

SALES AND USE TAX EARMARK AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to sales and use taxes.

Highlighted Provisions:

This bill:

- ▶ repeals certain earmarks of the state sales and use tax; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

4-18-106, as last amended by Laws of Utah 2014, Chapter 383

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-2-510, as last amended by Laws of Utah 2015, Chapter 417 and renumbered and amended by Laws of Utah 2015, Chapter 283

63N-2-512, as last amended by Laws of Utah 2015, Chapter 417 and renumbered and amended by Laws of Utah 2015, Chapter 283

73-10c-4, as last amended by Laws of Utah 2007, Chapter 142



28 REPEALS:

29 **73-10-31**, as enacted by Laws of Utah 1996, Chapter 199



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

32 Section 1. Section **4-18-106** is amended to read:

33 **4-18-106. Agriculture Resource Development Fund -- Contents -- Use of fund**
34 **money -- Authority board.**

35 (1) There is created a revolving loan fund known as the Agriculture Resource
36 Development Fund.

37 (2) The Agriculture Resource Development Fund shall consist of:

38 (a) money appropriated to it by the Legislature;

39 ~~[(b) sales and use tax receipts transferred to the fund in accordance with Section~~
40 ~~59-12-103;]~~

41 ~~[(c)]~~ (b) money received for the repayment of loans made from the fund;

42 ~~[(d)]~~ (c) money made available to the state for agriculture resource development from
43 any source; and

44 ~~[(e)]~~ (d) interest earned on the fund.

45 (3) The commission shall make loans from the Agriculture Resource Development
46 Fund as provided by Subsections **4-18-105(1)(e)(i)** through (v).

47 (4) The commission may appoint an advisory board that shall:

48 (a) oversee the award process for loans, as described in this section;

49 (b) make recommendations to the commission regarding loans; and

50 (c) recommend the policies and procedures for the Agriculture Resource Development
51 Fund, consistent with statute.

52 Section 2. Section **59-12-103** is amended to read:

53 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
54 **tax revenues.**

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

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

58 (b) amounts paid for:

- 59 (i) telecommunications service, other than mobile telecommunications service, that
- 60 originates and terminates within the boundaries of this state;
- 61 (ii) mobile telecommunications service that originates and terminates within the
- 62 boundaries of one state only to the extent permitted by the Mobile Telecommunications
- 63 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
- 64 (iii) an ancillary service associated with a:
 - 65 (A) telecommunications service described in Subsection (1)(b)(i); or
 - 66 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
- 67 (c) sales of the following for commercial use:
 - 68 (i) gas;
 - 69 (ii) electricity;
 - 70 (iii) heat;
 - 71 (iv) coal;
 - 72 (v) fuel oil; or
 - 73 (vi) other fuels;
- 74 (d) sales of the following for residential use:
 - 75 (i) gas;
 - 76 (ii) electricity;
 - 77 (iii) heat;
 - 78 (iv) coal;
 - 79 (v) fuel oil; or
 - 80 (vi) other fuels;
- 81 (e) sales of prepared food;
- 82 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or
- 83 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 84 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 85 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 86 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 87 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 88 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 89 horseback rides, sports activities, or any other amusement, entertainment, recreation,

90 exhibition, cultural, or athletic activity;

91 (g) amounts paid or charged for services for repairs or renovations of tangible personal
92 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

93 (i) the tangible personal property; and

94 (ii) parts used in the repairs or renovations of the tangible personal property described
95 in Subsection (1)(g)(i), regardless of whether:

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

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

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

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

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

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

107 (i) stored;

108 (ii) used; or

109 (iii) otherwise consumed;

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

112 (i) stored;

113 (ii) used; or

114 (iii) consumed; and

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

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

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

118 (ii) regardless of whether the sale provides:

