

SALES TAX MODIFICATIONS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd D. Weiler

House Sponsor: _____

LONG TITLE**General Description:**

This bill makes modifications to sales and use tax provisions.

Highlighted Provisions:

This bill:

- allows a city or town to put to vote an authorization for funding for botanical, cultural, recreational, and zoological organizations or facilities that allows the tax collection period to be extended to run simultaneously with the repayment of a bond.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-12-1402, as last amended by Laws of Utah 2017, Chapter 422

*Be it enacted by the Legislature of the state of Utah:*Section 1. Section **59-12-1402** is amended to read:

59-12-1402. Opinion question election -- Base -- Rate -- Imposition of tax -- Expenditure of revenue -- Enactment or repeal of tax -- Effective date -- Notice



28 **requirements.**

29 (1) (a) Subject to the other provisions of this section, a city or town legislative body
30 subject to this part may submit an opinion question to the residents of that city or town, by
31 majority vote of all members of the legislative body, so that each resident of the city or town
32 has an opportunity to express the resident's opinion on the imposition of a local sales and use
33 tax of .1% on the transactions described in Subsection 59-12-103(1) located within the city or
34 town, to:

35 (i) fund cultural facilities, recreational facilities, and zoological facilities and botanical
36 organizations, cultural organizations, and zoological organizations in that city or town; ~~or~~

37 (ii) provide funding for a botanical organization, cultural organization, or zoological
38 organization to pay for use of a bus or facility rental if that use of the bus or facility rental is in
39 furtherance of the botanical organization's, cultural organization's, or zoological organization's
40 primary purpose~~[-]; or~~

41 (iii) provide for repayment of a municipal bond issued to provide funding for a
42 purpose, facility, or organization described in Subsections (1)(a)(i) or (ii), if the length of the
43 repayment term is included in the opinion question.

44 (b) The opinion question required by this section shall state:

45 "Shall (insert the name of the city or town), Utah, be authorized to impose a .1% sales
46 and use tax for (list the purposes for which the revenue collected from the sales and use tax
47 shall be expended)?"

48 (c) A city or town legislative body may not impose a tax under this section:

49 (i) if the county in which the city or town is located imposes a tax under Part 7, County
50 Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or
51 Facilities;

52 (ii) on the sales and uses described in Section 59-12-104 to the extent the sales and
53 uses are exempt from taxation under Section 59-12-104; and

54 (iii) except as provided in Subsection (1)(e), on amounts paid or charged for food and
55 food ingredients.

56 (d) For purposes of this Subsection (1), the location of a transaction shall be
57 determined in accordance with Sections 59-12-211 through 59-12-215.

58 (e) A city or town legislative body imposing a tax under this section shall impose the

tax on the purchase price or sales price for amounts paid or charged for food and food ingredients if the food and food ingredients are sold as part of a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients.

(f) Except as provided in Subsection (6), the election shall be held at a regular general election or a municipal general election, as those terms are defined in Section 20A-1-102, and shall follow the procedures outlined in Title 11, Chapter 14, Local Government Bonding Act.

(2) (a) If the city or town legislative body determines that a majority of the city's or town's registered voters voting on the imposition of the tax have voted in favor of the imposition of the tax as prescribed in Subsection (1), the city or town legislative body may impose the tax by a majority vote of all members of the legislative body.

(b) The city or town legislative body may revise city or town ordinances to reflect statutory changes to eligible recipients of revenue generated from a tax imposed under Subsection (2)(a) without submitting an opinion question to residents of the city or town.

(3) Subject to Section 59-12-1403, revenue collected from a tax imposed under Subsection (2) shall be expended:

(a) to finance cultural facilities, recreational facilities, and zoological facilities within the city or town or within the geographic area of entities that are parties to an interlocal agreement, to which the city or town is a party, providing for cultural facilities, recreational facilities, or zoological facilities;

(b) to finance ongoing operating expenses of:

(i) recreational facilities described in Subsection (3)(a) within the city or town or within the geographic area of entities that are parties to an interlocal agreement, to which the city or town is a party, providing for recreational facilities; or

(ii) botanical organizations, cultural organizations, and zoological organizations within the city or town or within the geographic area of entities that are parties to an interlocal agreement, to which the city or town is a party, providing for the support of botanical organizations, cultural organizations, or zoological organizations; and

(c) as stated in the opinion question described in Subsection (1).

(4) (a) Except as provided in Subsections (4)(b) and (c), a tax authorized under this part shall be:

(i) administered, collected, and enforced in accordance with:

(A) the same procedures used to administer, collect, and enforce the tax under:

(I) Part 1, Tax Collection; or

(II) Part 2, Local Sales and Use Tax Act; and

(B) Chapter 1, General Taxation Policies; and

(ii) (A) levied for a period of eight years; and

(B) may be reauthorized at the end of the eight-year period in accordance with this section.

(b) (i) If a tax under this part is imposed for the first time on or after July 1, 2011, the tax shall be levied for a period of 10 years.

(ii) If a tax under this part is reauthorized in accordance with Subsection (4)(a) on or after July 1, 2011, the tax shall be reauthorized for a ten-year period.

(c) If a tax under this part is imposed for repayment of a municipal bond described in Subsection (1)(a)(iii), the tax shall be levied for a term that is equivalent to the bond repayment term, up to 20 years.

~~[(c)]~~ (d) A tax under this section is not subject to Subsections 59-12-205(2) through (6).

(5) (a) For purposes of this Subsection (5):

(i) "Annexation" means an annexation to a city or town under Title 10, Chapter 2, Part 4, Annexation.

(ii) "Annexing area" means an area that is annexed into a city or town.

