

Senator Allen M. Christensen proposes the following substitute bill:

MEDICAID EXPANSION ADJUSTMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Allen M. Christensen

House Sponsor: James A. Dunnigan

LONG TITLE

General Description:

This bill amends provisions relating to the state Medicaid program and the state sales tax.

Highlighted Provisions:

This bill:

- ▶ makes changes to eligibility for and administration of the state Medicaid program;
- ▶ directs the Department of Health to continue to seek approval from the federal government to implement a Medicaid expansion;

- ▶ directs the department to submit a request to the federal government to provide Medicaid benefits to enrollees who are newly eligible under the Medicaid expansion in a manner that:

- incorporates a per capita cap on federal reimbursement;
 - limits presumptive eligibility;
 - imposes a lock-out period for individuals who violate certain program requirements;
 - gives enrollees continuous eligibility for a period of 12 months; and
 - allows Medicaid funds to be used for housing supports for certain enrollees;
- ▶ amends provisions related to various hospital assessments;



- 26 ▶ amends provisions related to the state sales tax; and
- 27 ▶ makes technical changes.

28 **Money Appropriated in this Bill:**

29 This bill appropriates in fiscal year 2019:

- 30 ▶ to Department of Health - Medicaid Services, as a one-time appropriation:
 - 31 • from the General Fund, One-time, (\$14,900,000).
- 32 ▶ to Department of Health - Medicaid Expansion Fund, as a one-time appropriation:
 - 33 • from the General Fund, One-time, \$38,200,000; and
 - 34 • from the General Fund Restricted - Medicaid Restricted Account, One-time,
 - 35 \$1,200,000.

36 This bill appropriates in fiscal year 2020:

- 37 ▶ to Department of Health - Children's Health Insurance Program, as a One-time
- 38 appropriation:
 - 39 • from the General Fund, One-time, (\$18,663,900).
- 40 ▶ to Department of Health - Medicaid Services, as a One-time appropriation:
 - 41 • from the General Fund Restricted - Medicaid Restricted Account, One-time,
 - 42 \$16,800,000.
- 43 ▶ to Department of Health - Medicaid Expansion Fund, as an ongoing appropriation:
 - 44 • from the General Fund, \$15,000,000.

45 **Other Special Clauses:**

46 This bill provides a special effective date.

47 **Utah Code Sections Affected:**

48 AMENDS:

- 49 **26-18-3.1**, as amended by Statewide Initiative -- Proposition 3, Nov. 6, 2018
- 50 **26-18-3.9**, as enacted by Statewide Initiative -- Proposition 3, Nov. 6, 2018
- 51 **26-18-415**, as enacted by Laws of Utah 2018, Chapter 468
- 52 **26-36b-103**, as last amended by Laws of Utah 2018, Chapters 285, 316, 384, and 468
- 53 **26-36b-208**, as last amended by Laws of Utah 2018, Chapters 384 and 468
- 54 **26-36c-201**, as enacted by Laws of Utah 2018, Chapter 468
- 55 **26-36c-203**, as enacted by Laws of Utah 2018, Chapter 468
- 56 **26-36c-204**, as enacted by Laws of Utah 2018, Chapter 468

57 [26-36c-206](#), as enacted by Laws of Utah 2018, Chapter 468

58 [26-36c-209](#), as enacted by Laws of Utah 2018, Chapter 468

59 [59-12-103](#), as amended by Statewide Initiative -- Proposition 3, Nov. 6, 2018

60 REPEALS:

61 [26-36c-210](#), as enacted by Laws of Utah 2018, Chapter 468



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

63 Section 1. Section **26-18-3.1** is amended to read:

64 **26-18-3.1. Medicaid expansion.**

65 (1) The purpose of this section is to expand the coverage of the Medicaid program to
66 persons who are in categories traditionally not served by that program.

67 (2) Within appropriations from the Legislature, the department may amend the state
68 plan for medical assistance to provide for eligibility for Medicaid:

69 (a) on or after July 1, 1994, for children 12 to 17 years old who live in households
70 below the federal poverty income guideline; and

71 (b) on or after July 1, 1995, for persons who have incomes below the federal poverty
72 income guideline and who are aged, blind, or have a disability.

73 (3) (a) Within appropriations from the Legislature, on or after July 1, 1996, the
74 Medicaid program may provide for eligibility for persons who have incomes below the federal
75 poverty income guideline.

76 (b) In order to meet the provisions of this subsection, the department may seek
77 approval for a demonstration project under 42 U.S.C. [~~Section~~] Sec. 1315 from the secretary of
78 the United States Department of Health and Human Services. This demonstration project may
79 also provide for the voluntary participation of private firms that:

80 (i) are newly established or marginally profitable;

81 (ii) do not provide health insurance to their employees;

82 (iii) employ predominantly low wage workers; and

83 (iv) are unable to obtain adequate and affordable health care insurance in the private
84 market.

85 (4) The Medicaid program shall provide for eligibility for persons as required by
86 [~~Section~~] Subsection [26-18-3.9\(2\)](#).

88 (5) Subject to the requirements of [Section] Subsection 26-18-3.9(2) [~~and (3)~~], services
89 available for persons described in this section shall include required Medicaid services and may
90 include one or more optional Medicaid services if those services are funded by the Legislature.
91 [~~Subject to the requirements of Section 26-18-3.9(2), the~~] The department may also require
92 persons described in [~~this section~~] Subsections (1) through (3) to meet an asset test.

