

Senator David P. Hinkins proposes the following substitute bill:

WATER RELATED SALES AND USE TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David P. Hinkins

House Sponsor: Stewart E. Barlow

LONG TITLE

General Description:

This bill modifies provisions related to funding certain agencies through sales and use tax revenue.

Highlighted Provisions:

This bill:

- ▶ changes certain references from dedicated credits to designated sales and use tax revenue;
- ▶ creates the Water Rights Restricted Account;
- ▶ provides that certain revenue be deposited into the restricted account; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates for fiscal year 2022:

- ▶ To Department of Natural Resources - Division of Water Rights, as a one-time appropriation:
 - From General Fund Restricted - Water Rights Restricted Account, \$1,600,000;
- and
- ▶ To Department of Natural Resources - Division of Water Rights, as a one-time appropriation:



26 • From Designated Sales and Use Tax, (\$1,600,000).

27 This bill appropriates for fiscal year 2023:

28 ▶ To Department of Natural Resources - Division of Water Rights, as an ongoing
29 appropriation:

30 • From General Fund Restricted - Water Rights Restricted Account, \$4,300,000;

31 and

32 ▶ To Department of Natural Resources - Division of Water Rights, as an ongoing
33 appropriation:

34 • From Designated Sales and Use Tax, (\$4,300,000).

35 **Other Special Clauses:**

36 None

37 **Utah Code Sections Affected:**

38 AMENDS:

39 **59-12-103**, as last amended by Laws of Utah 2021, Chapters 367, 387, and 411

40 ENACTS:

41 **73-2-1.6**, Utah Code Annotated 1953



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

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

45 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
46 **tax revenues.**

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

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

50 (b) amounts paid for:

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

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

56 (iii) an ancillary service associated with a:

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

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

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

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

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

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

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

99 (i) stored;

100 (ii) used; or

101 (iii) otherwise consumed;

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

104 (i) stored;

105 (ii) used; or

106 (iii) consumed; and

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

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

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

110 (ii) regardless of whether the sale provides:

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

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

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

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

115 (2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax
116 are imposed on a transaction described in Subsection (1) equal to the sum of:

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

118 (A) 4.70% plus the rate specified in Subsection (12)(a); and

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

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

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

129 (b) Except as provided in Subsection (2)(e) or (f) and subject to Subsection (2)(k), a
130 state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to
131 the sum of:

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

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

135 (c) Except as provided in Subsection (2)(e) or (f), a state tax and a local tax are
136 imposed on amounts paid or charged for food and food ingredients equal to the sum of:

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

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

141 (d) Except as provided in Subsection (2)(e) or (f), a state tax is imposed on amounts
142 paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at
143 a rate of 4.85%.

144 (e) (i) For a bundled transaction that is attributable to food and food ingredients and
145 tangible personal property other than food and food ingredients, a state tax and a local tax is
146 imposed on the entire bundled transaction equal to the sum of:

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

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

149 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State

150 Sales and Use Tax Act, if the location of the transaction as determined under Sections
151 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
152 Additional State Sales and Use Tax Act; and

153 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
154 Sales and Use Tax Act, if the location of the transaction as determined under Sections
155 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
156 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

163 (iii) Subject to Subsection (2)(e)(iv), for a bundled transaction other than a bundled
164 transaction described in Subsection (2)(e)(i) or (ii):

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

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

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

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

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

180 (II) state or federal law provides otherwise.

181 (iv) For purposes of Subsection (2)(e)(iii), books and records that a seller keeps in the
182 seller's regular course of business includes books and records the seller keeps in the regular
183 course of business for nontax purposes.

184 (f) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(f)(ii)
185 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
186 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
187 of tangible personal property, other property, a product, or a service that is not subject to
188 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
189 the seller, at the time of the transaction:

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

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

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

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

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

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

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

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

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

215 (ii) For purposes of Subsection (2)(g)(i), books and records that a seller keeps in the
216 seller's regular course of business includes books and records the seller keeps in the regular
217 course of business for nontax purposes.

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

- 220 (i) Subsection (2)(a)(i)(A);
- 221 (ii) Subsection (2)(b)(i);
- 222 (iii) Subsection (2)(c)(i); or
- 223 (iv) Subsection (2)(e)(i)(A)(I).

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

- 227 (A) Subsection (2)(a)(i)(A);
- 228 (B) Subsection (2)(b)(i);
- 229 (C) Subsection (2)(c)(i); or
- 230 (D) Subsection (2)(e)(i)(A)(I).

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

- 234 (A) Subsection (2)(a)(i)(A);
- 235 (B) Subsection (2)(b)(i);
- 236 (C) Subsection (2)(c)(i); or
- 237 (D) Subsection (2)(e)(i)(A)(I).

