

**TRANSPORTATION SALES TAX AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kay J. Christofferson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**Committee Note:**

The Transportation Interim Committee recommended this bill.

**General Description:**

This bill modifies sales and use tax provisions relating to certain sales and use tax dedications.

**Highlighted Provisions:**

This bill:

- ▶ modifies sales and use tax dedications for transportation funding; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**35A-8-308**, as last amended by Laws of Utah 2017, Chapters 181 and 421

**35A-8-309**, as last amended by Laws of Utah 2017, Chapters 181 and 421

**59-12-103**, as amended by Statewide Initiative -- Proposition 3, Nov. 6, 2018

**59-12-1201**, as last amended by Laws of Utah 2016, Chapters 184 and 291

**63N-2-510**, as last amended by Laws of Utah 2015, Chapter 417 and renumbered and



28 amended by Laws of Utah 2015, Chapter 283  
29 **63N-2-512**, as last amended by Laws of Utah 2016, Chapter 291



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

32 Section 1. Section **35A-8-308** is amended to read:

33 **35A-8-308. Throughput Infrastructure Fund.**

34 (1) There is created an enterprise fund known as the Throughput Infrastructure Fund.

35 (2) The fund consists of money generated from the following revenue sources:

- 36 (a) all amounts transferred to the fund under Subsection **59-12-103**~~[(12)]~~(11);
- 37 (b) any voluntary contributions received;
- 38 (c) appropriations made to the fund by the Legislature; and
- 39 (d) all amounts received from the repayment of loans made by the impact board under

40 Section **35A-8-309**.

41 (3) The state treasurer shall:

- 42 (a) invest the money in the fund by following the procedures and requirements of Title
- 43 51, Chapter 7, State Money Management Act; and
- 44 (b) deposit all interest or other earnings derived from those investments into the fund.

45 Section 2. Section **35A-8-309** is amended to read:

46 **35A-8-309. Throughput Infrastructure Fund administered by impact board --**  
47 **Uses -- Review by board -- Annual report.**

- 48 (1) The impact board shall:
- 49 (a) make grants and loans from the Throughput Infrastructure Fund created in Section
- 50 **35A-8-308** for a throughput infrastructure project;
- 51 (b) use money transferred to the Throughput Infrastructure Fund in accordance with
- 52 Subsection **59-12-103**~~[(12)]~~(11) to provide a loan or grant to finance the cost of acquisition or
- 53 construction of a throughput infrastructure project to one or more local political subdivisions,
- 54 including a Utah interlocal entity created under Title 11, Chapter 13, Interlocal Cooperation
- 55 Act;
- 56 (c) administer the Throughput Infrastructure Fund in a manner that will keep a portion
- 57 of the fund revolving;
- 58 (d) determine provisions for repayment of loans;

59 (e) establish criteria for awarding loans and grants; and  
60 (f) establish criteria for determining eligibility for assistance under this section.

61 (2) The cost of acquisition or construction of a throughput infrastructure project  
62 includes amounts for working capital, reserves, transaction costs, and other amounts  
63 determined by the impact board to be allocable to a throughput infrastructure project.

64 (3) The impact board may restructure or forgive all or part of a local political  
65 subdivision's or interlocal entity's obligation to repay loans for extenuating circumstances.

66 (4) In order to receive assistance under this section, a local political subdivision or an  
67 interlocal entity shall submit a formal application containing the information that the impact  
68 board requires.

69 (5) (a) The impact board shall:

70 (i) review the proposed uses of the Throughput Infrastructure Fund for a loan or grant  
71 before approving the loan or grant and may condition its approval on whatever assurances the  
72 impact board considers necessary to ensure that proceeds of the loan or grant will be used in  
73 accordance with this section;

74 (ii) ensure that each loan specifies terms for interest deferments, accruals, and  
75 scheduled principal repayment; and

76 (iii) ensure that repayment terms are evidenced by bonds, notes, or other obligations of  
77 the appropriate local political subdivision or interlocal entity issued to the impact board and  
78 payable from the net revenues of a throughput infrastructure project.

79 (b) An instrument described in Subsection (5)(a)(iii) may be:

80 (i) non-recourse to the local political subdivision or interlocal entity; and

81 (ii) limited to a pledge of the net revenues from a throughput infrastructure project.