93 Section 2. Section **26-18-3.9** is amended to read:

94 **26-18-3.9. Expanding the Medicaid program.**

95 [~~(1) Findings and purpose:~~]

96 [~~(a) Findings. The People of the State of Utah find that:~~]

97 [~~(i) Adequate medical care is crucial to the health and welfare of the residents of Utah;~~]

98 [~~(ii) It is essential that all Utahns have access to medical care, including preventive
99 care, emergency services, and hospital care;~~]

100 [~~(iii) Utah's Medicaid program and CHIP provide care to Utahns who are unable to
101 afford private health insurance and are not eligible for other health insurance. Medicaid and
102 CHIP are vital parts of the Utah health care system and it is essential that they continue to
103 provide health care for the most vulnerable citizens of our state;~~]

104 [~~(iv) However, over 250,000 Utahns remain uninsured and do not have adequate access
105 to health care. Over 100,000 of the uninsured would be covered by Medicaid if the State of
106 Utah were to expand eligibility to all individuals who are in the federal optional Medicaid
107 expansion population, as defined as of January 1, 2017;~~]

108 [~~(v) When people don't have access to care they are far more likely to develop chronic
109 conditions, like diabetes or asthma, that often require expensive treatment for a patient's entire
110 life, resulting in unnecessary suffering and driving up the cost of healthcare;~~]

111 [~~(vi) When medical providers provide care for which patients are not insured, the cost
112 of that care is passed on to others, thus increasing the cost of medical care for all Utah
113 residents;~~]

114 [~~(vii) It is critical to the survival of the Medicaid program that it remain adequately
115 funded so that it can provide needed medical services to those who otherwise would not have
116 access to care, and can compensate the providers who serve participants. The compensation to
117 providers must be adequate to encourage providers to continue to treat patients on Medicaid;
118 and]~~]

119 ~~[(viii) From moral, health and fiscal perspectives, protecting and expanding the~~
120 ~~Medicaid program in Utah is essential to maintaining the quality of life in our state.]~~

121 ~~[(b) Purpose. The purpose of this measure is to preserve and strengthen medical care~~
122 ~~in the State of Utah by the following:]~~

123 ~~[(i) Protecting Medicaid and CHHP so that they can continue to provide medical care to~~
124 ~~those who are currently eligible, and]~~

125 ~~[(ii) Expanding Medicaid eligibility to adults who are in the federal optional Medicaid~~
126 ~~expansion population, as defined as of January 1, 2017.]~~

127 (1) As used in this section:

128 (a) "CMS" means the Centers for Medicare and Medicaid Services in the United States
129 Department of Health and Human Services.

130 (b) "Federal poverty level" means the same as that term is defined in Section
131 26-18-411.

132 (c) "Medicaid expansion" means an expansion of the Medicaid program in accordance
133 with this section.

134 (2) (a) ~~[Eligibility.]~~ As set forth in Subsections (2)~~[(a)]~~ (b) through ~~[(2)(d)]~~ (e),
135 eligibility criteria for the Medicaid program shall be ~~[maintained as they existed on January 1,~~
136 ~~2017 and also]~~ expanded to cover additional low-income individuals.

137 ~~[(a) The standards, methodologies, and procedures for determining eligibility for the~~
138 ~~Medicaid program and CHHP shall be no more restrictive than the eligibility standards,~~
139 ~~methodologies, and procedures, respectively, that were in effect on January 1, 2017.]~~

140 (b) Notwithstanding Sections [26-18-18](#) and [63J-5-204](#), ~~[beginning April 1, 2019,]~~
141 eligibility for the Medicaid program shall be expanded ~~[to include all persons in the optional~~
142 ~~Medicaid expansion population under the Patient Protection and Affordable Care Act, Pub. L.~~
143 ~~No. 111-148 and the Health Care Education Reconciliation Act of 2010, Pub. L. No. 111-152,~~
144 ~~and related federal regulations and guidance, as those statutory and regulatory provisions and~~
145 ~~guidance existed on January 1, 2017.]~~ if the department:

146 (i) receives approval from CMS to implement the provisions described in Subsections
147 [26-18-415\(2\)\(b\)\(i\)](#) and (viii);

148 (ii) pays the state portion of costs for any expansion under this section entirely from:

149 (A) the Medicaid Expansion Fund, created in Section [26-36b-208](#);

150 (B) county contributions to the non-federal share of Medicaid expenditures; or
151 (C) any other contributions, funds, or transfers from a non-state agency for Medicaid
152 expenditures; and

153 (iii) closes the Medicaid program to new enrollment under a Medicaid expansion if the
154 department projects that the cost of the Medicaid expansion will exceed the appropriations for
155 the fiscal year that are authorized by the Legislature through an appropriations act adopted in
156 accordance with Title 63J, Chapter 1, Budgetary Procedures Act.

157 ~~[(c) There shall be no caps on enrollment beyond those in place as of January 1, 2017.]~~

158 ~~[(d) The eligibility criteria in Subsection (2)(b) shall be construed to include all~~
159 ~~individuals eligible for the health coverage improvement program under Section 26-18-411.]~~

160 ~~[(3) Care and Services. For each enrollment group or category in the Medicaid~~
161 ~~program and CHHP, the categories of care or services and the types of benefits provided in each~~
162 ~~category shall be no more restrictive than the categories of care or services and the types of~~
163 ~~benefits provided on January 1, 2017. Such services and benefits shall be provided in~~
164 ~~sufficient amount, duration, and scope to achieve their purposes.]~~

165 ~~[(4) Out-of-Pocket Costs. Any premium, beneficiary enrollment fee, and cost sharing~~
166 ~~requirement applicable to care and services described in this section, including but not limited~~
167 ~~to co-pay, co-insurance, deductible, or out-of-pocket maximum, shall be no greater than those~~
168 ~~in effect on January 1, 2017.]~~

169 ~~[(5) Provider payments:]~~

170 ~~[(a) Payments to providers under the Medicaid program and CHHP for covered care and~~
171 ~~services shall be made at a rate not less than 100% of the payment rate that applied to such care~~
172 ~~and services on January 1, 2017, and shall increase annually at a rate not less than the region's~~
173 ~~Consumer Price Index.]~~

174 ~~[(b) Managed care:]~~

175 ~~[(i) If the department contracts with an accountable care organization or other~~
176 ~~organization to cover care and services under the Medicaid program or CHHP, a contract with~~
177 ~~that organization shall provide that the organization shall make payments to providers for items~~
178 ~~and services that are subject to the contract and that are furnished to individuals eligible for the~~
179 ~~Medicaid program or CHHP at a rate not less than 100% of the payment rate that at least one~~
180 ~~accountable care organization that contracted with the department paid for such care and~~

181 services on January 1, 2017 (regardless of the manner in which such payments are made,
182 including in the form of capitation or partial capitation), and that the minimum payment
183 required by this provision will increase annually at a rate not less than the region's Consumer
184 Price Index.]

