

TRANSPORTATION FUNDING REVISIONS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Johnny Anderson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to transportation funding.

Highlighted Provisions:

This bill:

- ▶ modifies state sales and use tax earmarks for transportation; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2017:

▶ to Transportation - Transportation Investment Fund of 2005, as an ongoing appropriation:

- from the Transportation Fund, (\$42,433,700);
- from Designated Sales Tax, \$48,433,700;
- from Revenue Transfers, (\$6,000,000).

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-12-103, as last amended by Laws of Utah 2015, Chapter 283

59-12-1201, as last amended by Laws of Utah 2012, Chapter 121

63N-2-512, as last amended by Laws of Utah 2015, Chapter 417 and renumbered and



28 amended by Laws of Utah 2015, Chapter 283
29 [72-2-107](#), as last amended by Laws of Utah 2010, Chapter 391



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

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

33 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
34 **tax revenues.**

35 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
36 charged for the following transactions:

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

38 (b) amounts paid for:

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

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

44 (iii) an ancillary service associated with a:

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

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

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

48 (i) gas;

49 (ii) electricity;

50 (iii) heat;

51 (iv) coal;

52 (v) fuel oil; or

53 (vi) other fuels;

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

55 (i) gas;

56 (ii) electricity;

57 (iii) heat;

58 (iv) coal;

- 59 (v) fuel oil; or
- 60 (vi) other fuels;
- 61 (e) sales of prepared food;
- 62 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 63 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 64 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 65 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 66 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 67 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 68 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 69 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 70 exhibition, cultural, or athletic activity;
- 71 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 72 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 73 (i) the tangible personal property; and
- 74 (ii) parts used in the repairs or renovations of the tangible personal property described
- 75 in Subsection (1)(g)(i), regardless of whether:
- 76 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 77 property; or
- 78 (B) the particular parts used in the repairs or renovations of that tangible personal
- 79 property are exempt from a tax under this chapter;
- 80 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 81 assisted cleaning or washing of tangible personal property;
- 82 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 83 accommodations and services that are regularly rented for less than 30 consecutive days;
- 84 (j) amounts paid or charged for laundry or dry cleaning services;
- 85 (k) amounts paid or charged for leases or rentals of tangible personal property if within
- 86 this state the tangible personal property is:
- 87 (i) stored;
- 88 (ii) used; or
- 89 (iii) otherwise consumed;

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

92 (i) stored;

93 (ii) used; or

94 (iii) consumed; and

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

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

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

98 (ii) regardless of whether the sale provides:

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

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

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

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

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

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

106 (A) 4.70%; and

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

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

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

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

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

120 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

121 transaction under this chapter other than this part.

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

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

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

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

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

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

133 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
134 Sales and Use Tax Act, if the location of the transaction as determined under Sections
135 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
136 Additional State Sales and Use Tax Act; and

137 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
138 Sales and Use Tax Act, if the location of the transaction as determined under Sections
139 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
140 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

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

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

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

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

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

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

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

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

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

164 (II) state or federal law provides otherwise.

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

168 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
169 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
170 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
171 of tangible personal property, other property, a product, or a service that is not subject to
172 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
173 the seller, at the time of the transaction:

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

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

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

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

183 ignorance of the law; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

245 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
246 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
247 through (g):

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

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

250 (B) for the fiscal year; or

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

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

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

257 (B) award grants, up to the amount authorized by the Legislature in an appropriations
258 act, to political subdivisions of the state to implement the measures described in Subsections
259 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

307 (ii) develop underground sources of water, including springs and wells; and
308 (iii) develop surface water sources.

309 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
310 2006, the difference between the following amounts shall be expended as provided in this
311 Subsection (5), if that difference is greater than \$1:

312 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
313 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and
314 (ii) \$17,500,000.

315 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:
316 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
317 credits; and
318 (B) expended by the Department of Natural Resources for watershed rehabilitation or
319 restoration.