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

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

- 121 (I) for a definite or specified length of time; and
- 122 (II) that terminates upon the occurrence of a condition.
- 123 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 124 is imposed on a transaction described in Subsection (1) equal to the sum of:
 - 125 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
 - 126 (A) 4.70%; and
 - 127 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
 - 128 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
 - 129 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
 - 130 State Sales and Use Tax Act; and
 - 131 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
 - 132 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
 - 133 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
 - 134 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
 - 135 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
 - 136 transaction under this chapter other than this part.
 - 137 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
 - 138 on a transaction described in Subsection (1)(d) equal to the sum of:
 - 139 (i) a state tax imposed on the transaction at a tax rate of 2%; and
 - 140 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
 - 141 transaction under this chapter other than this part.
 - 142 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
 - 143 on amounts paid or charged for food and food ingredients equal to the sum of:
 - 144 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
 - 145 a tax rate of 1.75%; and
 - 146 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
 - 147 amounts paid or charged for food and food ingredients under this chapter other than this part.
 - 148 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
 - 149 tangible personal property other than food and food ingredients, a state tax and a local tax is
 - 150 imposed on the entire bundled transaction equal to the sum of:
 - 151 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

152 (I) the tax rate described in Subsection (2)(a)(i)(A); and
153 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional 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 county in which the state imposes the tax under Part 18,
156 Additional State Sales and Use Tax Act; and
157 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
158 Sales and Use Tax Act, if the location of the transaction as determined under Sections
159 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
160 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
161 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
162 described in Subsection (2)(a)(ii).
163 (ii) If an optional computer software maintenance contract is a bundled transaction that
164 consists of taxable and nontaxable products that are not separately itemized on an invoice or
165 similar billing document, the purchase of the optional computer software maintenance contract
166 is 40% taxable under this chapter and 60% nontaxable under this chapter.
167 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
168 transaction described in Subsection (2)(d)(i) or (ii):
169 (A) if the sales price of the bundled transaction is attributable to tangible personal
170 property, a product, or a service that is subject to taxation under this chapter and tangible
171 personal property, a product, or service that is not subject to taxation under this chapter, the
172 entire bundled transaction is subject to taxation under this chapter unless:
173 (I) the seller is able to identify by reasonable and verifiable standards the tangible
174 personal property, product, or service that is not subject to taxation under this chapter from the
175 books and records the seller keeps in the seller's regular course of business; or
176 (II) state or federal law provides otherwise; or
177 (B) if the sales price of a bundled transaction is attributable to two or more items of
178 tangible personal property, products, or services that are subject to taxation under this chapter
179 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
180 higher tax rate unless:
181 (I) the seller is able to identify by reasonable and verifiable standards the tangible
182 personal property, product, or service that is subject to taxation under this chapter at the lower

183 tax rate from the books and records the seller keeps in the seller's regular course of business; or
184 (II) state or federal law provides otherwise.

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

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

194 (A) separately states the portion of the transaction that is not subject to taxation under
195 this chapter 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, from the books and
197 records the seller keeps in the seller's regular course of business, the portion of the transaction
198 that is not subject to taxation under this chapter.

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

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

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

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

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

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

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

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

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

- 224 (i) Subsection (2)(a)(i)(A);
- 225 (ii) Subsection (2)(b)(i);
- 226 (iii) Subsection (2)(c)(i); or
- 227 (iv) Subsection (2)(d)(i)(A)(I).

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

- 231 (A) Subsection (2)(a)(i)(A);
- 232 (B) Subsection (2)(b)(i);
- 233 (C) Subsection (2)(c)(i); or
- 234 (D) Subsection (2)(d)(i)(A)(I).

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

- 238 (A) Subsection (2)(a)(i)(A);
- 239 (B) Subsection (2)(b)(i);
- 240 (C) Subsection (2)(c)(i); or
- 241 (D) Subsection (2)(d)(i)(A)(I).

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

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

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

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

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

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

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

252 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,

253 the commission may by rule define the term "catalogue sale."