185 ~~[(ii) Payments by the department to accountable care organizations or such other~~
186 ~~organizations shall be sufficient for the organizations to comply with the provider payment rate~~
187 ~~requirements of this section.]~~

188 ~~[(c) This subsection (5) shall not apply to physician reimbursement for drugs or~~
189 ~~devices.]~~

190 (c) If the department is no longer able to implement a provision described in
191 Subsection 26-18-415(2)(b)(i) or (viii), the department shall roll back all changes in Medicaid
192 eligibility effectuated by a Medicaid expansion no later than the next July 1 after the day on
193 which the department is no longer able to implement a provision described in Subsection
194 26-18-415(2)(b)(i) or (viii).

195 (d) The department shall continue to seek approval from CMS to implement the
196 provisions in Subsections 26-18-415(2)(b)(ii) through (vii) through a waiver, an amendment to
197 an existing waiver, or a state plan amendment.

198 (e) (i) In addition to the provisions described in Subsections 26-18-415(2)(b)(ii)
199 through (vii), the department shall seek approval from CMS to administer federal funds for a
200 Medicaid expansion according to a per capita cap developed by the department that:

201 (A) includes an annual inflationary adjustment;

202 (B) accounts for differences in cost among categories of Medicaid enrollees; and

203 (C) provides greater flexibility to the state than the current Medicaid payment model.

204 (ii) The department may not implement the provision described in Subsection (2)(e)(i),
205 unless the department is able to implement each of the provisions described in Subsections
206 26-18-415(2)(b)(i), (ii), and (viii).

207 (f) On or before July 1, 2019, the department shall submit one or more waivers or state
208 plan amendments to CMS to implement the following provisions in the Medicaid program
209 under the Medicaid expansion:

210 (i) for each individual who is newly eligible for the Medicaid program under the
211 Medicaid expansion:

212 (A) limit, in certain circumstances as defined by the department, the ability of a
213 qualified entity to determine presumptive eligibility for Medicaid coverage;

214 (B) impose a lock-out period if the individual violates certain program requirements as
215 defined by the department; and

216 (C) allow the individual to remain in the Medicaid program for up to a 12-month
217 certification period as defined by the department; and

218 (ii) allow federal Medicaid funds to be used for housing support for eligible enrollees.

219 ~~[(6) Nothing in this section shall prevent the people acting through initiative, the~~
220 ~~Legislature by statute, or the department by promulgating rules from:]~~

221 ~~[(a) Expanding eligibility by adopting less restrictive eligibility standards,~~
222 ~~methodologies, or procedures than those permitted by Subsection (2);]~~

223 ~~[(b) Expanding covered care and services by adding to the list, amount, duration, or~~
224 ~~scope of covered care and services required by Subsection (3);]~~

225 ~~[(c) Reducing premiums, beneficiary enrollment fees, or cost sharing requirements~~
226 ~~below the maximum levels permitted by Subsection (4); or]~~

227 ~~[(d) Increasing provider payments above the minimum payments required by~~
228 ~~Subsection (5).]~~

229 ~~[(7) For purposes of this section:]~~

230 ~~[(a) The “Medicaid program” means the Medicaid program defined by Section~~
231 ~~26-18-2, including any waivers.]~~

232 ~~[(b) The “Utah Children’s Health Insurance Program” or “CHHP” means the Utah~~
233 ~~Children’s Health Insurance Program created in Chapter 40, Utah Children’s Health Insurance~~
234 ~~Act.]~~

235 ~~[(8)]~~ (3) The department shall maximize federal financial participation in
236 implementing this section, including by seeking to obtain any necessary federal approvals or
237 waivers.

238 ~~[(9) This section and Section 26-18-3.1(4) shall not apply to CHHP in any year for~~
239 ~~which the State Children’s Health Insurance Program, as described in Subchapter XXI, 42~~
240 ~~U.S.C. Sec. 1397aa et seq., is not extended at the federal level.]~~

241 ~~[(10)]~~ (4) Notwithstanding Sections 17-43-201 and 17-43-301, a county does not have
242 to provide matching funds to the state for the cost of providing Medicaid services to newly

243 enrolled individuals who qualify for Medicaid coverage under Subsection (2)[(b)].

244 ~~[(11) Severability. If any provision of this section or its application to any person or~~
245 ~~circumstance is held invalid, the remainder of this section shall be given effect without the~~
246 ~~invalid provision or application, and to this end the provisions of this section are severable.]~~

247 (5) If the Medicaid expansion is approved by CMS, the department shall report to the
248 Social Services Appropriations Subcommittee on or before November 1 of each year that the
249 Medicaid expansion is operational:

250 (a) the number of individuals who enrolled in the Medicaid expansion;

251 (b) costs to the state for the Medicaid expansion;

252 (c) estimated costs for the current and following state fiscal year; and

253 (d) recommendations to control costs of the Medicaid expansion.

254 Section 3. Section **26-18-415** is amended to read:

255 **26-18-415. Medicaid waiver expansion.**

256 (1) As used in this section:

257 (a) "CMS" means the Centers for Medicare and Medicaid Services within the United
258 States Department of Health and Human Services.

259 (b) "Expansion population" means individuals:

260 (i) whose household income is less than 95% of the federal poverty level; and

261 (ii) who are not eligible for enrollment in the Medicaid program, with the exception of
262 the Primary Care Network program, on May 8, 2018.

263 (c) "Federal poverty level" means the same as that term is defined in Section
264 [26-18-411](#).

265 (d) "Medicaid waiver expansion" means ~~[a Medicaid expansion]~~ an expansion of the
266 Medicaid program in accordance with this section.

