

**Senator David P. Hinkins** proposes the following substitute bill:

**WATER RELATED SALES AND USE TAX AMENDMENTS**

2022 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: David P. Hinkins**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

This bill appropriates for fiscal year 2022:

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



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

27 This bill appropriates for fiscal year 2023:

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

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

31 and

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

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

35 **Other Special Clauses:**

36 None

37 **Utah Code Sections Affected:**

38 AMENDS:

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

40 ENACTS:

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



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

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

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

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

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

50 (b) amounts paid for:

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

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

56 (iii) an ancillary service associated with a:

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

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

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

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

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

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

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

99 (i) stored;

100 (ii) used; or

101 (iii) otherwise consumed;

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

104 (i) stored;

105 (ii) used; or

106 (iii) consumed; and

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

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

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

110 (ii) regardless of whether the sale provides:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

180 (II) state or federal law provides otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

255 (A) a commercial use;

256 (B) an industrial use; or

257 (C) a residential use.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

276 (B) for the fiscal year; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

336 (iii) develop surface water sources.

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

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

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

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

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

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

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

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

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

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

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

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

364 (i) preconstruction costs:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

538 Section 2. Section [73-2-1.6](#) is enacted to read:

539 **[73-2-1.6](#). Water Rights Restricted Account.**

540 (1) As used in this section:

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

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

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

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

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

549 (a) employing technical staff;

550 (b) acquiring equipment;

551 (c) legal support; and

552 (d) conducting studies.

553 (5) (a) The account may not exceed \$8,000,000 at the end of a fiscal year.  
 554 (b) If the account exceeds \$8,000,000 at the end of a fiscal year, the Division of  
 555 Finance shall deposit into the Water Resources Conservation and Development Fund, created  
 556 in Section 73-10-24, the money in excess of the amount necessary to maintain the account  
 557 balance at \$8,000,000.

558 Section 3. **Appropriation.**

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

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

565 ITEM 1

566 To Department of Natural Resources - Division of Water Rights

567 From General Fund Restricted - Water Rights Restricted

568 <u>Account, One-time</u>	<u>\$1,600,000</u>
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569 Schedule of Programs:

570 <u>Adjudication</u>	<u>\$1,600,000</u>
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571 ITEM 2

572 To Department of Natural Resources - Division of Water Rights

573 <u>From Designated Sales and Use Tax, One-time</u>	<u>(\$1,600,000)</u>
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574 Schedule of Programs:

575 <u>Adjudication</u>	<u>(\$1,600,000)</u>
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576 Subsection 3(b). Fiscal Year 2023 Appropriations.

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

582 ITEM 3

583 To Department of Natural Resources - Division of Water Rights

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