82 (6) (a) Subject to the restriction in Subsection (6)(b), the impact board shall allocate  
83 from the Throughput Infrastructure Fund to the board those amounts that are appropriated by  
84 the Legislature for the administration of the Throughput Infrastructure Fund.

85 (b) The amount described in Subsection (6)(a) may not exceed 2% of the annual  
86 receipts to the fund.

87 (7) The board shall include in the annual written report described in Section  
88 [35A-1-109](#):

89 (a) the number and type of loans and grants made under this section; and

90 (b) a list of local political subdivisions or interlocal entities that received assistance  
91 under this section.

92 Section 3. Section **59-12-103** is amended to read:

93 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**  
94 **tax revenues.**

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

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

98 (b) amounts paid for:

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

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

104 (iii) an ancillary service associated with a:

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

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

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

108 (i) gas;

109 (ii) electricity;

110 (iii) heat;

111 (iv) coal;

112 (v) fuel oil; or

113 (vi) other fuels;

114 (d) sales of the following for residential use:

115 (i) gas;

116 (ii) electricity;

117 (iii) heat;

118 (iv) coal;

119 (v) fuel oil; or

120 (vi) other fuels;

- 121 (e) sales of prepared food;
- 122 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or  
123 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,  
124 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,  
125 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit  
126 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf  
127 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,  
128 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,  
129 horseback rides, sports activities, or any other amusement, entertainment, recreation,  
130 exhibition, cultural, or athletic activity;
- 131 (g) amounts paid or charged for services for repairs or renovations of tangible personal  
132 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 133 (i) the tangible personal property; and  
134 (ii) parts used in the repairs or renovations of the tangible personal property described  
135 in Subsection (1)(g)(i), regardless of whether:
- 136 (A) any parts are actually used in the repairs or renovations of that tangible personal  
137 property; or  
138 (B) the particular parts used in the repairs or renovations of that tangible personal  
139 property are exempt from a tax under this chapter;
- 140 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for  
141 assisted cleaning or washing of tangible personal property;
- 142 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court  
143 accommodations and services that are regularly rented for less than 30 consecutive days;
- 144 (j) amounts paid or charged for laundry or dry cleaning services;
- 145 (k) amounts paid or charged for leases or rentals of tangible personal property if within  
146 this state the tangible personal property is:
- 147 (i) stored;  
148 (ii) used; or  
149 (iii) otherwise consumed;
- 150 (l) amounts paid or charged for tangible personal property if within this state the  
151 tangible personal property is:

- 152 (i) stored;
- 153 (ii) used; or
- 154 (iii) consumed; and
- 155 (m) amounts paid or charged for a sale:
- 156 (i) (A) of a product transferred electronically; or
- 157 (B) of a repair or renovation of a product transferred electronically; and
- 158 (ii) regardless of whether the sale provides:
- 159 (A) a right of permanent use of the product; or
- 160 (B) a right to use the product that is less than a permanent use, including a right:
- 161 (I) for a definite or specified length of time; and
- 162 (II) that terminates upon the occurrence of a condition.
- 163 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 164 is imposed on a transaction described in Subsection (1) equal to the sum of:
- 165 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 166 (A) (I) through March 31, 2019, 4.70%; and
- 167 (II) beginning on April 1, 2019, 4.70% plus the rate specified in Subsection [~~(14)~~]
- 168 (13)(a); and
- 169 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
- 170 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 171 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
- 172 State Sales and Use Tax Act; and
- 173 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
- 174 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 175 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
- 176 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 177 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 178 transaction under this chapter other than this part.
- 179 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 180 on a transaction described in Subsection (1)(d) equal to the sum of:
- 181 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 182 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

183 transaction under this chapter other than this part.

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

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

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

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

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

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

195 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State  
196 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
197 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,  
198 Additional State Sales and Use Tax Act; and

199 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State  
200 Sales and Use Tax Act, if the location of the transaction as determined under Sections  
201 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which  
202 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

211 (A) if the sales price of the bundled transaction is attributable to tangible personal  
212 property, a product, or a service that is subject to taxation under this chapter and tangible  
213 personal property, a product, or service that is not subject to taxation under this chapter, the

214 entire bundled transaction is subject to taxation under this chapter unless:

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

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

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

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

226 (II) state or federal law provides otherwise.

