

**EVALUATING TAX REVENUE FOREGONE FROM  
FEDERALLY CONTROLLED LANDS**

2018 GENERAL SESSION

STATE OF UTAH

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36 **LONG TITLE**

37 **General Description:**

38            This bill enacts provisions relating to federally controlled land within the state.

39 **Highlighted Provisions:**

40            This bill:

- 41            ▶ requires the Commission on Federalism to hold a hearing on the impact of the
- 42 federal payments in lieu of tax on the state;
- 43            ▶ authorizes the Commission on Federalism to engage each of the state's elected
- 44 members of Congress in coordinating with the federal government to secure
- 45 payments in lieu of tax that are equivalent to the property tax the state would
- 46 generate but for federally controlled land in the state; and
- 47            ▶ requires the Commission on Federalism to communicate the results of the hearing
- 48 and any action taken to certain individuals and entities, including the state's elected
- 49 members of Congress.

50 **Money Appropriated in this Bill:**

51            None

52 **Other Special Clauses:**

53            This bill provides a special effective date.

54 **Utah Code Sections Affected:**

55 AMENDS:

56            **63C-4a-303**, as last amended by Laws of Utah 2014, Chapter 221  
57            **63I-1-263**, as last amended by Laws of Utah 2017, Chapters 23, 47, 95, 166, 205, 469,  
58 and 470

59 ENACTS:

60 **63C-4a-307**, Utah Code Annotated 1953

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

63 Section 1. Section **63C-4a-303** is amended to read:

64 **63C-4a-303. Duties of Commission on Federalism.**

65 (1) In accordance with Section **63C-4a-304**, the commission may evaluate a federal  
66 law:

- 67 (a) as agreed by a majority of the commission; or
- 68 (b) submitted to the commission by a council member.

69 (2) The commission may request information regarding a federal law under evaluation  
70 from a United States senator or representative elected from the state.

71 (3) If the commission finds that a federal law is not authorized by the United States  
72 Constitution or violates the principle of federalism as described in Subsection **63C-4a-304(2)**, a  
73 commission cochair may:

74 (a) request from a United States senator or representative elected from the state:

- 75 (i) information about the federal law; or
- 76 (ii) assistance in communicating with a federal governmental entity regarding the  
77 federal law;

78 (b) (i) give written notice of an evaluation made under Subsection (1) to the federal  
79 governmental entity responsible for adopting or administering the federal law; and

80 (ii) request a response by a specific date to the evaluation from the federal  
81 governmental entity; and

82 (c) request a meeting, conducted in person or by electronic means, with the federal  
83 governmental entity, a representative from another state, or a United States Senator or  
84 Representative elected from the state to discuss the evaluation of federal law and any possible  
85 remedy.

86 (4) The commission may recommend to the governor that the governor call a special

87 session of the Legislature to give the Legislature an opportunity to respond to the commission's  
88 evaluation of a federal law.

89 (5) A commission cochair may coordinate the evaluation of and response to federal law  
90 with another state as provided in Section [63C-4a-305](#).

91 (6) On May 20 and October 20 of each year, the commission shall submit a report by  
92 electronic mail to the Legislative Management Committee and the Government Operations  
93 Interim Committee that summarizes:

94 (a) action taken by the commission in accordance with this section; and  
95 (b) action taken by, or communication received from, any of the following in response  
96 to a request or inquiry made, or other action taken, by the commission:

- 97 (i) a United States senator or representative elected from the state;
- 98 (ii) a representative of another state; or
- 99 (iii) a federal entity, official, or employee.

100 (7) The commission shall keep a current list on the Legislature's website of:

- 101 (a) a federal law that the commission evaluates under Subsection (1);
- 102 (b) an action taken by a cochair of the commission under Subsection (3);
- 103 (c) any coordination undertaken with another state under Section [63C-4a-305](#); and
- 104 (d) any response received from a federal government entity that was requested under  
105 Subsection (3).

