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

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

136 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
137 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
138 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
139 Additional State Sales and Use Tax Act; and

140 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
141 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
142 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
143 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

156 (I) the seller is able to identify by reasonable and verifiable standards the tangible  
157 personal property, product, or service that is not subject to taxation under this chapter from the  
158 books and records the seller keeps in the seller's regular course of business; or

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

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

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

167 (II) state or federal law provides otherwise.

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

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

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

179 (B) is able to identify by reasonable and verifiable standards, from the books and  
180 records the seller keeps in the seller's regular course of business, the portion of the transaction

181 that is not subject to taxation under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

211 (h) (i) A tax rate increase takes effect on the first day of the first billing period that

212 begins on or after the effective date of the tax rate increase if the billing period for the  
213 transaction begins before the effective date of a tax rate increase imposed under:

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

218 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing  
219 statement for the billing period is rendered on or after the effective date of the repeal of the tax  
220 or the tax rate decrease imposed under:

- 221 (A) Subsection (2)(a)(i)(A);
- 222 (B) Subsection (2)(b)(i);
- 223 (C) Subsection (2)(c)(i); or
- 224 (D) Subsection (2)(d)(i)(A)(I).

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

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

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

- 231 (A) Subsection (2)(a)(i)(A);
- 232 (B) Subsection (2)(b)(i);
- 233 (C) Subsection (2)(c)(i); or
- 234 (D) Subsection (2)(d)(i)(A)(I).

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

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

- 238 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 239 (ii) the tax imposed by Subsection (2)(b)(i);
- 240 (iii) the tax imposed by Subsection (2)(c)(i); or
- 241 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

242 (b) The following local taxes shall be distributed to a county, city, or town as provided



243 in this chapter:

244 (i) the tax imposed by Subsection (2)(a)(ii);

245 (ii) the tax imposed by Subsection (2)(b)(ii);

246 (iii) the tax imposed by Subsection (2)(c)(ii); and

247 (iv) the tax imposed by Subsection (2)(d)(i)(B).

248 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
249 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)  
250 through (g):

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

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

253 (B) for the fiscal year; or

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

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

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

260 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
261 act, to political subdivisions of the state to implement the measures described in Subsections  
262 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 308 (i) provide for the installation and repair of collection, treatment, storage, and  
309 distribution facilities for any public water system, as defined in Section 19-4-102;
- 310 (ii) develop underground sources of water, including springs and wells; and
- 311 (iii) develop surface water sources.

312 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
313 2006, the difference between the following amounts shall be expended as provided in this  
314 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

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

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

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

335 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the

336 remaining difference described in Subsection (5)(a) shall be deposited into the Water  
337 Resources Conservation and Development Fund created in Section 73-10-24 for use by the  
338 Division of Water Resources for:

339 (i) preconstruction costs:

340 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter  
341 26, Bear River Development Act; and

342 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project  
343 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

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

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

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

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

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

357 (6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the  
358 amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection  
359 (1) for the fiscal year shall be deposited as follows:

360 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)  
361 shall be deposited into the Transportation Investment Fund of 2005 created by Section  
362 72-2-124;

363 (b) for fiscal year 2017-18 only:

364 (i) 80% of the revenue described in this Subsection (6) shall be deposited into the  
365 Transportation Investment Fund of 2005 created by Section 72-2-124; and