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

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

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

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

245 (B) Subsection (2)(b)(i);

246 (C) Subsection (2)(c)(i); or

247 (D) Subsection (2)(e)(i)(A)(I).

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

250 (k) (i) For a location described in Subsection (2)(k)(ii), the commission shall determine
251 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the
252 predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

253 (ii) Subsection (2)(k)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
254 or other fuel is furnished through a single meter for two or more of the following uses:

255 (A) a commercial use;

256 (B) an industrial use; or

257 (C) a residential use.

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

259 (i) the tax imposed by Subsection (2)(a)(i)(A);

260 (ii) the tax imposed by Subsection (2)(b)(i);

261 (iii) the tax imposed by Subsection (2)(c)(i); and

262 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I).

263 (b) The following local taxes shall be distributed to a county, city, or town as provided
264 in this chapter:

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

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

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

268 (iv) the tax imposed by Subsection (2)(e)(i)(B).

269 (c) The state tax imposed by Subsection (2)(d) shall be deposited into the General
270 Fund.

271 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
272 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
273 through (g):

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

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

276 (B) for the fiscal year; or

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

278 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
279 described in Subsection (4)(a) shall be transferred each year as [~~dedicated credits~~] designated
280 sales and use tax revenue to the Department of Natural Resources to:

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

283 (B) award grants, up to the amount authorized by the Legislature in an appropriations
284 act, to political subdivisions of the state to implement the measures described in Subsections
285 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

291 (A) 50% of any unexpended [~~dedicated credits~~] designated sales and use tax revenue
292 shall lapse to the Water Resources Conservation and Development Fund created in Section
293 73-10-24;

294 (B) 25% of any unexpended [~~dedicated credits~~] designated sales and use tax revenue
295 shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

296 (C) 25% of any unexpended [~~dedicated credits~~] designated sales and use tax revenue
297 shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

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

301 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
302 in Subsection (4)(a) shall be transferred each year as [~~dedicated credits~~] designated sales and
303 use tax revenue to the Division of Water Rights to cover the costs incurred in hiring legal and
304 technical staff for the adjudication of water rights.

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

306 (A) 50% of any unexpended [~~dedicated credits~~] designated sales and use tax revenue
307 shall lapse to the Water Resources Conservation and Development Fund created in Section
308 73-10-24;

309 (B) 25% of any unexpended [~~dedicated credits~~] designated sales and use tax revenue
310 shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

311 (C) 25% of any unexpended [~~dedicated credits~~] designated sales and use tax revenue
312 shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

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

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

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

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

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

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

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

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

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

336 (iii) develop surface water sources.

337 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
338 2006, the difference between the following amounts shall be expended as provided in this
339 Subsection (5), if that difference is greater than \$1:

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

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

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

344 (A) transferred each fiscal year to the Department of Natural Resources as [~~dedicated~~
345 ~~credits~~] designated sales and use tax revenue; and

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

348 (ii) At the end of each fiscal year, 100% of any unexpended [~~dedicated credits~~]
349 designated sales and use tax revenue described in Subsection (5)(b)(i) shall lapse to the Water
350 Resources Conservation and Development Fund created in Section 73-10-24.

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

353 (A) transferred each fiscal year to the Division of Water Resources as [~~dedicated~~
354 ~~credits~~] designated sales and use tax revenue; and

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

357 (ii) At the end of each fiscal year, 100% of any unexpended [~~dedicated credits~~]
358 designated sales and use tax revenue described in Subsection (5)(c)(i) shall lapse to the Water
359 Resources Conservation and Development Fund created in Section 73-10-24.

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

364 (i) preconstruction costs:

365 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
366 26, Bear River Development Act; and

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

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

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

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

375 (e) After making the transfers required by Subsections (5)(b) and (c) [and subject to
376 Subsection (5)(f)], 15% of the remaining difference described in Subsection (5)(a) shall be
377 [transferred each year as dedicated credits to the Division of Water Rights to cover the costs
378 incurred for employing additional technical staff for the administration of water rights.]
379 deposited into the Water Rights Restricted Account created by Section 73-2-1.6.

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

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

386 (a) for fiscal year 2020-21 only:

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

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

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

394 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
395 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,
396 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
397 created by Section 72-2-124:

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

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

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

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

405 (D) the tax imposed by Subsection (2)(e)(i)(A)(I); plus

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

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

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

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

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

425 (iii) Subject to Subsection (7)(b)(iv)(E), in all subsequent fiscal years after a year in
426 which 17% of the revenues collected from the sales and use taxes described in Subsections
427 (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall
428 annually deposit 17% of the revenues collected from the sales and use taxes described in

429 Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

430 (iv) (A) As used in this Subsection (7)(b)(iv), "additional growth revenue" means the
431 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
432 the relevant revenue collected in the previous fiscal year.