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

230 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)  
231 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a  
232 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental  
233 of tangible personal property, other property, a product, or a service that is not subject to  
234 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless  
235 the seller, at the time of the transaction:

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

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

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

242 (A) after the transaction occurs, the purchaser and the seller discover that the portion of  
243 the transaction that is not subject to taxation under this chapter was not separately stated on an  
244 invoice, bill of sale, or similar document provided to the purchaser because of an error or



245 ignorance of the law; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

276 (D) Subsection (2)(d)(i)(A)(I).

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

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

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

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

283 (D) Subsection (2)(d)(i)(A)(I).

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

287 (A) on the first day of a calendar quarter; and

288 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

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

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

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

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

293 (D) Subsection (2)(d)(i)(A)(I).

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

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

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

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

299 (iii) the tax imposed by Subsection (2)(c)(i); or

300 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

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

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

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

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

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

307 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
308 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)  
309 through (g):

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

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

312 (B) for the fiscal year; or

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

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

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

319 (B) award grants, up to the amount authorized by the Legislature in an appropriations  
320 act, to political subdivisions of the state to implement the measures described in Subsections  
321 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

336 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described  
337 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water

338 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of  
339 water rights.

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

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

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

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

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

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

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

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

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

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

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

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

- 369 (ii) develop underground sources of water, including springs and wells; and  
370 (iii) develop surface water sources.
- 371 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,  
372 2006, the difference between the following amounts shall be expended as provided in this  
373 Subsection (5), if that difference is greater than \$1:
- 374 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the  
375 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and  
376 (ii) \$17,500,000.
- 377 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:  
378 (A) transferred each fiscal year to the Department of Natural Resources as dedicated  
379 credits; and  
380 (B) expended by the Department of Natural Resources for watershed rehabilitation or  
381 restoration.
- 382 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
383 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund  
384 created in Section 73-10-24.
- 385 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the  
386 remaining difference described in Subsection (5)(a) shall be:  
387 (A) transferred each fiscal year to the Division of Water Resources as dedicated  
388 credits; and  
389 (B) expended by the Division of Water Resources for cloud-seeding projects  
390 authorized by Title 73, Chapter 15, Modification of Weather.
- 391 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described  
392 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund  
393 created in Section 73-10-24.
- 394 (d) After making the transfers required by Subsections (5)(b) and (c), 85% of the  
395 remaining difference described in Subsection (5)(a) shall be deposited into the Water  
396 Resources Conservation and Development Fund created in Section 73-10-24 for use by the  
397 Division of Water Resources for:  
398 (i) preconstruction costs:  
399 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter

400 26, Bear River Development Act; and

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

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

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

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

409 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to  
410 Subsection (5)(f), 15% of the remaining difference described in Subsection (5)(a) shall be  
411 transferred each year as dedicated credits to the Division of Water Rights to cover the costs  
412 incurred for employing additional technical staff for the administration of water rights.

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

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

419 ~~[(a) for fiscal year 2016-17 only, 100% of the revenue described in this Subsection (6)~~  
420 ~~shall be deposited into the Transportation Investment Fund of 2005 created by Section~~  
421 ~~72-2-124;]~~

422 ~~[(b) for fiscal year 2017-18 only:]~~

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

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

427 ~~[(c) for fiscal year 2018-19 only:]~~

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

430 ~~[(ii) 40% of the revenue described in this Subsection (6) shall be deposited into the~~

431 ~~Water Infrastructure Restricted Account created by Section 73-10g-103;~~

432 ~~[(A)]~~ (a) for fiscal year 2019-20 only:

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

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

437 ~~[(B)]~~ (b) for fiscal year 2020-21 only:

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

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

442 ~~[(C)]~~ (c) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue  
443 described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted  
444 Account created by Section 73-10g-103.