366 (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the

367 Water Infrastructure Restricted Account created by Section 73-10g-103;  
368 (c) for fiscal year 2018-19 only:  
369 (i) 60% of the revenue described in this Subsection (6) shall be deposited into the  
370 Transportation Investment Fund of 2005 created by Section 72-2-124; and  
371 (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the  
372 Water Infrastructure Restricted Account created by Section 73-10g-103;  
373 (d) for fiscal year 2019-20 only:  
374 (i) 40% of the revenue described in this Subsection (6) shall be deposited into the  
375 Transportation Investment Fund of 2005 created by Section 72-2-124; and  
376 (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the  
377 Water Infrastructure Restricted Account created by Section 73-10g-103;  
378 (e) for fiscal year 2020-21 only:  
379 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the  
380 Transportation Investment Fund of 2005 created by Section 72-2-124; and  
381 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the  
382 Water Infrastructure Restricted Account created by Section 73-10g-103; and  
383 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described  
384 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account  
385 created by Section 73-10g-103.  
386 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in  
387 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,  
388 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
389 created by Section 72-2-124:  
390 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of  
391 the revenues collected from the following taxes, which represents a portion of the  
392 approximately 17% of sales and use tax revenues generated annually by the sales and use tax  
393 on vehicles and vehicle-related products:  
394 (A) the tax imposed by Subsection (2)(a)(i)(A);  
395 (B) the tax imposed by Subsection (2)(b)(i);  
396 (C) the tax imposed by Subsection (2)(c)(i); and  
397 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

398 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the  
399 current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through  
400 (D) that exceeds the amount collected from the sales and use taxes described in Subsections  
401 (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

402 (b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of  
403 the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total  
404 lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)  
405 generated in the current fiscal year than the total percentage of sales and use taxes deposited in  
406 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection  
407 (7)(a) equal to the product of:

408 (A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the  
409 previous fiscal year; and

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

412 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under  
413 Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes  
414 described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of  
415 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in  
416 Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

417 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected  
418 from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited  
419 under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues  
420 collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the  
421 current fiscal year under Subsection (7)(a).

422 (8) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited  
423 under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall  
424 deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into  
425 the Transportation Investment Fund of 2005 created by Section [72-2-124](#).

426 (b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under  
427 Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit  
428 \$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the

429 Transportation Investment Fund of 2005 created by Section 72-2-124.

430 (c) (i) Notwithstanding Subsection (3)(a), ~~and~~ in addition to the amounts deposited  
431 under Subsections (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning  
432 on or after July 1, 2018, the ~~Division of Finance~~ commission shall annually deposit into the  
433 Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes  
434 listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the  
435 following taxes:

436 [(i)] (A) the tax imposed by Subsection (2)(a)(i)(A);

437 [(ii)] (B) the tax imposed by Subsection (2)(b)(i);

438 [(iii)] (C) the tax imposed by Subsection (2)(c)(i); and

439 [(iv)] (D) the tax imposed by Subsection (2)(d)(i)(A)(I).

440 (ii) For a fiscal year beginning on or after July 1, 2019, the commission shall annually  
441 reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(c)(i)  
442 by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year  
443 by the portion of the tax imposed on motor and special fuel that is sold, used, or received for  
444 sale or use in this state that exceeds 29.4 cents per gallon.

445 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year  
446 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund  
447 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

448 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c),  
449 in addition to any amounts deposited under Subsections (6), (7), and (8), and for the 2016-17  
450 fiscal year only, the Division of Finance shall deposit into the Transportation Investment Fund  
451 of 2005 created by Section 72-2-124 the amount of tax revenue generated by a .05% tax rate on  
452 the transactions described in Subsection (1).

453 (b) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(c), and in  
454 addition to any amounts deposited under Subsections (6), (7), and (8), the Division of Finance  
455 shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the  
456 amount of revenue described as follows:

457 (i) for fiscal year 2017-18 only, 83.33% of the amount of revenue generated by a .05%  
458 tax rate on the transactions described in Subsection (1);

459 (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05%

460 tax rate on the transactions described in Subsection (1);

461 (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05%

462 tax rate on the transactions described in Subsection (1);

463 (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a

464 .05% tax rate on the transactions described in Subsection (1); and

465 (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%

466 tax rate on the transactions described in Subsection (1).

467 (c) For purposes of Subsections (10)(a) and (b), the Division of Finance may not

468 deposit into the Transportation Investment Fund of 2005 any tax revenue generated by amounts

469 paid or charged for food and food ingredients, except for tax revenue generated by a bundled

470 transaction attributable to food and food ingredients and tangible personal property other than

471 food and food ingredients described in Subsection (2)(d).

