

**RAIL FUEL SALES TAX AMENDMENTS**

2020 FOURTH SPECIAL SESSION

STATE OF UTAH

**Chief Sponsor: Joel Ferry**

Senate Sponsor: Scott D. Sandall

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to railroads.

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

This bill appropriates in fiscal year 2021:

- ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted Account, as an ongoing appropriation:
  - from the General Fund, \$3,660,000;
- ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted Account, as a one-time appropriation:
  - from the General Fund, (\$2,135,000);
- ▶ to Transportation -- Railroad Crossing Safety Grants, as an ongoing appropriation:
  - from Rail Transportation Restricted Account, \$366,000; and
- ▶ to Transportation -- Railroad Crossing Safety Grants, as a one-time appropriation:



- from Rail Transportation Restricted Account, (\$213,500).

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

59-12-103.3, Utah Code Annotated 1953

72-2-131, Utah Code Annotated 1953

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

Section 1. Section 59-12-103.3 is enacted to read:

59-12-103.3. Sales and use tax base -- Rate for locomotive fuel.

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

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

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

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

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

Section 2. Section 72-2-131 is enacted to read:

72-2-131. Rail Transportation Restricted Account -- Grants for railroad crossing safety.

(1) As used in this section, "eligible entity" means:

(a) a public entity; or

(b) a private entity that is exempt from federal income taxation under Section 501(c)(3), Internal Revenue Code.

(2) There is created in the Transit Transportation Investment Fund, created in Section

59 72-2-124, the Rail Transportation Restricted Account.

60 (3) The account shall be funded by:

61 (a) appropriations to the account by the Legislature;

62 (b) private contributions;

63 (c) donations or grants from public or private entities; and

64 (d) interest earned on money in the account.

65 (4) Upon appropriation, the department shall:

66 (a) use an amount equal to 10% of the money deposited into the account to provide

67 grants in accordance with Subsection (5);

68 (b) use an amount equal to 10% of the money deposited into the account to pay the

69 costs of performing environmental impact studies in connection with construction,

70 reconstruction, or renovation projects related to railroad crossings on class B or class C roads;

71 and

72 (c) use the remaining money deposited into the account to pay:

73 (i) the costs of construction, reconstruction, or renovation projects related to railroad

74 crossings on class B or class C roads; or

75 (ii) debt service related to a project described in Subsection (4)(b).

76 (5) (a) The department may award grants to one or more eligible entities to be used for

77 the purpose of improving safety at railroad crossings on class B or class C roads.

78 (b) An eligible entity may use grant money for any expense related to improving safety

79 at railroad crossings on class B or class C roads, including:

80 (i) signage; and

81 (ii) safety enhancements to a railroad crossing.

82 (c) The department shall prioritize, in the following order, grants to applicants that

83 propose projects impacting railroad crossings that:

84 (i) have demonstrated safety concerns, including emergency services access; and

85 (ii) have high levels of vehicular and pedestrian traffic.

86 **Section 3. Appropriation.**

87 The following sums of money are appropriated for the fiscal year beginning July 1,

88 2020, and ending June 30, 2021. These are additions to amounts previously appropriated for

89 fiscal year 2021. The Legislature authorizes the State Division of Finance to transfer the

90 following amounts between the following funds or accounts as indicated. Expenditures and  
91 outlays from the funds or accounts to which the money is transferred must be authorized by an  
92 appropriation.

93 ITEM 1

94 To Transit Transportation Investment Fund - Rail Transportation Restricted Account

95 From General Fund \$3,660,000

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

97 Schedule of Programs:

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

99 ITEM 2

100 To Transportation -- Railroad Crossing Safety Grants

101 From Rail Transportation Restricted Account \$366,000

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

103 Schedule of Programs:

104 Railroad Crossing Safety Grants \$152,500

105 The Legislature intends that appropriations under this item be used to award grants  
106 under Subsection [72-2-131\(5\)](#).

107 **Section 4. Effective date.**

108 This bill takes effect on January 1, 2021.