267 (2) (a) Before January 1, 2019, the department shall apply to CMS for approval of a
268 waiver or state plan amendment to implement the Medicaid waiver expansion.

269 (b) The Medicaid waiver expansion shall:

270 (i) expand Medicaid coverage to eligible individuals whose income is below 95% of
271 the federal poverty level;

272 (ii) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(y) for
273 enrolling an individual in the Medicaid program;

274 (iii) provide Medicaid benefits through the state's Medicaid accountable care
275 organizations in areas where a Medicaid accountable care organization is implemented;

276 (iv) integrate the delivery of behavioral health services and physical health services
277 with Medicaid accountable care organizations in select geographic areas of the state that
278 choose an integrated model;

279 (v) include a path to self-sufficiency, including work activities as defined in 42 U.S.C.
280 Sec. 607(d), for qualified adults;

281 (vi) require an individual who is offered a private health benefit plan by an employer to
282 enroll in the employer's health plan;

283 (vii) sunset in accordance with Subsection (5)(a); and

284 (viii) permit the state to close enrollment in the Medicaid waiver expansion if the
285 department has insufficient funding to provide services to additional eligible individuals.

286 (3) If the Medicaid waiver described in Subsection (1) is approved, the department may
287 only pay the state portion of costs for the Medicaid waiver expansion with appropriations from:

288 (a) the Medicaid Expansion Fund, created in Section [26-36b-208](#);

289 (b) county contributions to the non-federal share of Medicaid expenditures; and

290 (c) any other contributions, funds, or transfers from a non-state agency for Medicaid
291 expenditures.

292 (4) (a) In consultation with the department, Medicaid accountable care organizations
293 and counties that elect to integrate care under Subsection (2)(b)(iv) shall collaborate on
294 enrollment, engagement of patients, and coordination of services.

295 (b) As part of the provision described in Subsection (2)(b)(iv), the department shall
296 apply for a waiver to permit the creation of an integrated delivery system:

297 (i) for any geographic area that expresses interest in integrating the delivery of services
298 under Subsection (2)(b)(iv); and

299 (ii) in which the department:

300 (A) may permit a local mental health authority to integrate the delivery of behavioral
301 health services and physical health services;

302 (B) may permit a county, local mental health authority, or Medicaid accountable care
303 organization to integrate the delivery of behavioral health services and physical health services
304 to select groups within the population that are newly eligible under the Medicaid waiver

305 expansion; and

306 (C) may make rules in accordance with Title 63G, Chapter 3, Utah Administrative
307 Rulemaking Act, to integrate payments for behavioral health services and physical health
308 services to plans or providers.

309 ~~[(5) (a) If federal financial participation for the Medicaid waiver expansion is reduced~~
310 ~~below 90%, the authority of the department to implement the Medicaid waiver expansion shall~~
311 ~~sunset no later than the next July 1 after the date on which the federal financial participation is~~
312 ~~reduced.]~~

313 ~~[(b)]~~ (5) The department shall close the program to new enrollment if the cost of the
314 Medicaid waiver expansion is projected to exceed the appropriations for the fiscal year that are
315 authorized by the Legislature through an appropriations act adopted in accordance with Title
316 63J, Chapter 1, Budgetary Procedures Act.

317 (6) If the Medicaid waiver expansion is approved by CMS, the department shall report
318 to the Social Services Appropriations Subcommittee on or before November 1 of each year that
319 the Medicaid waiver expansion is operational:

- 320 (a) the number of individuals who enrolled in the Medicaid waiver program;
- 321 (b) costs to the state for the Medicaid waiver program;
- 322 (c) estimated costs for the current and following state fiscal year; and
- 323 (d) recommendations to control costs of the Medicaid waiver expansion.

324 Section 4. Section **26-36b-103** is amended to read:

325 **26-36b-103. Definitions.**

326 As used in this chapter:

327 (1) "Assessment" means the inpatient hospital assessment established by this chapter.

328 (2) "CMS" means the Centers for Medicare and Medicaid Services within the United
329 States Department of Health and Human Services.

330 (3) "Discharges" means the number of total hospital discharges reported on:

331 (a) Worksheet S-3 Part I, column 15, lines 14, 16, and 17 of the 2552-10 Medicare cost
332 report for the applicable assessment year; or

333 (b) a similar report adopted by the department by administrative rule, if the report
334 under Subsection (3)(a) is no longer available.

335 (4) "Division" means the Division of Health Care Financing within the department.

336 (5) "Enhancement waiver program" means the program established by the Primary
337 Care Network enhancement waiver program described in Section 26-18-416.

338 (6) "Health coverage improvement program" means the health coverage improvement
339 program described in Section 26-18-411.

340 (7) "Hospital share" means the hospital share described in Section 26-36b-203.

341 (8) "Medicaid accountable care organization" means a managed care organization, as
342 defined in 42 C.F.R. Sec. 438, that contracts with the department under the provisions of
343 Section 26-18-405.

344 (9) "Medicaid waiver expansion" means a Medicaid expansion in accordance with
345 Section 26-18-3.9 or 26-18-415.

346 (10) "Medicare cost report" means CMS-2552-10, the cost report for electronic filing
347 of hospitals.

348 (11) (a) "Non-state government hospital" means a hospital owned by a non-state
349 government entity.

350 (b) "Non-state government hospital" does not include:

351 (i) the Utah State Hospital; or

352 (ii) a hospital owned by the federal government, including the Veterans Administration
353 Hospital.

354 (12) (a) "Private hospital" means:

355 (i) a general acute hospital, as defined in Section 26-21-2, that is privately owned and
356 operating in the state; and

357 (ii) a privately owned specialty hospital operating in the state, including a privately
358 owned hospital whose inpatient admissions are predominantly for:

359 (A) rehabilitation;

360 (B) psychiatric care;

361 (C) chemical dependency services; or

362 (D) long-term acute care services.

363 (b) "Private hospital" does not include a facility for residential treatment as defined in
364 Section 62A-2-101.