472 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the

473 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that

474 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of

475 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue

476 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,

477 created in Section 63N-2-512.

478 (12) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the

479 Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed

480 under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section 35A-8-308.

481 (b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division of

482 Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under

483 Subsection (3)(a) into the Throughput Infrastructure Fund created by Section 35A-8-308.

484 (13) Notwithstanding Subsections (4) through (12), an amount required to be expended

485 or deposited in accordance with Subsections (4) through (12) may not include an amount the

486 Division of Finance deposits in accordance with Section 59-12-103.2.

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

488 **59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the**

489 **Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**

490 **in limited circumstances.**



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

494 ~~[(b) (i) (1) (a) Subject to the provisions of this section and [beginning on January 1,~~  
 495 ~~2016] except as provided in Subsection (1)(e), a tax is imposed at the rate of [12%] 16.5% of~~  
 496 ~~the statewide average rack price of a gallon of motor fuel per gallon upon all motor fuel that is~~  
 497 ~~sold, used, or received for sale or used in this state.~~

498 ~~[(ii) (A) (b) (i) Until December 31, 2018, and subject to the requirements under~~  
 499 ~~Subsection [(1)(b)(iii)] (1)(c), the statewide average rack price of a gallon of motor fuel under~~  
 500 ~~Subsection [(1)(b)(i)] (1)(a) shall be determined by calculating the previous fiscal year~~  
 501 ~~statewide average rack price of a gallon of regular unleaded motor fuel, excluding federal and~~  
 502 ~~state excise taxes, for the 12 months ending on the previous June 30 as published by an oil~~  
 503 ~~pricing service.~~

504 ~~[(B) (ii) Beginning on January 1, 2019, and subject to the requirements under~~  
 505 ~~Subsection [(1)(b)(iii)] (1)(c), the statewide average rack price of a gallon of motor fuel under~~  
 506 ~~Subsection [(1)(b)(i)] (1)(a) shall be determined by calculating the previous three fiscal years~~  
 507 ~~statewide average rack price of a gallon of regular unleaded motor fuel, excluding federal and~~  
 508 ~~state excise taxes, for the 36 months ending on the previous June 30 as published by an oil~~  
 509 ~~pricing service.~~

510 ~~[(iii) (A) (c) (i) Subject to the requirement in Subsection [(1)(b)(iii)(B)] (1)(c)(ii), the~~  
 511 ~~statewide average rack price of a gallon of motor fuel determined under Subsection (1)(b)[(ii)]~~  
 512 ~~may not be less than [\$2.45] \$1.78 per gallon.~~

513 ~~[(B) (ii) Beginning on [a calendar year following the year that the actual statewide~~  
 514 ~~average rack price of a gallon of motor fuel reaches \$2.45 before applying the minimum under~~  
 515 ~~Subsection (1)(b)(iii)(A)] January 1, 2019, the commission shall, on January 1, annually adjust~~  
 516 ~~the minimum statewide average rack price of a gallon of motor fuel described in Subsection~~  
 517 ~~[(1)(b)(iii)(A)] (1)(c)(i) by taking the minimum statewide average rack price of a gallon of~~  
 518 ~~motor fuel for the previous calendar year and adding an amount equal to the greater of:~~

519 ~~[(F) (A) an amount calculated by multiplying the minimum statewide average rack~~  
 520 ~~price of a gallon of motor fuel for the previous calendar year by the actual percent change~~  
 521 ~~during the previous fiscal year in the Consumer Price Index; and~~

522 ~~[(H)]~~ (B) 0.

523 ~~[(E)]~~ (iii) The statewide average rack price of a gallon of motor fuel determined by the  
524 commission under Subsection (1)(b)~~[(H)]~~ may not exceed ~~[\$3.33]~~ \$2.43 per gallon.

525 (iv) The minimum statewide average rack price of a gallon of motor fuel described and  
526 adjusted under Subsections (1)(c)(i) and (ii) may not exceed the maximum statewide average  
527 rack price of a gallon of motor fuel under Subsection (1)(c)(iii).