445 (7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in  
446 Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1,  
447 ~~[2012]~~ 2019, the Division of Finance shall deposit into the Transportation Investment Fund of  
448 2005 created by Section 72-2-124~~[-(i)]~~ a portion of the taxes listed under Subsection (3)(a) in  
449 an amount equal to ~~[8.3%]~~ 20.68% of the revenues collected from the following taxes~~[-which~~  
450 ~~represents a portion of the approximately 17% of sales and use tax revenues generated annually~~  
451 ~~by the sales and use tax on vehicles and vehicle-related products]:~~

452 ~~[(A)]~~ (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

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

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

455 ~~[(D)]~~ (iv) the tax imposed by Subsection (2)(d)(i)(A)(I)~~[-plus]~~;

456 ~~[(ii) an amount equal to 30% of the growth in the amount of revenues collected in the~~  
457 ~~current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through~~  
458 ~~(D) that exceeds the amount collected from the sales and use taxes described in Subsections~~  
459 ~~(7)(a)(i)(A) through (D) in the 2010-11 fiscal year.]~~

460 ~~[(b) (i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of~~  
461 ~~the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total~~

462 lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)  
463 generated in the current fiscal year than the total percentage of sales and use taxes deposited in  
464 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection  
465 (7)(a) equal to the product of:]

466 [~~(A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the~~  
467 ~~previous fiscal year; and]~~

468 [~~(B) the total sales and use tax revenue generated by the taxes described in Subsections~~  
469 ~~(7)(a)(i)(A) through (D) in the current fiscal year.]~~

470 [~~(ii) In any fiscal year in which the portion of the sales and use taxes deposited under~~  
471 ~~Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes~~  
472 ~~described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of~~  
473 ~~Finance shall deposit 17% of the revenues collected from the sales and use taxes described in~~  
474 ~~Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).]~~

475 [~~(iii) In all subsequent fiscal years after a year in which 17% of the revenues collected~~  
476 ~~from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited~~  
477 ~~under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues~~  
478 ~~collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the~~  
479 ~~current fiscal year under Subsection (7)(a).]~~

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

484 [~~(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under~~  
485 ~~Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit~~  
486 ~~\$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the~~  
487 ~~Transportation Investment Fund of 2005 created by Section [72-2-124](#).]~~

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



493 [~~(A)~~ the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;]

494 [~~(B)~~ the tax imposed by Subsection (2)(b)(i);]

495 [~~(C)~~ the tax imposed by Subsection (2)(c)(i); and]

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

497 [(ii)] (b) For a fiscal year beginning on or after July 1, 2019, the commission shall  
 498 annually reduce the deposit into the Transportation Investment Fund of 2005 under Subsection  
 499 [~~(8)(c)(i)~~] (7)(a) by an amount that is equal to 35% of the amount of revenue generated in the  
 500 current fiscal year by the portion of the tax imposed on motor and special fuel that is sold,  
 501 used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

502 [(iii)] (c) The commission shall annually deposit the amount described in Subsection  
 503 [~~(8)(c)(ii)~~] (7)(b) into the Transit and Transportation Investment Fund created in Section  
 504 72-2-124.

505 [(9)] (8) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal  
 506 year 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund  
 507 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

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

513 [(b)] (9) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection  
 514 [~~(10)(c)~~] (9)(b), and in addition to any amounts deposited under Subsections (6)[;] and (7)[;] and  
 515 (8)], the Division of Finance shall deposit into the Transportation Investment Fund of 2005  
 516 created by Section 72-2-124 the amount of revenue described as follows:

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

519 [(ii)] for fiscal year 2018-19 only, 66.67% of the amount of revenue generated by a  
 520 .05% tax rate on the transactions described in Subsection (1);]

521 [(iii)] (i) for fiscal year 2019-20 only, 50% of the amount of revenue generated by a  
 522 .05% tax rate on the transactions described in Subsection (1);

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

524 .05% tax rate on the transactions described in Subsection (1); and

525 ~~[(v)]~~ (iii) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a

526 .05% tax rate on the transactions described in Subsection (1).

527 ~~[(c)]~~ (b) For purposes of ~~[Subsections (10)(a) and (b)]~~ Subsection (9)(a), the Division  
528 of Finance may not deposit into the Transportation Investment Fund of 2005 any tax revenue  
529 generated by amounts paid or charged for food and food ingredients, except for tax revenue  
530 generated by a bundled transaction attributable to food and food ingredients and tangible  
531 personal property other than food and food ingredients described in Subsection (2)(d).