365 (13) "State teaching hospital" means a state owned teaching hospital that is part of an
366 institution of higher education.

367 (14) "Upper payment limit gap" means the difference between the private hospital
368 outpatient upper payment limit and the private hospital Medicaid outpatient payments, as
369 determined in accordance with 42 C.F.R. Sec. 447.321.

370 Section 5. Section **26-36b-208** is amended to read:

371 **26-36b-208. Medicaid Expansion Fund.**

372 (1) There is created an expendable special revenue fund known as the Medicaid
373 Expansion Fund.

374 (2) The fund consists of:

375 (a) assessments collected under this chapter;

376 (b) intergovernmental transfers under Section [26-36b-206](#);

377 (c) savings attributable to the health coverage improvement program as determined by
378 the department;

379 (d) savings attributable to the enhancement waiver program as determined by the
380 department;

381 (e) savings attributable to the Medicaid waiver expansion as determined by the
382 department;

383 (f) savings attributable to the inclusion of psychotropic drugs on the preferred drug list
384 under Subsection [26-18-2.4\(3\)](#) as determined by the department;

385 (g) savings attributable to the services provided by the Public Employees' Health Plan
386 under Subsection [49-20-401\(1\)\(u\)](#);

387 (h) revenues collected from the sales tax described in Subsection [59-12-103\(14\)](#);

388 [~~(h)~~] (i) gifts, grants, donations, or any other conveyance of money that may be made to
389 the fund from private sources;

390 [~~(i)~~] (j) interest earned on money in the fund; and

391 [~~(j)~~] (k) additional amounts as appropriated by the Legislature.

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

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

394 (4) (a) A state agency administering the provisions of this chapter may use money from
395 the fund to pay the costs, not otherwise paid for with federal funds or other revenue sources, of:

396 (i) the health coverage improvement program;

397 (ii) the enhancement waiver program;

398 (iii) ~~the~~ a Medicaid waiver expansion; and
399 (iv) the outpatient upper payment limit supplemental payments under Section
400 26-36b-210.

401 (b) A state agency administering the provisions of this chapter may not use:
402 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper
403 payment limit supplemental payments; or
404 (ii) money in the fund for any purpose not described in Subsection (4)(a).

405 Section 6. Section 26-36c-201 is amended to read:

406 **26-36c-201. Assessment.**

407 (1) An assessment is imposed on each private hospital:

408 (a) beginning upon the later of:

409 [~~(a) beginning upon the later of CMS approval of:~~]

410 (i) ~~the waiver for the Medicaid waiver expansion~~ April 1, 2019; and

411 (ii) CMS approval of the assessment under this chapter;

412 (b) in the amount designated in Sections 26-36c-204 and 26-36c-205; and

413 (c) in accordance with Section 26-36c-202.

414 (2) [~~Subject to Subsection 26-36c-202(4), the~~] The assessment imposed by this chapter
415 is due and payable [on the last day of each quarter] in accordance with Subsection
416 26-36c-202(4).

417 [~~(3) The first quarterly payment is not due until at least three months after the effective~~
418 ~~date of the coverage provided through the Medicaid waiver expansion.]~~

419 Section 7. Section 26-36c-203 is amended to read:

420 **26-36c-203. Hospital share.**

421 [(H)] The hospital share is [~~100% of the state's net cost of the Medicaid waiver~~
422 ~~expansion, after deducting appropriate offsets and savings expected as a result of implementing~~
423 ~~the Medicaid waiver expansion, including savings from:] \$15,000,000 for the period from
424 April 1, 2019, through March 31, 2020.~~

425 [(a) ~~the Primary Care Network program;~~]

426 [(b) ~~the health coverage improvement program, as defined in Section 26-18-411;~~]

427 [(c) ~~the state portion of inpatient prison medical coverage;~~]

428 [(d) ~~behavioral health coverage; and]~~

429 ~~[(e) county contributions to the non-federal share of Medicaid expenditures.]~~

430 ~~[(2)(a) The hospital share is capped at no more than \$25,000,000 annually.]~~

431 ~~[(b) The division shall prorate the cap specified in Subsection (2)(a) in any year in~~
432 ~~which the Medicaid waiver expansion is not in effect for the full fiscal year.]~~

433 Section 8. Section **26-36c-204** is amended to read:

434 **26-36c-204. Hospital financing.**

435 ~~[(1)]~~ Private hospitals shall be assessed under this chapter for the portion of the
436 hospital share described in Section [26-36c-209](#).

437 ~~[(2) The department shall, on or before October 15, 2019, and on or before October 15~~
438 ~~of each subsequent year, produce a report that calculates the state's net cost of the Medicaid~~
439 ~~waiver expansion.]~~

440 ~~[(3) If the assessment collected in the previous fiscal year is above or below the~~
441 ~~hospital share for private hospitals for the previous fiscal year, the division shall apply the~~
442 ~~underpayment or overpayment of the assessment by the private hospitals to the fiscal year in~~
443 ~~which the report is issued.]~~

444 Section 9. Section **26-36c-206** is amended to read:

445 **26-36c-206. State teaching hospital and non-state government hospital**
446 **mandatory intergovernmental transfer.**

447 (1) A state teaching hospital and a non-state government hospital shall make an
448 intergovernmental transfer to the Medicaid Expansion Fund, in accordance with this section.

449 (2) The hospitals described in Subsection (1) shall pay the intergovernmental transfer
450 beginning on the later of ~~[CMS approval of]~~:

451 (a) ~~[the waiver for the Medicaid waiver expansion]~~ April 1, 2019; or

452 (b) CMS approval of the assessment for private hospitals in this chapter.

453 (3) The intergovernmental transfer is apportioned between the non-state government
454 hospitals as follows:

455 (a) the state teaching hospital shall pay for the portion of the hospital share described in
456 Section [26-36c-209](#); and

457 (b) non-state government hospitals shall pay for the portion of the hospital share
458 described in Section [26-36c-209](#).

