

FUEL TAX AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kathleen A. Riebe

House Sponsor: _____

LONG TITLE

General Description:

This bill reduces the motor fuel taxes.

Highlighted Provisions:

This bill:

- ▶ reduces the motor fuel tax rate by the equivalent of 4.5 cents;
- ▶ modifies the increases of the motor fuel tax rate based on changes to the Consumer

Price Index; and

- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-13-201, as last amended by Laws of Utah 2022, Chapter 68

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

Section 1. Section **59-13-201** is amended to read:

**59-13-201. Rate -- Tax basis -- Exemptions -- Revenue deposited into the
Transportation Fund -- Restricted account for boating uses -- Refunds -- Reduction of tax**



28 **in limited circumstances.**

29 (1) (a) Subject to the provisions of this section and except as provided in Subsection
30 (1)(e), a tax is imposed at the rate of [~~16.5%~~] 14.6% of the statewide average rack price of a
31 gallon of motor fuel per gallon upon all motor fuel that is sold, used, or received for sale or
32 used in this state.

33 (b) (i) Until December 31, 2018, and subject to the requirements under Subsection
34 (1)(c), the statewide average rack price of a gallon of motor fuel under Subsection (1)(a) shall
35 be determined by calculating the previous fiscal year statewide average rack price of a gallon of
36 regular unleaded motor fuel, excluding federal and state excise taxes, for the 12 months ending
37 on the previous June 30 as published by an oil pricing service.

38 (ii) Beginning on January 1, 2019, and subject to the requirements under Subsection
39 (1)(c), the statewide average rack price of a gallon of motor fuel under Subsection (1)(a) shall
40 be determined by calculating the previous three fiscal years statewide average rack price of a
41 gallon of regular unleaded motor fuel, excluding federal and state excise taxes, for the 36
42 months ending on the previous June 30 as published by an oil pricing service.

43 (c) (i) Subject to the requirement in Subsection (1)(c)(ii), the statewide average rack
44 price of a gallon of motor fuel determined under Subsection (1)(b) may not be less than \$1.78
45 per gallon.

46 (ii) Beginning on January 1, 2019, the commission shall, on January 1, annually adjust
47 the minimum statewide average rack price of a gallon of motor fuel described in Subsection
48 (1)(c)(i) by taking the minimum statewide average rack price of a gallon of motor fuel for the
49 previous calendar year and adding an amount equal to the greater of:

50 (A) an amount calculated by multiplying the minimum statewide average rack price of
51 a gallon of motor fuel for the previous calendar year by the actual percent change during the
52 previous fiscal year in the Consumer Price Index; and

53 (B) 0.

54 (iii) The statewide average rack price of a gallon of motor fuel determined by the
55 commission under Subsection (1)(b) may not exceed [~~\$2.43 per gallon.~~]:

56 (A) for a calendar year beginning on January 1, 2024, \$2.43 per gallon;

57 (B) for a calendar year beginning on January 1, 2025, \$2.57 per gallon; and

58 (C) for a calendar year beginning on January 1, 2026, and thereafter, \$2.75 per gallon.

59 (iv) The minimum statewide average rack price of a gallon of motor fuel described and
60 adjusted under Subsections (1)(c)(i) and (ii) may not exceed the maximum statewide average
61 rack price of a gallon of motor fuel under Subsection (1)(c)(iii).

62 (d) (i) The commission shall annually:

63 (A) determine the statewide average rack price of a gallon of motor fuel in accordance
64 with Subsections (1)(b) and (c);

65 (B) adjust the fuel tax rate imposed under Subsection (1)(a), rounded to the nearest
66 one-tenth of a cent, based on the determination under Subsection (1)(b);

67 (C) publish the adjusted fuel tax as a cents per gallon rate; and

68 (D) post or otherwise make public the adjusted fuel tax rate as determined in
69 Subsection (1)(d)(i)(B) no later than 60 days before the annual effective date under Subsection
70 (1)(d)(ii).

71 (ii) The tax rate imposed under this Subsection (1) and adjusted as required under
72 Subsection (1)(d)(i) shall take effect on January 1 of each year.

73 (e) In lieu of the tax imposed under Subsection (1)(a) and subject to the provisions of
74 this section, a tax is imposed at the rate of 3/19 of the rate imposed under Subsection (1)(a),
75 rounded up to the nearest penny, upon all motor fuels that meet the definition of clean fuel in
76 Section [59-13-102](#) and are sold, used, or received for sale or use in this state.

77 (2) Any increase or decrease in tax rate applies to motor fuel that is imported to the
78 state or sold at refineries in the state on or after the effective date of the rate change.

79 (3) (a) No motor fuel tax is imposed upon:

80 (i) motor fuel that is brought into and sold in this state in original packages as purely
81 interstate commerce sales;

82 (ii) motor fuel that is exported from this state if proof of actual exportation on forms
83 prescribed by the commission is made within 180 days after exportation;

84 (iii) motor fuel or components of motor fuel that is sold and used in this state and
85 distilled from coal, oil shale, rock asphalt, bituminous sand, or solid hydrocarbons located in
86 this state; or

87 (iv) motor fuel that is sold to the United States government, this state, or the political
88 subdivisions of this state.

89 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

90 commission shall make rules governing the procedures for administering the tax exemption
91 provided under Subsection (3)(a)(iv).

92 (4) The commission may either collect no tax on motor fuel exported from the state or,
93 upon application, refund the tax paid.

94 (5) (a) All revenue received by the commission under this part shall be deposited daily
95 with the state treasurer and credited to the Transportation Fund.