(b) (i) Except as provided in Subsection (5)(c) or (d), if, on or after July 1, 2004, a city or town enacts or repeals a tax under this part, the enactment or repeal shall take effect:

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

(B) after a 90-day period beginning on the date the commission receives notice meeting the requirements of Subsection (5)(b)(ii) from the city or town.

(ii) The notice described in Subsection (5)(b)(i)(B) shall state:

(A) that the city or town will enact or repeal a tax under this part;

(B) the statutory authority for the tax described in Subsection (5)(b)(ii)(A);

(C) the effective date of the tax described in Subsection (5)(b)(ii)(A); and

(D) if the city or town enacts the tax described in Subsection (5)(b)(ii)(A), the rate of

121 the tax.

122 (c) (i) If the billing period for a transaction begins before the effective date of the
123 enactment of the tax under this section, the enactment of the tax takes effect on the first day of
124 the first billing period that begins on or after the effective date of the enactment of the tax.

125 (ii) The repeal of a tax applies to a billing period if the billing statement for the billing
126 period is produced on or after the effective date of the repeal of the tax imposed under this
127 section.

128 (d) (i) If a tax due under this chapter on a catalogue sale is computed on the basis of
129 sales and use tax rates published in the catalogue, an enactment or repeal of a tax described in
130 Subsection (5)(b)(i) takes effect:

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

132 (B) beginning 60 days after the effective date of the enactment or repeal under
133 Subsection (5)(b)(i).

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

136 (e) (i) Except as provided in Subsection (5)(f) or (g), if, for an annexation that occurs
137 on or after July 1, 2004, the annexation will result in the enactment or repeal of a tax under this
138 part for an annexing area, the enactment or repeal shall take effect:

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

140 (B) after a 90-day period beginning on the date the commission receives notice meeting
141 the requirements of Subsection (5)(e)(ii) from the city or town that annexes the annexing area.

142 (ii) The notice described in Subsection (5)(e)(i)(B) shall state:

143 (A) that the annexation described in Subsection (5)(e)(i) will result in an enactment or
144 repeal a tax under this part for the annexing area;

145 (B) the statutory authority for the tax described in Subsection (5)(e)(ii)(A);

146 (C) the effective date of the tax described in Subsection (5)(e)(ii)(A); and

147 (D) the rate of the tax described in Subsection (5)(e)(ii)(A).

148 (f) (i) If the billing period for a transaction begins before the effective date of the
149 enactment of the tax under this section, the enactment of the tax takes effect on the first day of
150 the first billing period that begins on or after the effective date of the enactment of the tax.

151 (ii) The repeal of a tax applies to a billing period if the billing statement for the billing

period is produced on or after the effective date of the repeal of the tax imposed under this section.

(g) (i) If a tax due under this chapter on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, an enactment or repeal of a tax described in Subsection (5)(e)(i) takes effect:

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

(B) beginning 60 days after the effective date of the enactment or repeal under Subsection (5)(e)(i).

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

(6) (a) Before a city or town legislative body submits an opinion question to the residents of the city or town under Subsection (1), the city or town legislative body shall:

(i) submit to the county legislative body in which the city or town is located a written notice of the intent to submit the opinion question to the residents of the city or town; and

(ii) receive from the county legislative body:

(A) a written resolution passed by the county legislative body stating that the county legislative body is not seeking to impose a tax under Part 7, County Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities; or

(B) a written statement that in accordance with Subsection (6)(b) the results of a county opinion question submitted to the residents of the county under Part 7, County Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities, permit the city or town legislative body to submit the opinion question to the residents of the city or town in accordance with this part.

(b) (i) Within 60 days after the day the county legislative body receives from a city or town legislative body described in Subsection (6)(a) the notice of the intent to submit an opinion question to the residents of the city or town, the county legislative body shall provide the city or town legislative body:

(A) the written resolution described in Subsection (6)(a)(ii)(A); or

(B) written notice that the county legislative body will submit an opinion question to the residents of the county under Part 7, County Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities, for the county to impose a tax under

that part.

(ii) If the county legislative body provides the city or town legislative body the written notice that the county legislative body will submit an opinion question as provided in Subsection (6)(b)(i)(B), the county legislative body shall submit the opinion question by no later than, from the date the county legislative body sends the written notice, the later of:

(A) a 12-month period;

(B) the next regular primary election; or

(C) the next regular general election.

(iii) Within 30 days of the date of the canvass of the election at which the opinion question under Subsection (6)(b)(ii) is voted on, the county legislative body shall provide the city or town legislative body described in Subsection (6)(a) written results of the opinion question submitted by the county legislative body under Part 7, County Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities, indicating that:

(A) (I) the city or town legislative body may not impose a tax under this part because a majority of the county's registered voters voted in favor of the county imposing the tax and the county legislative body by a majority vote approved the imposition of the tax; or

(II) for at least 12 months from the date the written results are submitted to the city or town legislative body, the city or town legislative body may not submit to the county legislative body a written notice of the intent to submit an opinion question under this part because a majority of the county's registered voters voted against the county imposing the tax and the majority of the registered voters who are residents of the city or town described in Subsection (6)(a) voted against the imposition of the county tax; or

(B) the city or town legislative body may submit the opinion question to the residents of the city or town in accordance with this part because although a majority of the county's registered voters voted against the county imposing the tax, the majority of the registered voters who are residents of the city or town voted for the imposition of the county tax.

(c) Notwithstanding Subsection (6)(b), at any time a county legislative body may provide a city or town legislative body described in Subsection (6)(a) a written resolution passed by the county legislative body stating that the county legislative body is not seeking to impose a tax under Part 7, County Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities, which permits the city or town legislative body to

214 submit under Subsection (1) an opinion question to the city's or town's residents.

215 Section 2. **Effective date.**

216 This bill takes effect on July 1, 2023.