459 (4) The department shall, by rule made in accordance with Title 63G, Chapter 3, Utah

460 Administrative Rulemaking Act, designate:

461 (a) the method of calculating the amounts designated in Subsection (3); and

462 (b) the schedule for the intergovernmental transfers.

463 Section 10. Section **26-36c-209** is amended to read:

464 **26-36c-209. Hospital financing of the hospital share.**

465 ~~[(1)]~~ For the ~~[first two full fiscal years]~~ period that the assessment is in effect, the
466 department shall:

467 ~~[(a)]~~ (1) assess private hospitals under this chapter for 69% of the hospital share for the
468 ~~[Medicaid waiver expansion]~~ amount described in Section 26-36c-203;

469 ~~[(b)]~~ (2) require the state teaching hospital to make an intergovernmental transfer under
470 this chapter for 30% of the hospital share for the ~~[Medicaid waiver expansion]~~ amount
471 described in Section 26-36c-203; and

472 ~~[(c)]~~ (3) require non-state government hospitals to make an intergovernmental transfer
473 under this chapter for 1% of the hospital share for the ~~[Medicaid waiver expansion]~~ amount
474 described in Section 26-36c-203.

475 ~~[(2)(a) At the beginning of the third full fiscal year that the assessment is in effect, and~~
476 ~~at the beginning of each subsequent fiscal year, the department may set a different percentage~~
477 ~~share for private hospitals, the state teaching hospital, and non-state government hospitals by~~
478 ~~rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, with~~
479 ~~input from private hospitals and private teaching hospitals.]~~

480 ~~[(b) If the department does not set a different percentage share under Subsection (2)(a),~~
481 ~~the percentage shares in Subsection (1) shall apply.]~~

482 Section 11. Section **59-12-103** is amended to read:

483 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
484 **tax revenues.**

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

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

488 (b) amounts paid for:

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

- 491 (ii) mobile telecommunications service that originates and terminates within the
492 boundaries of one state only to the extent permitted by the Mobile Telecommunications
493 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
- 494 (iii) an ancillary service associated with a:
- 495 (A) telecommunications service described in Subsection (1)(b)(i); or
496 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
- 497 (c) sales of the following for commercial use:
- 498 (i) gas;
499 (ii) electricity;
500 (iii) heat;
501 (iv) coal;
502 (v) fuel oil; or
503 (vi) other fuels;
- 504 (d) sales of the following for residential use:
- 505 (i) gas;
506 (ii) electricity;
507 (iii) heat;
508 (iv) coal;
509 (v) fuel oil; or
510 (vi) other fuels;
- 511 (e) sales of prepared food;
- 512 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or
513 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
514 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
515 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
516 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
517 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
518 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
519 horseback rides, sports activities, or any other amusement, entertainment, recreation,
520 exhibition, cultural, or athletic activity;
- 521 (g) amounts paid or charged for services for repairs or renovations of tangible personal

522 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

523 (i) the tangible personal property; and

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

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

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

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

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

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

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

537 (i) stored;

538 (ii) used; or

539 (iii) otherwise consumed;

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

542 (i) stored;

543 (ii) used; or

544 (iii) consumed; and

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

546 (i) (A) of a product transferred electronically; or

547 (B) of a repair or renovation of a product transferred electronically; and

548 (ii) regardless of whether the sale provides:

549 (A) a right of permanent use of the product; or

550 (B) a right to use the product that is less than a permanent use, including a right:

551 (I) for a definite or specified length of time; and

552 (II) that terminates upon the occurrence of a condition.

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

555 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

556 (A) (I) through March 31, 2019, 4.70%; and

557 (II) beginning on April 1, 2019, 4.70% plus the rate specified in Subsection (14)(a);

558 and

559 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
560 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211

561 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
562 State Sales and Use Tax Act; and

563 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
564 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211

565 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
566 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

569 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
570 on a transaction described in Subsection (1)(d) equal to the sum of:

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

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

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

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

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

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

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

584 (I) the tax rate described in Subsection (2)(a)(i)(A); and
585 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
586 Sales and Use Tax Act, if the location of the transaction as determined under Sections
587 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
588 Additional State Sales and Use Tax Act; and
589 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
590 Sales and Use Tax Act, if the location of the transaction as determined under Sections
591 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
592 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
593 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
594 described in Subsection (2)(a)(ii).
595 (ii) If an optional computer software maintenance contract is a bundled transaction that
596 consists of taxable and nontaxable products that are not separately itemized on an invoice or
597 similar billing document, the purchase of the optional computer software maintenance contract
598 is 40% taxable under this chapter and 60% nontaxable under this chapter.
599 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
600 transaction described in Subsection (2)(d)(i) or (ii):
601 (A) if the sales price of the bundled transaction is attributable to tangible personal
602 property, a product, or a service that is subject to taxation under this chapter and tangible
603 personal property, a product, or service that is not subject to taxation under this chapter, the
604 entire bundled transaction is subject to taxation under this chapter unless:
605 (I) the seller is able to identify by reasonable and verifiable standards the tangible
606 personal property, product, or service that is not subject to taxation under this chapter from the
607 books and records the seller keeps in the seller's regular course of business; or
608 (II) state or federal law provides otherwise; or
609 (B) if the sales price of a bundled transaction is attributable to two or more items of
610 tangible personal property, products, or services that are subject to taxation under this chapter
611 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
612 higher tax rate unless:
613 (I) the seller is able to identify by reasonable and verifiable standards the tangible
614 personal property, product, or service that is subject to taxation under this chapter at the lower

615 tax rate from the books and records the seller keeps in the seller's regular course of business; or
616 (II) state or federal law provides otherwise.

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

620 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
621 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
622 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
623 of tangible personal property, other property, a product, or a service that is not subject to
624 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
625 the seller, at the time of the transaction:

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

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

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

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

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

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

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

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

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

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

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

- 656 (i) Subsection (2)(a)(i)(A);
- 657 (ii) Subsection (2)(b)(i);
- 658 (iii) Subsection (2)(c)(i); or
- 659 (iv) Subsection (2)(d)(i)(A)(I).