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

323 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
324 remaining difference described in Subsection (5)(a) shall be:
325 (A) transferred each fiscal year to the Division of Water Resources as dedicated
326 credits; and
327 (B) expended by the Division of Water Resources for cloud-seeding projects
328 authorized by Title 73, Chapter 15, Modification of Weather.

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

332 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
333 remaining difference described in Subsection (5)(a) shall be deposited into the Water
334 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
335 Division of Water Resources for:
336 (i) preconstruction costs:
337 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter

338 26, Bear River Development Act; and

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

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

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

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

347 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
348 Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be
349 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
350 incurred for employing additional technical staff for the administration of water rights.

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

354 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
355 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
356 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited [~~in~~
357 ~~the Transportation Fund created by Section 72-2-102]~~ into the Transportation Investment Fund
358 of 2005 created by Section 72-2-124.

359 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
360 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
361 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
362 by a 1/64% tax rate on the taxable transactions under Subsection (1).

363 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
364 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,
365 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
366 created by Section 72-2-124:

367 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
368 the revenues collected from the following taxes, which represents a portion of the

369 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
370 on vehicles and vehicle-related products:

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

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

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

374 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

375 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
376 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through
377 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
378 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

379 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of
380 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total
381 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)
382 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
383 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
384 (8)(a) equal to the product of:

385 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the
386 previous fiscal year; and

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

389 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
390 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes
391 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of
392 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
393 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

394 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected
395 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited
396 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues
397 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the
398 current fiscal year under Subsection (8)(a).

399 (9) (a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited

400 under Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, until June 30,
401 2016, the Division of Finance shall annually deposit \$90,000,000 of the revenues generated by
402 the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005
403 created by Section [72-2-124](#).

404 (b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
405 Subsections (7) and (8), for fiscal year 2017 only, the Division of Finance shall deposit
406 \$80,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the
407 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

408 (c) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
409 Subsections (7) and (8), for fiscal year 2018 only, the Division of Finance shall deposit
410 \$70,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the
411 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

412 (d) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
413 Subsections (7) and (8), for fiscal year 2019 only, the Division of Finance shall deposit
414 \$60,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the
415 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

416 (e) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
417 Subsections (7) and (8), for fiscal year 2020 only, the Division of Finance shall deposit
418 \$50,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the
419 Transportation Investment Fund of 2005 created by Section [72-2-124](#).

420 (f) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
421 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2020, and until
422 Subsection (9)(g) applies, the Division of Finance shall deposit \$40,000,000 of the revenues
423 generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund
424 of 2005 created by Section [72-2-124](#).

425 (g) (i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under
426 Subsections (7) and (8), and except as provided in Subsection (9)(g)(iii), for a fiscal year
427 beginning on or after July 1 following the initial calendar year that the actual statewide average
428 rack price of a gallon of motor fuel, determined as described in Section [59-13-201](#), reaches
429 \$2.45 without applying the minimum under Subsection [59-13-201](#)(1)(b)(iii)(A), the Division of
430 Finance shall deposit a portion of the revenues generated by the taxes listed under Subsection

431 (3)(a) into the Transportation Investment Fund of 2005, created by Section 72-2-124, in an
432 amount calculated by the State Tax Commission as follows:

433 (A) \$90,000,000; minus

434 (B) \$50,000,000 increased as provided in Subsection (9)(g)(ii).

435 (ii) For a fiscal year beginning on or after July 1 following the initial calendar year that
436 the actual statewide average rack price of a gallon of motor fuel, determined as described in
437 Section 59-13-201, reaches \$2.45 without applying the minimum under Subsection
438 59-13-201(1)(b)(iii)(A), the State Tax Commission shall increase the dollar amount described
439 in Subsection (9)(g)(i)(B):

440 (A) by a percentage equal to the percentage difference between the consumer price
441 index for the preceding calendar year and the consumer price index for the calendar year that
442 preceded the initial calendar year that the actual statewide average rack price of a gallon of
443 motor fuel, determined as described in Section 59-13-201, reaches \$2.45 without applying the
444 minimum under Subsection 59-13-201(1)(b)(iii)(A); and

445 (B) up to the nearest \$100 increment.