106 (8) The commission shall develop curriculum for a seminar on the principles of  
107 federalism. The curriculum shall be available to the general public and include:

- 108 (a) fundamental principles of federalism;
- 109 (b) the sovereignty, supremacy, and jurisdiction of the individual states, including their  
110 police powers;
- 111 (c) the history and practical implementation of the Tenth Amendment to the United  
112 States Constitution;
- 113 (d) the authority and limits on the authority of the federal government as found in the  
114 United States Constitution;

- 115 (e) the relationship between the state and federal governments;
- 116 (f) methods of evaluating a federal law in the context of the principles of federalism;
- 117 (g) how and when challenges should be made to a federal law or regulation on the basis
- 118 of federalism;
- 119 (h) the separate and independent powers of the state that serve as a check on the federal
- 120 government;
- 121 (i) first amendment rights and freedoms contained therein; and
- 122 (j) any other issues relating to federalism the commission considers necessary.
- 123 (9) The commission may apply for and receive grants, and receive private donations to
- 124 assist in funding the creation, enhancement, and dissemination of the curriculum.
- 125 (10) Before the final meeting of 2019, the commission shall conduct the activities
- 126 described in Section 63C-4a-307.

127 Section 2. Section 63C-4a-307 is enacted to read:

128 **63C-4a-307. Foregone property tax evaluation procedures.**

129 (1) As used in this section:

130 (a) (i) "Federally controlled land" means any land within the exterior boundaries of the

131 state that is controlled by the United States government for the entire taxable year.

132 (ii) "Federally controlled land" does not include:

133 (A) a military installation;

134 (B) a federal enclave as described in United States Constitution, Article I, Section 8,

135 clause 17; or

136 (C) land owned by an Indian tribe as described in 18 U.S.C. Sec. 1151.

137 (b) (i) "Payments in lieu of tax" means payments made by the federal government to a

138 county, municipality, or school district of the state.

139 (ii) "Payments in lieu of tax" includes a payment under:

140 (A) the in lieu of property taxes program, 31 U.S.C. Sec. 6901, et seq., commonly

141 referred to as PILT; and

142 (B) the impact aid program, 20 U.S.C. Sec. 7701, et seq.

143           (2) (a) The commission shall hold a hearing regarding the impact on the state from the  
144 failure of the federal government to make payments in lieu of tax that are equivalent to the  
145 property tax revenue that the state would generate but for federally controlled land.

146           (b) The commission shall invite and accept testimony on the information described in  
147 Subsection (2)(a) and the impact on the ability and the duty of the state to fund education and  
148 to protect and promote the health, safety, and welfare of the state, the state's political  
149 subdivisions, and the residents of the state from the following:

150           (i) representatives from:

151           (A) the office of each United States senator or representative elected from the state;

152           (B) any federal government entity administering the payments in lieu of tax;

153           (C) the Legislative Management Committee;

154           (D) the Office of the Governor;

155           (E) the Office of the Attorney General;

156           (F) the State Tax Commission;

157           (G) the Public Lands Policy Coordinating Office, created in Section [63J-4-602](#);

158           (H) the school districts;

159           (I) the association of school districts;

160           (J) the superintendents' association;

161           (K) the charter schools;

162           (L) school community councils;

163           (M) the counties;

164           (N) the municipalities; and

165           (O) nonpartisan entities serving state governments;

166           (ii) other states' officials or agencies; and

167           (iii) other interested individuals or entities.

168           (3) In accordance with this part, the commission may engage each United States  
169 senator or representative elected from the state in coordinating with the federal government to  
170 secure payments in lieu of tax that are equivalent to the property tax revenue the state would

171 generate but for federally controlled land.

172 (4) The commission shall communicate the information received during the hearing  
173 described in Subsection (2) and any action taken under Subsection (3) to the individuals and  
174 entities described in Subsection (2)(b).

175 Section 3. Section **63I-1-263** is amended to read:

176 **63I-1-263. Repeal dates, Titles 63A to 63N.**

177 (1) Subsection **63A-5-104**(4)(h) is repealed on July 1, 2024.

178 (2) Section **63A-5-603**, State Facility Energy Efficiency Fund, is repealed July 1, 2023.

179 (3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July  
180 1, [~~2018~~] 2028.

181 (4) Title 63C, Chapter 4b, Commission for the Stewardship of Public Lands, is  
182 repealed November 30, 2019.

183 (5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1,  
184 2020.

185 (6) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is  
186 repealed July 1, 2021.

187 (7) Title 63C, Chapter 18, Mental Health Crisis Line Commission, is repealed July 1,  
188 2018.

189 (8) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1,  
190 2023.

191 (9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,  
192 2020.

193 (10) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.