528 ~~[(iv)]~~ (d) (i) The commission shall annually:

529 (A) determine the statewide average rack price of a gallon of motor fuel in accordance  
530 with ~~[Subsection (1)(b)(ii)]~~ Subsections (1)(b) and (c);

531 (B) adjust the fuel tax rate imposed under Subsection ~~[(1)(b)(i)]~~ (1)(a), rounded to the  
532 nearest one-tenth of a cent, based on the determination under Subsection (1)(b)~~[(H)]~~;

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

534 (D) post or otherwise make public the adjusted fuel tax rate as determined in  
535 Subsection ~~[(1)(b)(iv)(B)]~~ (1)(d)(i)(B) no later than 60 days prior to the annual effective date  
536 under Subsection ~~[(1)(b)(v)]~~ (1)(d)(ii).

537 ~~[(v)]~~ (ii) The tax rate imposed under this Subsection (1)~~[(b)]~~ and adjusted as required  
538 under Subsection ~~[(1)(b)(iv)]~~ (1)(d)(i) shall take effect on January 1 of each year.

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

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

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

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

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

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

553 this state; or

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

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

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

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

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

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

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

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

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

582 (8) (a) The commission shall refund annually into the Off-Highway Vehicle Account in  
583 the General Fund an amount equal to .5% of the motor fuel tax revenues collected under this

584 section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

612 (i) may not:

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

614 (B) provide a reduction of taxes greater than or different from the reduction described

615 in this Subsection (9); or  
616 (C) affect the power of the state to establish rates of taxation;  
617 (ii) shall:  
618 (A) be in writing;  
619 (B) be signed by:  
620 (I) the chair of the commission or the chair's designee; and  
621 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;  
622 (C) be conditioned on obtaining any approval required by federal law;  
623 (D) state the effective date of the agreement; and  
624 (E) state any accommodation the Navajo Nation makes related to the construction and  
625 maintenance of state highways and other infrastructure within the Utah portion of the Navajo  
626 Nation; and  
627 (iii) may:  
628 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the  
629 Navajo Nation information that is:  
630 (I) contained in a document filed with the commission; and  
631 (II) related to the tax imposed under this section;  
632 (B) provide for maintaining records by the commission or the Navajo Nation; or  
633 (C) provide for inspections or audits of distributors, carriers, or retailers located or  
634 doing business within the Utah portion of the Navajo Nation.  
635 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax  
636 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a  
637 result of the change in the tax rate is not effective until the first day of the calendar quarter after  
638 a 60-day period beginning on the date the commission receives notice:  
639 (A) from the Navajo Nation; and  
640 (B) meeting the requirements of Subsection (9)(f)(ii).  
641 (ii) The notice described in Subsection (9)(f)(i) shall state:  
642 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on  
643 motor fuel;  
644 (B) the effective date of the rate change of the tax described in Subsection (9)(f)(ii)(A);  
645 and

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

647 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not  
648 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a  
649 30-day period beginning on the day the agreement terminates.

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

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

653 **59-13-301. Tax basis -- Rate -- Exemptions -- Revenue deposited with treasurer**  
654 **and credited to Transportation Fund -- Reduction of tax in limited circumstances.**

655 (1) (a) Except as provided in Subsections (2), (3), (11), and (12) and Section  
656 **59-13-304**, a tax is imposed at the same rates imposed under ~~[Subsections]~~ Subsection  
657 **59-13-201**(1)(a) ~~[and (b)]~~ on the:

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

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

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

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

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

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

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

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

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

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

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

676 (i) sold to the United States government or any of its instrumentalities or to this state or

677 any of its political subdivisions;

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

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

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

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

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

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

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

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

690 (ii) used pursuant to the conditions of a state implementation plan approved under Title  
691 19, Chapter 2, Air Conservation Act; or

692 (b) propane or electricity.