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

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

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

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

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

259 (b) The following local taxes shall be distributed to a county, city, or town as provided

260 in this chapter:

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

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

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

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

265 ~~[(4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July~~

266 ~~1, 2003, the lesser of the following amounts shall be expended as provided in Subsections~~

267 ~~(4)(b) through (g):]~~

268 ~~[(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:]~~

269 ~~[(A) by a 1/16% tax rate on the transactions described in Subsection (1); and]~~

270 ~~[(B) for the fiscal year; or]~~

271 ~~[(ii) \$17,500,000.]~~

272 ~~[(b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount~~

273 ~~described in Subsection (4)(a) shall be transferred each year as dedicated credits to the~~

274 ~~Department of Natural Resources to:]~~

275 ~~[(A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to~~

276 protect sensitive plant and animal species; or]

277 [~~(B) award grants, up to the amount authorized by the Legislature in an appropriations~~
278 ~~act, to political subdivisions of the state to implement the measures described in Subsections~~
279 ~~79-2-303(3)(a) through (d) to protect sensitive plant and animal species.]~~

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

284 [~~(iii) At the end of each fiscal year:]~~

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

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

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

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

294 [~~(d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described~~
295 ~~in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water~~
296 ~~Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of~~
297 ~~water rights.]~~

298 [~~(ii) At the end of each fiscal year:]~~

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

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

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

305 [~~(e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount~~
306 ~~described in Subsection (4)(a) shall be deposited in the Water Resources Conservation and~~

307 Development Fund created in Section ~~73-10-24~~ for use by the Division of Water Resources.]

308 [(ii) In addition to the uses allowed of the Water Resources Conservation and
309 Development Fund under Section ~~73-10-24~~, the Water Resources Conservation and
310 Development Fund may also be used to:]

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

316 [(B) ~~fund state required dam safety improvements; and~~]

317 [(C) ~~protect the state's interest in interstate water compact allocations, including the
318 hiring of technical and legal staff.~~]

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

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

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

327 [(ii) ~~develop underground sources of water, including springs and wells; and~~]

328 [(iii) ~~develop surface water sources.~~]

329 [(5) (a) ~~Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July
330 1, 2006, the difference between the following amounts shall be expended as provided in this
331 Subsection (5), if that difference is greater than \$1:~~]

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

334 [(ii) ~~\$17,500,000.~~]

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

336 [(A) ~~transferred each fiscal year to the Department of Natural Resources as dedicated
337 credits; and~~]

338 ~~[(B) expended by the Department of Natural Resources for watershed rehabilitation or~~
339 ~~restoration.]~~

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

343 ~~[(c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the~~
344 ~~remaining difference described in Subsection (5)(a) shall be:]~~

345 ~~[(A) transferred each fiscal year to the Division of Water Resources as dedicated~~
346 ~~credits; and]~~

347 ~~[(B) expended by the Division of Water Resources for cloud-seeding projects~~
348 ~~authorized by Title 73, Chapter 15, Modification of Weather:]~~

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

352 ~~[(d) After making the transfers required by Subsections (5)(b) and (c), 94% of the~~
353 ~~remaining difference described in Subsection (5)(a) shall be deposited into the Water~~
354 ~~Resources Conservation and Development Fund created in Section 73-10-24 for use by the~~
355 ~~Division of Water Resources for:]~~

356 ~~[(i) preconstruction costs:]~~

357 ~~[(A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter~~
358 ~~26, Bear River Development Act; and]~~

359 ~~[(B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project~~
360 ~~authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;]~~

361 ~~[(ii) the cost of employing a civil engineer to oversee any project authorized by Title~~
362 ~~73, Chapter 26, Bear River Development Act;]~~

363 ~~[(iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project~~
364 ~~authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and]~~

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

367 ~~[(e) After making the transfers required by Subsections (5)(b) and (c) and subject to~~
368 ~~Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be~~

369 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
 370 incurred for employing additional technical staff for the administration of water rights.]

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

374 [~~(6)~~ (4) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July
 375 1, 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a
 376 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be
 377 deposited in the Transportation Fund created by Section ~~72-2-102~~.

378 [~~(7)~~ (5) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
 379 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
 380 ~~72-2-124~~ a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
 381 by a 1/64% tax rate on the taxable transactions under Subsection (1).