532 ~~[(11)]~~ (10) Notwithstanding Subsection (3)(a), beginning the second fiscal year after  
533 the fiscal year during which the Division of Finance receives notice under Section [63N-2-510](#)  
534 that construction on a qualified hotel, as defined in Section [63N-2-502](#), has begun, the Division  
535 of Finance shall, for two consecutive fiscal years, annually deposit \$1,900,000 of the revenue  
536 generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund,  
537 created in Section [63N-2-512](#).

538 ~~[(12)]~~ (11) (a) Notwithstanding Subsection (3)(a), for the 2016-17 fiscal year only, the  
539 Division of Finance shall deposit \$26,000,000 of the revenues generated by the taxes listed  
540 under Subsection (3)(a) into the Throughput Infrastructure Fund created by Section [35A-8-308](#).

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

544 ~~[(13)]~~ (12) Notwithstanding Subsections (4) through ~~[(12)]~~ (11) and ~~[(14)]~~ (13), an  
545 amount required to be expended or deposited in accordance with Subsections (4) through ~~[(12)]~~  
546 (11) and ~~[(14)]~~ (13) may not include an amount the Division of Finance deposits in accordance  
547 with Section [59-12-103.2](#).

548 ~~[(14)]~~ (13) (a) The rate specified in this subsection is 0.15%.

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

550 (i) on or before September 30, 2019, transfer the amount of revenue generated by a  
551 0.15% tax rate imposed beginning on April 1, 2019, and ending on June 30, 2019, on the  
552 transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) as dedicated  
553 credits to the Division of Health Care Financing; and

554 (ii) for a fiscal year beginning on or after fiscal year 2019-20, annually transfer the

555 amount of revenue generated by a 0.15% tax rate on the transactions that are subject to the  
556 sales and use tax under Subsection (2)(a)(i)(A) as dedicated credits to the Division of Health  
557 Care Financing.

558 (c) The revenue described in Subsection [~~(14)~~] (13)(b) that the Division of Finance  
559 transfers to the Division of Health Care Financing as dedicated credits shall be expended for  
560 the following uses:

561 (i) implementation of the Medicaid expansion described in Sections 26-18-3.1(4) and  
562 26-18-3.9(2)(b);

563 (ii) if revenue remains after the use specified in Subsection [~~(14)~~] (13)(c)(i), other  
564 measures required by Section 26-18-3.9; and

565 (iii) if revenue remains after the uses specified in Subsections [~~(14)~~] (13)(c)(i) and (ii),  
566 other measures described in Title 26, Chapter 18, Medical Assistance Act.

567 Section 4. Section 59-12-1201 is amended to read:

568 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**  
569 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

570 (1) (a) Except as provided in Subsection (3), there is imposed a tax of 2.5% on all  
571 short-term leases and rentals of motor vehicles not exceeding 30 days.

572 (b) The tax imposed in this section is in addition to all other state, county, or municipal  
573 fees and taxes imposed on rentals of motor vehicles.

574 (2) (a) Subject to Subsection (2)(b), a tax rate repeal or tax rate change for the tax  
575 imposed under Subsection (1) shall take effect on the first day of a calendar quarter.

576 (b) (i) For a transaction subject to a tax under Subsection (1), a tax rate increase shall  
577 take effect on the first day of the first billing period:

578 (A) that begins after the effective date of the tax rate increase; and

579 (B) if the billing period for the transaction begins before the effective date of a tax rate  
580 increase imposed under Subsection (1).

581 (ii) For a transaction subject to a tax under Subsection (1), the repeal of a tax or a tax  
582 rate decrease shall take effect on the first day of the last billing period:

583 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;  
584 and

585 (B) if the billing period for the transaction begins before the effective date of the repeal

586 of the tax or the tax rate decrease imposed under Subsection (1).

587 (3) A motor vehicle is exempt from the tax imposed under Subsection (1) if:

588 (a) the motor vehicle is registered for a gross laden weight of 12,001 or more pounds;

589 (b) the motor vehicle is rented as a personal household goods moving van; or

590 (c) the lease or rental of the motor vehicle is made for the purpose of temporarily  
591 replacing a person's motor vehicle that is being repaired pursuant to a repair agreement or an  
592 insurance agreement.