446 (iii) Notwithstanding Subsections (9)(g)(i) and (ii), if the actual statewide average rack
447 price of a gallon of motor fuel, determined as described in Section 59-13-201, reaches \$2.45
448 without applying the minimum under Subsection 59-13-201(1)(b)(iii)(A) before January 1,
449 2020, the Division of Finance shall:

450 (A) make the deposits required under Subsections (9)(b) through (f); and

451 (B) begin making the deposit required in this Subsection (9)(g) in fiscal year 2022.

452 (iv) If the percentage difference under Subsection (9)(g)(ii) is zero or a negative
453 percentage, the consumer price index increase for the year is zero.

454 (v) For purposes of this Subsection (9)(g), the State Tax Commission shall calculate
455 the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

456 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
457 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
458 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

459 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),
460 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July
461 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005

462 created by Section [72-2-124](#) the amount of tax revenue generated by a ~~[-.025%]~~ .05% tax rate
463 on the transactions described in Subsection (1).

464 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into
465 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
466 charged for food and food ingredients, except for tax revenue generated by a bundled
467 transaction attributable to food and food ingredients and tangible personal property other than
468 food and food ingredients described in Subsection (2)(d).

469 ~~[(12)(a) Notwithstanding Subsection (3)(a), and except as provided in Subsection~~
470 ~~(12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the~~
471 ~~Transportation Fund created by Section [72-2-102](#) the amount of tax revenue generated by a~~
472 ~~.025% tax rate on the transactions described in Subsection (1) to be expended to address~~
473 ~~chokepoints in construction management.]~~

474 ~~[(b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into~~
475 ~~the Transportation Fund any tax revenue generated by amounts paid or charged for food and~~
476 ~~food ingredients, except for tax revenue generated by a bundled transaction attributable to food~~
477 ~~and food ingredients and tangible personal property other than food and food ingredients~~
478 ~~described in Subsection (2)(d).]~~

479 ~~[(13)]~~ (12) Notwithstanding Subsection (3)(a), beginning the second fiscal year after
480 the fiscal year during which the Division of Finance receives notice under ~~[Subsection]~~ Section
481 [63N-2-510](#)~~[(3)]~~ that construction on a qualified hotel, as defined in Section [63N-2-502](#), has
482 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
483 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
484 Impact Mitigation Fund, created in Section [63N-2-512](#).

485 ~~[(14)]~~ (13) Notwithstanding Subsections (4) through ~~[(13)]~~ (12), an amount required to
486 be expended or deposited in accordance with Subsections (4) through ~~[(13)]~~ (12) may not
487 include an amount the Division of Finance deposits in accordance with Section [59-12-103.2](#).

488 Section 2. Section [59-12-1201](#) is amended to read:

489 **[59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,](#)**
490 **[collection, and enforcement of tax -- Administrative charge -- Deposits.](#)**

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

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

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

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

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

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

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

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

506 (B) if the billing period for the transaction begins before the effective date of the repeal
507 of the tax or the tax rate decrease imposed under Subsection (1).

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

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

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

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

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

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

518 (B) Chapter 1, General Taxation Policies.

519 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to
520 Subsections [59-12-103\(4\)](#) through ~~[(12)]~~ [\(11\)](#) or Section [59-12-107.1](#) or [59-12-123](#).

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

523 (c) Except as provided under Subsection (4)(b), all revenue received by the

524 commission under this section shall be deposited daily with the state treasurer and credited
525 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

526 Section 3. Section 63N-2-512 is amended to read:

527 **63N-2-512. Hotel Impact Mitigation Fund.**

528 (1) As used in this section:

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

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

532 (c) "Mitigation fund" means the Hotel Impact Mitigation Fund, created in Subsection
533 (2).