382 [~~(8)~~ (6) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited
 383 ~~[in]~~ under Subsection [~~(7)~~ (5), and subject to Subsection [~~(8)~~ (6)(b), for a fiscal year
 384 beginning on or after July 1, 2012, the Division of Finance shall deposit into the Transportation
 385 Investment Fund of 2005 created by Section ~~72-2-124~~:

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

- 390 (A) the tax imposed by Subsection (2)(a)(i)(A);
- 391 (B) the tax imposed by Subsection (2)(b)(i);
- 392 (C) the tax imposed by Subsection (2)(c)(i); and
- 393 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

394 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
 395 current fiscal year from the sales and use taxes described in Subsections [~~(8)~~ (6)(a)(i)(A)
 396 through (D) that exceeds the amount collected from the sales and use taxes described in
 397 Subsections [~~(8)~~ (6)(a)(i)(A) through (D) in the 2010-11 fiscal year.

398 (b) (i) Subject to Subsections [~~(8)~~ (6)(b)(ii) and (iii), in any fiscal year that the portion
 399 of the sales and use taxes deposited under Subsection [~~(8)~~ (6)(a) represents an amount that is a

400 total lower percentage of the sales and use taxes described in Subsections ~~[(8)]~~ (6)(a)(i)(A)
401 through (D) generated in the current fiscal year than the total percentage of sales and use taxes
402 deposited in the previous fiscal year, the Division of Finance shall deposit an amount under
403 Subsection ~~[(8)]~~ (6)(a) equal to the product of:

404 (A) the total percentage of sales and use taxes deposited under Subsection ~~[(8)]~~ (6)(a)
405 in the previous fiscal year; and

406 (B) the total sales and use tax revenue generated by the taxes described in Subsections
407 ~~[(8)]~~ (6)(a)(i)(A) through (D) in the current fiscal year.

408 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
409 Subsection ~~[(8)]~~ (6)(a) would exceed 17% of the revenues collected from the sales and use
410 taxes described in Subsections ~~[(8)]~~ (6)(a)(i)(A) through (D) in the current fiscal year, the
411 Division of Finance shall deposit 17% of the revenues collected from the sales and use taxes
412 described in Subsections ~~[(8)]~~ (6)(a)(i)(A) through (D) for the current fiscal year under
413 Subsection ~~[(8)]~~ (6)(a).

414 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected
415 from the sales and use taxes described in Subsections ~~[(8)]~~ (6)(a)(i)(A) through (D) was
416 deposited under Subsection ~~[(8)]~~ (6)(a), the Division of Finance shall annually deposit 17% of
417 the revenues collected from the sales and use taxes described in Subsections ~~[(8)]~~ (6)(a)(i)(A)
418 through (D) in the current fiscal year under Subsection ~~[(8)]~~ (6)(a).

419 ~~[(9)]~~ (7) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited
420 under Subsections ~~[(7)]~~ (5) and ~~[(8)]~~ (6), for a fiscal year beginning on or after July 1, 2012, the
421 Division of Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes
422 listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by
423 Section [72-2-124](#).

424 ~~[(10)]~~ (8) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal
425 year 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
426 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

427 ~~[(11)]~~ (9) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection
428 ~~[(11)]~~ (9)(b), and in addition to any amounts deposited under Subsections ~~[(7), (8), and (9)]~~ (5),
429 (6), and (7), beginning on July 1, 2012, the Division of Finance shall deposit into the
430 Transportation Investment Fund of 2005 created by Section [72-2-124](#) the amount of tax

431 revenue generated by a .025% tax rate on the transactions described in Subsection (1).

432 (b) For purposes of Subsection ~~[(11)]~~ (9)(a), the Division of Finance may not deposit
433 into the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
434 charged for food and food ingredients, except for tax revenue generated by a bundled
435 transaction attributable to food and food ingredients and tangible personal property other than
436 food and food ingredients described in Subsection (2)(d).

437 ~~[(12)]~~ (10) (a) Notwithstanding Subsection (3)(a), and except as provided in
438 Subsection ~~[(12)]~~ (10)(b), beginning on January 1, 2009, the Division of Finance shall deposit
439 into the Transportation Fund created by Section 72-2-102 the amount of tax revenue generated
440 by a .025% tax rate on the transactions described in Subsection (1) to be expended to address
441 chokepoints in construction management.