433 (B) As used in this Subsection (7)(b)(iv), "combined amount" means the combined
434 total amount of money deposited into the Cottonwood Canyons fund under Subsections
435 (7)(b)(iv)(F) and (8)~~(c)(iv)(F)~~(d)(vi) in any single fiscal year.

436 (C) As used in this Subsection (7)(b)(iv), "Cottonwood Canyons fund" means the
437 Cottonwood Canyons Transportation Investment Fund created in Subsection [72-2-124\(10\)](#).

438 (D) As used in this Subsection (7)(b)(iv), "relevant revenue" means the portion of taxes
439 listed under Subsection (3)(a) that equals 17% of the revenue collected from taxes described in
440 Subsections (7)(a)(i)(A) through (D).

441 (E) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
442 reduce the deposit under Subsection (7)(c)(iii) into the Transportation Investment Fund of 2005
443 by an amount equal to the amount of the deposit under this Subsection (7)(b)(iv) to the
444 Cottonwood Canyons fund in the previous fiscal year plus 25% of additional growth revenue,
445 subject to the limit in Subsection (7)(b)(iv)(F).

446 (F) The commission shall annually deposit the amount described in Subsection
447 (7)(b)(iv)(E) into the Cottonwood Canyons fund, subject to an annual maximum combined
448 amount for any single fiscal year of \$20,000,000.

449 (G) If the amount of relevant revenue declines in a fiscal year compared to the previous
450 fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood
451 Canyons fund under this Subsection (7)(b)(iv) in the same proportion as the decline in relevant
452 revenue.

453 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under
454 Subsections (6) and (7), and subject to Subsections (8)(b) and (d)(v), for a fiscal year beginning
455 on or after July 1, 2018, the commission shall annually deposit into the Transportation
456 Investment Fund of 2005 created by Section [72-2-124](#) a portion of the taxes listed under
457 Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following
458 taxes:

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

- 460 (ii) the tax imposed by Subsection (2)(b)(i);
- 461 (iii) the tax imposed by Subsection (2)(c)(i); and
- 462 (iv) the tax imposed by Subsection (2)(e)(i)(A)(I).

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

468 (c) The commission shall annually deposit the amount described in Subsection (8)(b)
469 into the Transit Transportation Investment Fund created in Section [72-2-124](#).

470 (d) (i) As used in this Subsection (8)(d), "additional growth revenue" means the
471 amount of relevant revenue collected in the current fiscal year that exceeds by more than 3%
472 the relevant revenue collected in the previous fiscal year.

473 (ii) As used in this Subsection (8)(d), "combined amount" means the combined total
474 amount of money deposited into the Cottonwood Canyons fund under Subsections (7)(b)(iv)(F)
475 and (8)(d)(vi) in any single fiscal year.

476 (iii) As used in this Subsection (8)(d), "Cottonwood Canyons fund" means the
477 Cottonwood Canyons Transportation Investment Fund created in Subsection [72-2-124](#)(10).

478 (iv) As used in this Subsection (8)(d), "relevant revenue" means the portion of taxes
479 listed under Subsection (3)(a) that equals 3.68% of the revenue collected from taxes described
480 in Subsections (8)(a)(i) through (iv).

481 (v) For a fiscal year beginning on or after July 1, 2020, the commission shall annually
482 reduce the deposit under Subsection (8)(a) into the Transportation Investment Fund of 2005 by
483 an amount equal to the amount of the deposit under this Subsection (8)(d) to the Cottonwood
484 Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the
485 limit in Subsection (8)(d)(vi).

486 (vi) The commission shall annually deposit the amount described in Subsection
487 (8)(d)(v) into the Cottonwood Canyons fund, subject to an annual maximum combined amount
488 for any single fiscal year of \$20,000,000.

489 (vii) If the amount of relevant revenue declines in a fiscal year compared to the
490 previous fiscal year, the commission shall decrease the amount of the contribution to the

491 Cottonwood Canyons fund under this Subsection (8)(d) in the same proportion as the decline in
492 relevant revenue.

493 (9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
494 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
495 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

496 (10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b),
497 and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of
498 Finance shall deposit into the Transportation Investment Fund of 2005 created by Section
499 72-2-124 the amount of revenue described as follows:

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

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

504 (b) For purposes of Subsection (10)(a), the Division of Finance may not deposit into
505 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
506 charged for food and food ingredients, except for tax revenue generated by a bundled
507 transaction attributable to food and food ingredients and tangible personal property other than
508 food and food ingredients described in Subsection (2)(e).