96 (b) An appropriation from the Transportation Fund shall be made to the commission to
97 cover expenses incurred in the administration and enforcement of this part and the collection of
98 the motor fuel tax.

99 (6) (a) The commission shall determine what amount of motor fuel tax revenue is
100 received from the sale or use of motor fuel used in motorboats registered under Title 73,
101 Chapter 18, State Boating Act, and this amount shall be deposited into a restricted revenue
102 account in the General Fund of the state.

103 (b) The funds from this account shall be used for the construction, improvement,
104 operation, and maintenance of state-owned boating facilities and for the payment of the costs
105 and expenses of the Division of Outdoor Recreation in administering and enforcing Title 73,
106 Chapter 18, State Boating Act.

107 (7) (a) The United States government or any of its instrumentalities, this state, or a
108 political subdivision of this state that has purchased motor fuel from a licensed distributor or
109 from a retail dealer of motor fuel and has paid the tax on the motor fuel as provided in this
110 section is entitled to a refund of the tax and may file with the commission for a quarterly
111 refund.

112 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
113 commission shall make rules governing the application and refund provided for in Subsection
114 (7)(a).

115 (8) (a) The commission shall refund annually into the Off-highway Vehicle Account in
116 the General Fund an amount equal to .5% of the motor fuel tax revenues collected under this
117 section.

118 (b) This amount shall be used as provided in Section [41-22-19](#).

119 (9) (a) Beginning on April 1, 2001, a tax imposed under this section on motor fuel that
120 is sold, used, or received for sale or use in this state is reduced to the extent provided in

121 Subsection (9)(b) if:

122 (i) a tax imposed on the basis of the sale, use, or receipt for sale or use of the motor
123 fuel is paid to the Navajo Nation;

124 (ii) the tax described in Subsection (9)(a)(i) is imposed without regard to whether or
125 not the person required to pay the tax is an enrolled member of the Navajo Nation; and

126 (iii) the commission and the Navajo Nation execute and maintain an agreement as
127 provided in this Subsection (9) for the administration of the reduction of tax.

128 (b) (i) If but for Subsection (9)(a) the motor fuel is subject to a tax imposed by this
129 section:

130 (A) the state shall be paid the difference described in Subsection (9)(b)(ii) if that
131 difference is greater than \$0; and

132 (B) a person may not require the state to provide a refund, a credit, or similar tax relief
133 if the difference described in Subsection (9)(b)(ii) is less than or equal to \$0.

134 (ii) The difference described in Subsection (9)(b)(i) is equal to the difference between:

135 (A) the amount of tax imposed on the motor fuel by this section; less

136 (B) the tax imposed and collected by the Navajo Nation on the motor fuel.

137 (c) For purposes of Subsections (9)(a) and (b), the tax paid to the Navajo Nation under
138 a tax imposed by the Navajo Nation on the basis of the sale, use, or receipt for sale or use of
139 motor fuel does not include any interest or penalties a taxpayer may be required to pay to the
140 Navajo Nation.

141 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
142 commission shall make rules governing the procedures for administering the reduction of tax
143 provided under this Subsection (9).

144 (e) The agreement required under Subsection (9)(a):

145 (i) may not:

146 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;

147 (B) provide a reduction of taxes greater than or different from the reduction described
148 in this Subsection (9); or

149 (C) affect the power of the state to establish rates of taxation;

150 (ii) shall:

151 (A) be in writing;

- 152 (B) be signed by:
- 153 (I) the chair of the commission or the chair's designee; and
- 154 (II) a person designated by the Navajo Nation that may bind the Navajo Nation;
- 155 (C) be conditioned on obtaining any approval required by federal law;
- 156 (D) state the effective date of the agreement; and
- 157 (E) state any accommodation the Navajo Nation makes related to the construction and
- 158 maintenance of state highways and other infrastructure within the Utah portion of the Navajo
- 159 Nation; and

160 (iii) may:

161 (A) notwithstanding Section 59-1-403, authorize the commission to disclose to the

162 Navajo Nation information that is:

- 163 (I) contained in a document filed with the commission; and
- 164 (II) related to the tax imposed under this section;
- 165 (B) provide for maintaining records by the commission or the Navajo Nation; or
- 166 (C) provide for inspections or audits of distributors, carriers, or retailers located or
- 167 doing business within the Utah portion of the Navajo Nation.

168 (f) (i) If, on or after April 1, 2001, the Navajo Nation changes the tax rate of a tax

169 imposed on motor fuel, any change in the reduction of taxes under this Subsection (9) as a

170 result of the change in the tax rate is not effective until the first day of the calendar quarter after

171 a 60-day period beginning on the date the commission receives notice:

- 172 (A) from the Navajo Nation; and
- 173 (B) meeting the requirements of Subsection (9)(f)(ii).
- 174 (ii) The notice described in Subsection (9)(f)(i) shall state:
- 175 (A) that the Navajo Nation has changed or will change the tax rate of a tax imposed on
- 176 motor fuel;
- 177 (B) the effective date of the rate change of the tax described in Subsection (9)(f)(ii)(A);
- 178 and
- 179 (C) the new rate of the tax described in Subsection (9)(f)(ii)(A).

180 (g) If the agreement required by Subsection (9)(a) terminates, a reduction of tax is not

181 permitted under this Subsection (9) beginning on the first day of the calendar quarter after a

182 30-day period beginning on the day the agreement terminates.

183 (h) If there is a conflict between this Subsection (9) and the agreement required by
184 Subsection (9)(a), this Subsection (9) governs.

185 Section 2. **Effective date.**

186 This bill takes effect on January 1, 2024.