442 (b) For purposes of Subsection ~~[(12)]~~ (10)(a), the Division of Finance may not deposit
443 into the Transportation Fund any tax revenue generated by amounts paid or charged for food
444 and food ingredients, except for tax revenue generated by a bundled transaction attributable to
445 food and food ingredients and tangible personal property other than food and food ingredients
446 described in Subsection (2)(d).

447 ~~[(13)]~~ (11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after
448 the fiscal year during which the Division of Finance receives notice under ~~[Subsection]~~ Section
449 63N-2-510~~[(3)]~~ that construction on a qualified hotel, as defined in Section 63N-2-502, has
450 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
451 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
452 Impact Mitigation Fund, created in Section 63N-2-512.

453 ~~[(14)]~~ (12) Notwithstanding Subsections (4) through ~~[(13)]~~ (11), an amount required to
454 be expended or deposited in accordance with Subsections (4) through ~~[(13)]~~ (11) may not
455 include an amount the Division of Finance deposits in accordance with Section 59-12-103.2.

456 Section 3. Section 59-12-1201 is amended to read:

457 **59-12-1201. Motor vehicle rental tax -- Rate -- Exemptions -- Administration,**
458 **collection, and enforcement of tax -- Administrative charge -- Deposits.**

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

461 (b) The tax imposed in this section is in addition to all other state, county, or municipal

462 fees and taxes imposed on rentals of motor vehicles.

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

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

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

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

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

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

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

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

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

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

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

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

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

486 (B) Chapter 1, General Taxation Policies.

487 (ii) Notwithstanding Subsection (4)(a)(i), a tax under this part is not subject to
488 Subsections [59-12-103\(4\)](#) through ~~[(12)]~~ [\(10\)](#) or Section [59-12-107.1](#) or [59-12-123](#).

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

491 (c) Except as provided under Subsection (4)(b), all revenue received by the
492 commission under this section shall be deposited daily with the state treasurer and credited

493 monthly to the Marda Dillree Corridor Preservation Fund under Section 72-2-117.

494 Section 4. Section 63N-2-510 is amended to read:

495 **63N-2-510. Report by office -- Posting of report.**

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

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

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

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

505 (d) the estimated and actual costs and economic benefits of the convention incentive
506 commitments that the office made.

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

509 (a) referring to the two annual deposits required under Subsection 59-12-103~~(13)~~(11);
510 and

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

512 Section 5. Section 63N-2-512 is amended to read:

513 **63N-2-512. Hotel Impact Mitigation Fund.**

514 (1) As used in this section:

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

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

518 (c) "Mitigation fund" means the Hotel Impact Mitigation Fund, created in Subsection
519 (2).

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

522 (3) The mitigation fund shall:

523 (a) be administered by the board;

524 (b) earn interest; and
525 (c) be funded by:
526 (i) payments required to be deposited into the mitigation fund by the Division of
527 Finance under Subsection ~~59-12-103(13)~~(11);
528 (ii) money required to be deposited into the mitigation fund under Subsection
529 ~~17-31-9(2)~~ by the county in which a qualified hotel is located; and
530 (iii) any money deposited into the mitigation fund under Subsection (6).
531 (4) Interest earned by the mitigation fund shall be deposited into the mitigation fund.
532 (5) (a) In accordance with office rules, the board shall annually pay up to \$2,100,000 of
533 money in the mitigation fund:
534 (i) to affected hotels;
535 (ii) for four consecutive years, beginning 12 months after the date of initial occupancy
536 of the qualified hotel occurs; and
537 (iii) to mitigate direct losses.
538 (b) (i) If the amount the board pays under Subsection (5)(a) in any year is less than
539 \$2,100,000, the board shall pay to the Stay Another Day and Bounce Back Fund, created in
540 Section ~~63N-2-511~~, the difference between \$2,100,000 and the amount paid under Subsection
541 (5)(a).
542 (ii) The board shall make any required payment under Subsection (5)(b)(i) within 90
543 days after the end of the year for which a determination is made of how much the board is
544 required to pay to affected hotels under Subsection (5)(a).
545 (6) A host local government or qualified hotel owner may make payments to the
546 Division of Finance for deposit into the mitigation fund.
547 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
548 office shall, in consultation with the Utah Hotel and Lodging Association and the county in
549 which the qualified hotel is located, make rules establishing procedures and criteria governing
550 payments under Subsection (5)(a) to affected hotels.
551 Section 6. Section ~~73-10c-4~~ is amended to read:
552 **73-10c-4. Credit enhancement and interest buy-down agreements -- Loans or**
553 **grants -- Hardship grants.**
554 (1) On behalf of the state, the Water Quality Board and the Drinking Water Board may