509 (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
510 fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that
511 construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of
512 Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue
513 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,
514 created in Section 63N-2-512.

515 (12) (a) The rate specified in this subsection is 0.15%.

516 (b) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year
517 beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the
518 rate described in Subsection (12)(a) on the transactions that are subject to the sales and use tax
519 under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section
520 26-36b-208.

521 (13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year

522 2020-21, the Division of Finance shall deposit \$200,000 into the General Fund as a dedicated
523 credit solely for use of the Search and Rescue Financial Assistance Program created in, and
524 expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

525 (14) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of
526 Finance shall annually transfer \$1,813,400 of the revenue deposited into the Transportation
527 Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

528 (b) If the total revenue deposited into the Transportation Investment Fund of 2005
529 under Subsections (6) through (8) is less than \$1,813,400 for a fiscal year, the Division of
530 Finance shall transfer the total revenue deposited into the Transportation Investment Fund of
531 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

532 (15) Notwithstanding Subsection (3)(a), and as described in Section [63N-3-610](#),
533 beginning one year after the sales and use tax boundary for a housing and transit reinvestment
534 zone is established, the commission, at least annually, shall transfer an amount equal to 15% of
535 the sales and use tax increment within an established sales and use tax boundary, as defined in
536 Section [63N-3-602](#), into the Transit Transportation Investment Fund created in Section
537 [72-2-124](#).

538 Section 2. Section **73-2-1.6** is enacted to read:

539 **73-2-1.6. Water Rights Restricted Account.**

540 (1) As used in this section:

541 (a) "Account" means the Water Rights Restricted Account created by this section.

542 (b) "Division" means the Division of Water Rights.

543 (2) There is created in the General Fund a restricted account known as the "Water
544 Rights Restricted Account."

545 (3) The account shall consist of the money deposited into the account under Subsection
546 [59-12-103\(5\)\(e\)](#).

547 (4) Upon appropriation, the division may use money in the account for costs incurred
548 by the division that benefit water rights adjudications, including:

549 (a) employing technical staff;

550 (b) acquiring equipment;

551 (c) legal support; and

552 (d) conducting studies.

553 (5) (a) The account may not exceed \$8,000,000 at the end of a fiscal year.

554 (b) If the account exceeds \$8,000,000 at the end of a fiscal year, the Division of
555 Finance shall deposit into the Water Resources Conservation and Development Fund, created
556 in Section 73-10-24, the money in excess of the amount necessary to maintain the account
557 balance at \$8,000,000.

558 **Section 3. Appropriation.**

559 **Subsection 3(a). Fiscal Year 2022 Appropriations.**

560 The following sums of money are appropriated for the fiscal year beginning July 1,
561 2021, and ending June 30, 2022. These are additions to amounts previously appropriated for
562 fiscal year 2022. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
563 Act, the Legislature appropriates the following sums of money from the funds or accounts
564 indicated for the use and support of the government of the state of Utah.

565 **ITEM 1**

566 To Department of Natural Resources - Division of Water Rights

567 From General Fund Restricted - Water Rights Restricted

568 Account, One-time \$1,600,000

569 Schedule of Programs:

570 Adjudication \$1,600,000

571 **ITEM 2**

572 To Department of Natural Resources - Division of Water Rights

573 From Designated Sales and Use Tax, One-time (\$1,600,000)

574 Schedule of Programs:

575 Adjudication (\$1,600,000)

576 **Subsection 3(b). Fiscal Year 2023 Appropriations.**

577 The following sums of money are appropriated for the fiscal year beginning July 1,
578 2022, and ending June 30, 2023. These are additions to amounts previously appropriated for
579 fiscal year 2023. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
580 Act, the Legislature appropriates the following sums of money from the funds or accounts
581 indicated for the use and support of the government of the state of Utah.

582 **ITEM 3**

583 To Department of Natural Resources - Division of Water Rights

584	<u>From General Fund Restricted - Water Rights</u>	
585	<u>Restricted Account</u>	<u>\$4,300,000</u>
586	<u>Schedule of Programs:</u>	
587	<u>Adjudication</u>	<u>\$4,300,000</u>
588	<u>ITEM 4</u>	
589	<u>To Department of Natural Resources - Division of Water Rights</u>	
590	<u>From Designated Sales and Use Tax</u>	<u>(\$4,300,000)</u>
591	<u>Schedule of Programs:</u>	
592	<u>Adjudication</u>	<u>(\$4,300,000)</u>