

Representative Joel Ferry proposes the following substitute bill:

RAIL FUEL SALES TAX AMENDMENTS

2020 THIRD SPECIAL SESSION

STATE OF UTAH

Chief Sponsor: Joel Ferry

Senate Sponsor: Scott D. Sandall

LONG TITLE

General Description:

This bill modifies provisions related to railroads.

Highlighted Provisions:

This bill:

- ▶ repeals the state sales and use tax exemption for sales of fuel to a rail carrier for use in a locomotive engine and deposits the resulting revenue into the General Fund;
- ▶ creates the Rail Transportation Restricted Account; and
- ▶ provides the purposes for which the Department of Transportation may use money in the account.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2021:

- ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted Account, as an ongoing appropriation:
 - from the General Fund, \$3,660,000;
- ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted Account, as a one-time appropriation:
 - from the General Fund, (\$2,135,000);
- ▶ to Transportation -- Railroad Crossing Safety Grants, as an ongoing appropriation:



- 26 • from Rail Transportation Restricted Account, \$366,000; and
- 27 ▶ to Transportation -- Railroad Crossing Safety Grants, as a one-time appropriation:
- 28 • from Rail Transportation Restricted Account, (\$213,500).

29 **Other Special Clauses:**

30 This bill provides a special effective date.

31 **Utah Code Sections Affected:**

32 ENACTS:

33 [59-12-103.3](#), Utah Code Annotated 1953

34 [72-2-131](#), Utah Code Annotated 1953



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

37 Section 1. Section [59-12-103.3](#) is enacted to read:

38 **[59-12-103.3](#). Sales and use tax base -- Rate for locomotive fuel.**

39 (1) (a) Notwithstanding Section [59-12-104](#) and except as provided in Subsection
40 [59-12-103\(2\)\(d\)](#) or (e), a state tax at a rate of 4.85% is imposed on amounts paid or charged for
41 sales of fuel to a common carrier that is a railroad for use in a locomotive engine.

42 (b) The state tax imposed by Subsection (1)(a) shall be deposited into the General
43 Fund.

44 (2) Except for the tax imposed by Subsection (1), in accordance with Section
45 [59-12-104](#), sales of fuel to a common carrier that is a railroad for use in a locomotive engine
46 are exempt from the taxes imposed by this chapter.

47 (3) For purposes of Subsection [11-41-102\(5\)](#), "sales and use tax" does not include a tax
48 imposed under Subsection (1).

49 (4) For purposes of Subsection [59-12-102\(7\)](#), "agreement sales and use tax" includes a
50 tax imposed under Subsection (1).

51 Section 2. Section [72-2-131](#) is enacted to read:

52 **[72-2-131](#). Rail Transportation Restricted Account -- Grants for railroad crossing**
53 **safety.**

54 (1) There is created in the Transit Transportation Investment Fund, created in Section
55 [72-2-124](#), the Rail Transportation Restricted Account.

56 (2) The account shall be funded by:

- 57 (a) appropriations to the account by the Legislature;
58 (b) private contributions;
59 (c) donations or grants from public or private entities; and
60 (d) interest earned on money in the account.
61 (3) Upon appropriation, the department shall:
62 (a) use an amount equal to 10% of the money deposited into the account to provide
63 grants in accordance with Subsection (4);
64 (b) use an amount equal to 10% of the money deposited into the account to pay the
65 costs of performing environmental impact studies in connection with construction,
66 reconstruction, or renovation projects related to railroad crossings on class B or class C roads;
67 and
68 (c) use the remaining money deposited into the account to pay:
69 (i) the costs of construction, reconstruction, or renovation projects related to railroad
70 crossings on class B or class C roads; or
71 (ii) debt service related to a project described in Subsection (3)(b).
72 (4) (a) The department may award grants to one or more public entities to be used for
73 the purpose of improving safety at railroad crossings on class B or class C roads.
74 (b) A person may use grant money for any expense related to improving safety at
75 railroad crossings on class B or class C roads, including:
76 (i) signage; and
77 (ii) safety enhancements to a railroad crossing.
78 (c) The department shall prioritize, in the following order, grants to applicants that
79 propose projects impacting railroad crossings that:
80 (i) have demonstrated safety concerns, including emergency services access; and
81 (ii) have high levels of vehicular and pedestrian traffic.

82 **Section 3. Appropriation.**

83 The following sums of money are appropriated for the fiscal year beginning July 1,
84 2020, and ending June 30, 2021. These are additions to amounts previously appropriated for
85 fiscal year 2021. The Legislature authorizes the State Division of Finance to transfer the
86 following amounts between the following funds or accounts as indicated. Expenditures and
87 outlays from the funds or accounts to which the money is transferred must be authorized by an

88 appropriation.

89 ITEM 1

90 To Transit Transportation Investment Fund - Rail Transportation Restricted Account

91 From General Fund \$3,660,000

92 From General Fund, One-time (\$2,135,000)

93 Schedule of Programs:

94 Rail Transportation Restricted Account \$1,525,000

95 ITEM 2

96 To Transportation -- Railroad Crossing Safety Grants

97 From Rail Transportation Restricted Account \$366,000

98 From Rail Transportation Restricted Account, One-Time (\$213,500)

99 Schedule of Programs:

100 Railroad Crossing Safety Grants \$152,500

101 The Legislature intends that appropriations under this item be used to award grants

102 under Subsection [72-2-131\(4\)](#).

103 **Section 4. Effective date.**

104 This bill takes effect on January 1, 2021.