593 (4) (a) (i) The tax authorized under this section shall be administered, collected, and  
594 enforced in accordance with:

595 (A) the same procedures used to administer, collect, and enforce the tax under Part 1,  
596 Tax Collection; and

597 (B) Chapter 1, General Taxation Policies.

598 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to  
599 Subsections 59-12-103(4) through ~~(10)~~ (9) or Section 59-12-107.1 or 59-12-123.

600 (b) The commission shall retain and deposit an administrative charge in accordance  
601 with Section 59-1-306 from the revenues the commission collects from a tax under this part.

602 (c) Except as provided under Subsection (4)(b), all revenue received by the  
603 commission under this section shall be deposited daily with the state treasurer and credited  
604 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

605 Section 5. Section 63N-2-510 is amended to read:

606 **63N-2-510. Report by office -- Posting of report.**

607 (1) The office shall include the following information in the office's annual written  
608 report described in Section 63N-1-301:

609 (a) the state's success in attracting new conventions and corresponding new state  
610 revenue;

611 (b) the estimated amount of convention incentive commitments and the associated  
612 calculation made by the office and the period of time over which convention incentives are  
613 expected to be paid;

614 (c) the economic impact on the state related to generating new state revenue and  
615 providing convention incentives; and

616 (d) the estimated and actual costs and economic benefits of the convention incentive

617 commitments that the office made.

618 (2) Upon the commencement of the construction of a qualified hotel, the office shall  
619 send a written notice to the Division of Finance:

620 (a) referring to the two annual deposits required under Subsection 59-12-103~~(11)~~(10);

621 and

622 (b) notifying the Division of Finance that construction on the qualified hotel has begun.

623 Section 6. Section 63N-2-512 is amended to read:

624 **63N-2-512. Hotel Impact Mitigation Fund.**

625 (1) As used in this section:

626 (a) "Affected hotel" means a hotel built in the state before July 1, 2014.

627 (b) "Direct losses" means affected hotels' losses of hotel guest business attributable to  
628 the qualified hotel room supply being added to the market in the state.

629 (c) "Mitigation fund" means the Hotel Impact Mitigation Fund, created in Subsection  
630 (2).

631 (2) There is created an expendable special revenue fund known as the Hotel Impact  
632 Mitigation Fund.

633 (3) The mitigation fund shall:

634 (a) be administered by the board;

635 (b) earn interest; and

636 (c) be funded by:

637 (i) payments required to be deposited into the mitigation fund by the Division of  
638 Finance under Subsection 59-12-103~~(11)~~(10);

639 (ii) money required to be deposited into the mitigation fund under Subsection  
640 17-31-9(2) by the county in which a qualified hotel is located; and

641 (iii) any money deposited into the mitigation fund under Subsection (6).

642 (4) Interest earned by the mitigation fund shall be deposited into the mitigation fund.

643 (5) (a) In accordance with office rules, the board shall annually pay up to \$2,100,000 of  
644 money in the mitigation fund:

645 (i) to affected hotels;

646 (ii) for four consecutive years, beginning 12 months after the date of initial occupancy  
647 of the qualified hotel occurs; and

648 (iii) to mitigate direct losses.

649 (b) (i) If the amount the board pays under Subsection (5)(a) in any year is less than  
650 \$2,100,000, the board shall pay to the Stay Another Day and Bounce Back Fund, created in  
651 Section 63N-2-511, the difference between \$2,100,000 and the amount paid under Subsection  
652 (5)(a).

653 (ii) The board shall make any required payment under Subsection (5)(b)(i) within 90  
654 days after the end of the year for which a determination is made of how much the board is  
655 required to pay to affected hotels under Subsection (5)(a).

656 (6) A host local government or qualified hotel owner may make payments to the  
657 Division of Finance for deposit into the mitigation fund.

658 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
659 office shall, in consultation with the Utah Hotel and Lodging Association and the county in  
660 which the qualified hotel is located, make rules establishing procedures and criteria governing  
661 payments under Subsection (5)(a) to affected hotels.

662 Section 7. **Effective date.**

663 This bill takes effect on July 1, 2019.