555 each enter into credit enhancement agreements with political subdivisions containing terms and
556 provisions that the acting board determines will reasonably improve the security for or
557 marketability of drinking water and wastewater project obligations, including any of the
558 following:

559 (a) a term providing security for drinking water and wastewater project obligations, as
560 provided in Subsection 73-10c-6(2)(b), by agreeing to purchase the drinking water or
561 wastewater project obligations of, or to make loans to, political subdivisions from a subaccount
562 of the security fund for the purpose of preventing defaults in the payment of principal and
563 interest on drinking water and wastewater project obligations;

564 (b) a term making loans to political subdivisions to pay the cost of obtaining:

565 (i) letters of credit from banks, savings and loan institutions, insurance companies, or
566 other financial institutions;

567 (ii) municipal bond insurance; or

568 (iii) other forms of insurance or security to provide security for drinking water and
569 wastewater project obligations; and

570 (c) a term providing other methods and assistance to political subdivisions that are
571 reasonable and proper to enhance the marketability of or security for drinking water and
572 wastewater project obligations.

573 (2) (a) The Drinking Water Board and the Water Quality Board may each make loans
574 from a security fund subaccount to political subdivisions to finance all or part of drinking water
575 and wastewater project costs by following the procedures and requirements of Sections
576 73-10c-4.1 and 73-10c-4.2.

577 (b) These loans may only be made after credit enhancement agreements, interest
578 buy-down agreements, and all other financing alternatives have been evaluated by the acting
579 board and the board determines those options are unavailable or unreasonably expensive for the
580 subdivision requesting assistance.

581 (c) Loans may be made from the security fund subaccount at interest rates determined
582 by the board.

583 (3) (a) The Drinking Water Board and the Water Quality Board may each make loans
584 or grants from the security fund to political subdivisions for interest buy-down agreements for
585 drinking water or wastewater project obligations.

586 (b) The Drinking Water Board may make loans or grants from the security account to
587 political subdivisions for planning for drinking water projects.

588 [~~(4) (a) Of the total amount of money annually available to the Drinking Water Board
589 and Water Quality Board for financial assistance to political subdivisions, at least 10% shall be
590 allocated by each board for credit enhancement and interest buy-down agreements.~~]

591 [~~(b) The requirement specified in Subsection (4)(a) shall apply only so long as sales
592 and use tax is transferred to the Utah Wastewater Loan Program Subaccount and Drinking
593 Water Loan Program Subaccount as provided in Section 59-12-103.~~]

594 [(5)] (4) To the extent money is available in the hardship grant subaccounts of the
595 security fund, the Drinking Water Board and the Water Quality Board may each make grants to
596 political subdivisions that meet the drinking water or wastewater project loan considerations
597 respectively, but whose projects are determined by the granting board to not be economically
598 feasible unless grant assistance is provided.

599 [(6)] (5) The Drinking Water and Water Quality Boards may at any time transfer
600 money out of their respective hardship grant subaccounts of the security fund to their respective
601 loan program subaccounts.

602 [(7)] (6) The Water Quality Board may make a grant from the Hardship Grant Program
603 for Wastewater Projects Subaccount created in Subsection 73-10c-5(2)(c) for a nonpoint source
604 project as provided by Section 73-10c-4.5 if:

605 (a) money is available in the subaccount; and

606 (b) the Water Quality Board determines that the project would not be economically
607 feasible unless a grant were made.

608 Section 7. **Repealer.**

609 This bill repeals:

610 Section **73-10-31, Allocation of funds for credit enhancement and interest**
611 **buy-down agreements.**

612 Section 8. **Effective date.**

613 This bill takes effect on July 1, 2016.