194 (11) On July 1, 2025:

195 (a) in Subsection **17-27a-404**(3)(c)(ii), the language that states "the Resource  
196 Development Coordinating Committee," is repealed;

197 (b) Subsection **23-14-21**(2)(c) is amended to read "(c) provide notification of proposed  
198 sites for the transplant of species to local government officials having jurisdiction over areas

199 that may be affected by a transplant.";

200 (c) in Subsection 23-14-21(3), the language that states "and the Resource Development  
201 Coordinating Committee" is repealed;

202 (d) in Subsection 23-21-2.3(1), the language that states "the Resource Development  
203 Coordinating Committee created in Section 63J-4-501 and" is repealed;

204 (e) in Subsection 23-21-2.3(2), the language that states "the Resource Development  
205 Coordinating Committee and" is repealed;

206 (f) Subsection 63J-4-102(1) is repealed and the remaining subsections are renumbered  
207 accordingly;

208 (g) Subsections 63J-4-401(5)(a) and (c) are repealed;

209 (h) Subsection 63J-4-401(5)(b) is renumbered to Subsection 63J-4-401(5)(a) and the  
210 word "and" is inserted immediately after the semicolon;

211 (i) Subsection 63J-4-401(5)(d) is renumbered to Subsection 63J-4-401(5)(b);

212 (j) Sections 63J-4-501, 63J-4-502, 63J-4-503, 63J-4-504, and 63J-4-505 are repealed;  
213 and

214 (k) Subsection 63J-4-603(1)(e)(iv) is repealed and the remaining subsections are  
215 renumbered accordingly.

216 (12) (a) Subsection 63J-1-602.4(15) is repealed July 1, 2022.

217 (b) When repealing Subsection 63J-1-602.4(15), the Office of Legislative Research and  
218 General Counsel shall, in addition to the office's authority under Subsection 36-12-12(3), make  
219 necessary changes to subsection numbering and cross references.

220 (13) The Crime Victim Reparations and Assistance Board, created in Section  
221 63M-7-504, is repealed July 1, 2027.

222 (14) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2027.

223 (15) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2018.

224 (16) (a) Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is  
225 repealed January 1, 2021.

226 (b) Subject to Subsection (16)(c), Sections 59-7-610 and 59-10-1007 regarding tax



227 credits for certain persons in recycling market development zones, are repealed for taxable  
228 years beginning on or after January 1, 2021.

229 (c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007:

230 (i) for the purchase price of machinery or equipment described in Section 59-7-610 or  
231 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or

232 (ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if  
233 the expenditure is made on or after January 1, 2021.

234 (d) Notwithstanding Subsections (16)(b) and (c), a person may carry forward a tax  
235 credit in accordance with Section 59-7-610 or 59-10-1007 if:

236 (i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and

237 (ii) (A) for the purchase price of machinery or equipment described in Section  
238 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31,  
239 2020; or

240 (B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), the  
241 expenditure is made on or before December 31, 2020.

242 (17) Section 63N-2-512 is repealed on July 1, 2021.

243 (18) (a) Title 63N, Chapter 2, Part 6, Utah Small Business Jobs Act, is repealed  
244 January 1, 2021.

245 (b) Section 59-9-107 regarding tax credits against premium taxes is repealed for  
246 calendar years beginning on or after January 1, 2021.

247 (c) Notwithstanding Subsection (18)(b), an entity may carry forward a tax credit in  
248 accordance with Section 59-9-107 if:

249 (i) the person is entitled to a tax credit under Section 59-9-107 on or before December  
250 31, 2020; and

251 (ii) the qualified equity investment that is the basis of the tax credit is certified under  
252 Section 63N-2-603 on or before December 31, 2023.

253 (19) Title 63N, Chapter 9, Part 2, Outdoor Recreational Infrastructure Grant Program,  
254 is repealed January 1, 2023.

255           (20) Title 63N, Chapter 12, Part 3, Utah Broadband Outreach Center, is repealed July  
256 1, 2018.

257           (21) Title 63N, Chapter 12, Part 4, Career and Technical Education Board, is repealed  
258 July 1, 2018.

259           Section 4. **Effective date.**

260           If approved by two-thirds of all the members elected to each house, this bill takes effect  
261 upon approval by the governor, or the day following the constitutional time limit of Utah  
262 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,  
263 the date of veto override.