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

536 (3) The mitigation fund shall:

537 (a) be administered by the board;

538 (b) earn interest; and

539 (c) be funded by:

540 (i) payments required to be deposited into the mitigation fund by the Division of
541 Finance under Subsection 59-12-103~~(13)~~(12);

542 (ii) money required to be deposited into the mitigation fund under Subsection
543 17-31-9(2) by the county in which a qualified hotel is located; and

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

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

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

548 (i) to affected hotels;

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

551 (iii) to mitigate direct losses.

552 (b) (i) If the amount the board pays under Subsection (5)(a) in any year is less than
553 \$2,100,000, the board shall pay to the Stay Another Day and Bounce Back Fund, created in
554 Section 63N-2-511, the difference between \$2,100,000 and the amount paid under Subsection

555 (5)(a).

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

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

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

565 Section 4. Section **72-2-107** is amended to read:

566 **72-2-107. Appropriation from Transportation Fund -- Deposit in class B and**
567 **class C roads account.**

568 (1) There is appropriated to the department from the Transportation Fund annually an
569 amount equal to 30% of an amount which the director of finance shall compute in the
570 following manner: The total revenue deposited into the Transportation Fund during the fiscal
571 year from state highway-user taxes and fees, minus[~~-(a)~~] those amounts appropriated or
572 transferred from the Transportation Fund during the same fiscal year to:

573 [(i)] (a) the Department of Public Safety;

574 [(ii)] (b) the State Tax Commission;

575 [(iii)] (c) the Division of Finance;

576 [(iv)] (d) the Utah Travel Council; and

577 [(v)] (e) any other amounts appropriated or transferred for any other state agencies not
578 a part of the department[~~and~~].

579 [~~(b) the amount of sales and use tax revenue deposited in the Transportation Fund in~~
580 ~~accordance with Section 59-12-103.]~~

581 (2) (a) Except as provided in Subsection (2)(b), all of this money shall be placed in an
582 account to be known as the Class B and class C roads account to be used as provided in this
583 title.

584 (b) The director of finance shall annually transfer \$500,000 of the amount calculated
585 under Subsection (1) to the department as dedicated credits for the State Park Access Highways

586 Improvement Program created in Section [72-3-207](#).

587 (3) Each quarter of every year the director of finance shall make the necessary
588 accounting entries to transfer the money appropriated under this section to the class B and class
589 C roads account.

590 (4) The funds in the class B and class C roads account shall be expended under the
591 direction of the department as the Legislature shall provide.

592 Section 5. **Appropriation.**

593 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for
594 the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following sums of money
595 are appropriated from resources not otherwise appropriated, or reduced from amounts
596 previously appropriated, out of the funds or amounts indicated. These sums of money are in
597 addition to amounts previously appropriated for fiscal year 2017.

598 To Transportation - Transportation Investment Fund of 2005

599 From Transportation Fund (\$42,433,700)

600 From Designated Sales Tax \$48,433,700

601 From Revenue Transfers (\$6,000,000)

602 (1) The Legislature intends that the Department of Transportation discontinue the
603 practice of transferring a portion of the revenue from the 1997 motor fuel tax increase and
604 \$6,000,000 in department efficiencies from the Transportation Fund to the Transportation
605 Investment Fund of 2005 on July 1, 2016, in an amount described in Subsection (2).

606 (2) The department shall keep revenue from the 1997 motor fuel tax increase and
607 \$6,000,000 in department efficiencies in the Transportation Fund in an amount equal to:

608 (a) the amount of revenue generated by a 1/16% tax rate on the transactions described
609 in Subsection [59-12-103\(1\)](#) for the fiscal year; plus

610 (b) the amount of tax revenue generated by a .025% tax rate on the transactions
611 described in Subsection [59-12-103\(1\)](#) for the fiscal year.

612 Section 6. **Effective date.**

613 This bill takes effect on July 1, 2016.