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

- 663 (A) Subsection (2)(a)(i)(A);
- 664 (B) Subsection (2)(b)(i);
- 665 (C) Subsection (2)(c)(i); or
- 666 (D) Subsection (2)(d)(i)(A)(I).

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

- 670 (A) Subsection (2)(a)(i)(A);
- 671 (B) Subsection (2)(b)(i);
- 672 (C) Subsection (2)(c)(i); or
- 673 (D) Subsection (2)(d)(i)(A)(I).

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

- 677 (A) on the first day of a calendar quarter; and
- 678 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.
- 679 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:
- 680 (A) Subsection (2)(a)(i)(A);
- 681 (B) Subsection (2)(b)(i);
- 682 (C) Subsection (2)(c)(i); or
- 683 (D) Subsection (2)(d)(i)(A)(I).
- 684 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 685 the commission may by rule define the term "catalogue sale."
- 686 (3) (a) The following state taxes shall be deposited into the General Fund:
- 687 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 688 (ii) the tax imposed by Subsection (2)(b)(i);
- 689 (iii) the tax imposed by Subsection (2)(c)(i); or
- 690 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).
- 691 (b) The following local taxes shall be distributed to a county, city, or town as provided
- 692 in this chapter:
- 693 (i) the tax imposed by Subsection (2)(a)(ii);
- 694 (ii) the tax imposed by Subsection (2)(b)(ii);
- 695 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 696 (iv) the tax imposed by Subsection (2)(d)(i)(B).
- 697 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
- 698 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
- 699 through (g):
- 700 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
- 701 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
- 702 (B) for the fiscal year; or
- 703 (ii) \$17,500,000.
- 704 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
- 705 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
- 706 Department of Natural Resources to:
- 707 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to

708 protect sensitive plant and animal species; or

709 (B) award grants, up to the amount authorized by the Legislature in an appropriations
710 act, to political subdivisions of the state to implement the measures described in Subsections
711 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

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

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

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

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

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

737 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
738 in Subsection (4)(a) shall be deposited into the Water Resources Conservation and

739 Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

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

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

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

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

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

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

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

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

760 (iii) develop surface water sources.

761 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
762 2006, the difference between the following amounts shall be expended as provided in this
763 Subsection (5), if that difference is greater than \$1:

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

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

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

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

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

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

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

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

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

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

784 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the
785 remaining difference described in Subsection (5)(a) shall be deposited into the Water
786 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
787 Division of Water Resources for:

788 (i) preconstruction costs:

789 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
790 26, Bear River Development Act; and

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

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

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

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

799 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
800 Subsection (5)(f), 15% of the remaining difference described in Subsection (5)(a) shall be

801 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
802 incurred for employing additional technical staff for the administration of water rights.

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

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

809 (a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)
810 shall be deposited into the Transportation Investment Fund of 2005 created by Section
811 72-2-124;

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

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

815 (ii) 20% of the revenue described in this Subsection (6) shall be deposited into the
816 Water Infrastructure Restricted Account created by Section 73-10g-103;

817 (c) for fiscal year 2018-19 only:

818 (i) 60% of the revenue described in this Subsection (6) shall be deposited into the
819 Transportation Investment Fund of 2005 created by Section 72-2-124; and

820 (ii) 40% of the revenue described in this Subsection (6) shall be deposited into the
821 Water Infrastructure Restricted Account created by Section 73-10g-103;

822 (d) for fiscal year 2019-20 only:

823 (i) 40% of the revenue described in this Subsection (6) shall be deposited into the
824 Transportation Investment Fund of 2005 created by Section 72-2-124; and

825 (ii) 60% of the revenue described in this Subsection (6) shall be deposited into the
826 Water Infrastructure Restricted Account created by Section 73-10g-103;

827 (e) for fiscal year 2020-21 only:

828 (i) 20% of the revenue described in this Subsection (6) shall be deposited into the
829 Transportation Investment Fund of 2005 created by Section 72-2-124; and

830 (ii) 80% of the revenue described in this Subsection (6) shall be deposited into the
831 Water Infrastructure Restricted Account created by Section 73-10g-103; and

832 (f) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described
833 in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account
834 created by Section 73-10g-103.

835 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
836 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,
837 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
838 created by Section 72-2-124:

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

- 843 (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;
- 844 (B) the tax imposed by Subsection (2)(b)(i);
- 845 (C) the tax imposed by Subsection (2)(c)(i); and
- 846 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

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

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

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

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

861 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
862 Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes

863 described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of
864 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
865 Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

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

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

875 (b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
876 Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit
877 \$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the
878 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

879 (c) (i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under
880 Subsections (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning on or
881 after July 1, 2018, the commission shall annually deposit into the Transportation Investment
882 Fund of 2005 created by Section [72-2-124](#) a portion of the taxes listed under Subsection (3)(a)
883 in an amount equal to 3.68% of the revenues collected from the following taxes:

884 (A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

885 (B) the tax imposed by Subsection (2)(b)(i);

886 (C) the tax imposed by Subsection (2)(c)(i); and

887 (D) the tax imposed by Subsection (2)(d)(i)(A)(I).

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

893 (iii) The commission shall annually deposit the amount described in Subsection

894 (8)(c)(ii) into the Transit and Transportation Investment Fund created in Section 72-2-124.

895 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
896 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
897 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

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

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

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

909 (ii) for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a .05%
910 tax rate on the transactions described in Subsection (1);

911 (iii) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a .05%
912 tax rate on the transactions described in Subsection (1);

913 (iv) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a
914 .05% tax rate on the transactions described in Subsection (1); and

915 (v) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05%
916 tax rate on the transactions described in Subsection (1).

917 (c) For purposes of Subsections (10)(a) and (b), the Division of Finance may not
918 deposit into the Transportation Investment Fund of 2005 any tax revenue generated by amounts
919 paid or charged for food and food ingredients, except for tax revenue generated by a bundled
920 transaction attributable to food and food ingredients and tangible personal property other than
921 food and food ingredients described in Subsection (2)(d).