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

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

696 (6) (a) The special fuel tax shall be paid by every user who is required by Sections  
697 59-13-303 and 59-13-305 to obtain a special fuel user permit and file special fuel tax reports.

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

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

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

706 (c) Five dollars of each special fuel user trip permit fee paid under Section 59-13-303  
707 may be used by the commission as a dedicated credit to cover the costs of electronic

708 credentialing as provided in Section [41-1a-303](#).

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

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

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

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

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

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

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

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

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

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

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

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

738 (B) a person may not require the state to provide a refund, a credit, or similar tax relief



739 if the difference described in Subsection (11)(b)(ii) is less than or equal to \$0.

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

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

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

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

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

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

751 (i) may not:

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

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

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

756 (ii) shall:

757 (A) be in writing;

758 (B) be signed by:

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

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

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

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

763 (E) state any accommodation the Navajo Nation makes related to the construction and  
764 maintenance of state highways and other infrastructure within the Utah portion of the Navajo  
765 Nation; and

766 (iii) may:

767 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the  
768 Navajo Nation information that is:

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

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

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

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

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

778 (A) from the Navajo Nation; and

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

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

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

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

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

786 (g) If the agreement required by Subsection (11)(a) terminates, a reduction of tax is not  
787 permitted under this Subsection (11) beginning on the first day of the calendar quarter after a  
788 30-day period beginning on the day the agreement terminates.

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

791 (12) (a) A tax imposed under this section on compressed natural gas is imposed at a rate  
792 of:

793 (i) until June 30, 2016, 10-1/2 cents per gasoline gallon equivalent;

794 (ii) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per gasoline gallon  
795 equivalent;

796 (iii) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per gasoline  
797 gallon equivalent; and

798 (iv) beginning on or after July 1, 2018, 16-1/2 cents per gasoline gallon equivalent.

799 (b) A tax imposed under this section on liquified natural gas is imposed at a rate of:

800 (i) until June 30, 2016, 10-1/2 cents per diesel gallon equivalent;

801 (ii) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per diesel gallon  
802 equivalent;

803 (iii) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per diesel gallon  
804 equivalent; and

805 (iv) beginning on or after July 1, 2018, 16-1/2 cents per diesel gallon equivalent.

806 (c) A tax imposed under this section on hydrogen used to operate or propel a motor  
807 vehicle upon the public highways of the state is imposed at a rate of:

808 (i) until June 30, 2016, 10-1/2 cents per gasoline gallon equivalent;

809 (ii) beginning on July 1, 2016, and until June 30, 2017, 12-1/2 cents per gasoline gallon  
810 equivalent;

811 (iii) beginning on July 1, 2017, and until June 30, 2018, 14-1/2 cents per gasoline  
812 gallon equivalent; and

813 (iv) beginning on or after July 1, 2018, 16-1/2 cents per gasoline gallon equivalent.

814 Section 4. Section **72-2-106** is amended to read:

815 **72-2-106. Appropriation and transfers from Transportation Fund.**

816 (1) On and after July 1, 1981, there is appropriated from the Transportation Fund to the  
817 use of the department an amount equal to two-elevenths of the taxes collected from the motor  
818 fuel tax and the special fuel tax, exclusive of the formula amount appropriated to the B and C  
819 road fund and the collector road fund, to be used for highway rehabilitation.

820 (2) For a fiscal year beginning on or after July 1, 2016, the Division of Finance shall  
821 annually transfer an amount equal to the amount of revenue generated by a tax imposed on  
822 motor and special fuel that is sold, used, or received for sale or used in this state at a rate of 1.8  
823 cents per gallon to the Transportation Investment Fund of 2005 created by Section [72-2-124](#).

824 (3) For a fiscal year beginning on or after July 1, 2019, the Division of Finance shall  
825 annually transfer to the Transportation Investment Fund of 2005 created by Section [72-2-124](#)  
826 an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by  
827 the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale  
828 or use in this state that exceeds 29.4 cents per gallon.

829 Section 5. **Effective date.**

830 This bill takes effect on July 1, 2017.