

1 **RAIL FUEL SALES TAX AMENDMENTS**

2 2020 FOURTH SPECIAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Joel Ferry**

5 Senate Sponsor: Scott D. Sandall

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7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions related to railroads.

10 **Highlighted Provisions:**

11 This bill:

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

17 **Money Appropriated in this Bill:**

18 This bill appropriates in fiscal year 2021:

- 19 ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted
- 20 Account, as an ongoing appropriation:
  - 21 • from the General Fund, \$3,660,000;
- 22 ▶ to the Transit Transportation Investment Fund -- Rail Transportation Restricted
- 23 Account, as a one-time appropriation:
  - 24 • from the General Fund, (\$2,135,000);
  - 25 ▶ to Transportation -- Railroad Crossing Safety Grants, as an ongoing appropriation:
    - 26 • from Rail Transportation Restricted Account, \$366,000; and
  - 27 ▶ to Transportation -- Railroad Crossing Safety Grants, as a one-time appropriation:
    - 28 • from Rail Transportation Restricted Account, (\$213,500).

29 **Other Special Clauses:**

30 This bill provides a special effective date.

31 **Utah Code Sections Affected:**

32 ENACTS:

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

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



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

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

38 **59-12-103.3. Sales and use tax base -- Rate for locomotive fuel.**

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

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

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

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

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

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

52 **72-2-131. Rail Transportation Restricted Account -- Grants for railroad crossing**  
53 **safety.**

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

55 (a) a public entity; or

56 (b) a private entity that is exempt from federal income taxation under Section  
57 [501\(c\)\(3\)](#), Internal Revenue Code.

58           (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 A, class B, or class  
71 C roads; 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 A, 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 A, 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 A, 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.