922 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
923 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that
924 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of

925 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue
 926 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,
 927 created in Section [63N-2-512](#).

928 (12) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the
 929 Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed
 930 under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).

931 (b) Notwithstanding Subsection (3)(a), for the 2017-18 fiscal year only, the Division of
 932 Finance shall deposit \$27,000,000 of the revenues generated by the taxes listed under
 933 Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).

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

937 (14) (a) The rate specified in this subsection is 0.15%.

938 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall:

939 (i) on or before September 30, 2019, transfer the amount of revenue [~~generated by a~~
 940 ~~0.15% tax rate imposed~~] collected from the rate described in Subsection (14)(a) beginning on
 941 April 1, 2019, and ending on June 30, 2019, on the transactions that are subject to the sales and
 942 use tax under Subsection (2)(a)(i)(A) [as dedicated credits to the Division of Health Care
 943 Financing] into the Medicaid Expansion Fund created in Section [26-36b-208](#); and

944 (ii) for a fiscal year beginning on or after [~~fiscal year 2019-20~~] July 1, 2019, annually
 945 transfer the amount of revenue [~~generated by a 0.15% tax rate~~] collected from the rate
 946 described in Subsection (14)(a) on the transactions that are subject to the sales and use tax
 947 under Subsection (2)(a)(i)(A) [as dedicated credits to the Division of Health Care Financing]
 948 into the Medicaid Expansion Fund created in Section [26-36b-208](#).

949 [~~(c) The revenue described in Subsection (14)(b) that the Division of Finance transfers~~
 950 ~~to the Division of Health Care Financing as dedicated credits shall be expended for the~~
 951 ~~following uses:]~~

952 [~~(i) implementation of the Medicaid expansion described in Sections [26-18-3.1](#)(4) and~~
 953 ~~[26-18-3.9](#)(2)(b);]~~

954 [~~(ii) if revenue remains after the use specified in Subsection (14)(c)(i), other measures~~
 955 ~~required by Section [26-18-3.9](#); and]~~

956 ~~[(iii) if revenue remains after the uses specified in Subsections (14)(c)(i) and (ii), other~~
 957 ~~measures described in Title 26, Chapter 18, Medical Assistance Act.]~~

958 Section 12. **Fiscal Year 2019 Appropriations.**

959 The following sums of money are appropriated for the fiscal year beginning July 1,
 960 2018, and ending June 30, 2019. These are additions to amounts previously appropriated for
 961 fiscal year 2019.

962 Subsection 12(a). **Operating and Capital Budgets.**

963 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
 964 Legislature appropriates the following sums of money from the funds or fund accounts
 965 indicated for the use and support of the government of the state of Utah.

966 ITEM 1

967 To Department of Health -- Medicaid Services

968 From General Fund, One-time (\$14,900,000)

969 Schedule of Programs:

970 Other Services (\$18,000,000)

971 Medicaid Expansion 2017 \$3,100,000

972 The Legislature intends that the Department of Health use the funding increase
 973 provided for the Medicaid Expansion 2017 program for any increase in Medicaid enrollment in
 974 the base program resulting from a Medicaid expansion.

975 Subsection 12(b). **Expendable Funds and Accounts.**

976 The Legislature has reviewed the following expendable funds. The Legislature
 977 authorizes the State Division of Finance to transfer amounts between funds and accounts as
 978 indicated. Outlays and expenditures from the funds or accounts to which the money is
 979 transferred may be made without further legislative action, in accordance with statutory
 980 provisions relating to the funds or accounts.

981 ITEM 2

982 To Department of Health -- Medicaid Expansion Fund

983 From General Fund, One-time \$38,200,000

984 From General Fund Restricted - Medicaid Restricted Account,

985 One-time \$1,200,000

986 Schedule of Programs:

987 Medicaid Expansion Fund \$39,400,000

988 **Section 13. Fiscal Year 2020 Appropriations.**

989 The following sums of money are appropriated for the fiscal year beginning July 1,
990 2019, and ending June 30, 2020. These are additions to amounts previously appropriated for
991 fiscal year 2020.

992 **Subsection 13(a). Operating and Capital Budgets.**

993 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
994 Legislature appropriates the following sums of money from the funds or fund accounts
995 indicated for the use and support of the government of the state of Utah.

996 ITEM 3

997 To Department of Health -- Children's Health Insurance Program

998 From General Fund, One-time (\$18,663,900)

999 Schedule of Programs:

1000 Children's Health Insurance Program (\$18,663,900)

1001 ITEM 4

1002 To Department of Health -- Medicaid Services

1003 From General Fund Restricted - Medicaid Restricted Account,

1004 One-time \$16,800,000

1005 Schedule of Programs:

1006 Medicaid Expansion 2017 \$16,800,000

1007 The Legislature intends that the Department of Health use the funding provided for any
1008 increase in Medicaid enrollment in the base program resulting from a Medicaid expansion.

1009 **Subsection 13(b). Expendable Funds and Accounts.**

1010 The Legislature has reviewed the following expendable funds. The Legislature
1011 authorizes the State Division of Finance to transfer amounts between funds and accounts as
1012 indicated. Outlays and expenditures from the funds or accounts to which the money is
1013 transferred may be made without further legislative action, in accordance with statutory
1014 provisions relating to the funds or accounts.

1015 ITEM 5

1016 To Department of Health -- Medicaid Expansion Fund

1017 From General Fund \$15,000,000

1018 Schedule of Programs:

1019 Medicaid Expansion Fund \$15,000,000

1020 Section 13. **Effective date.**

1021 If approved by two-thirds of all the members elected to each house, this bill takes effect

1022 upon approval by the governor, or the day following the constitutional time limit of Utah

1023 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,

1024 the date of veto override.

1025 Section 14. **Repealer.**

1026 This bill repeals:

1027 Section **26-36c-210**, **Suspension of assessment.**