

Effective 5/1/2024

10-1-304 Energy sales and use tax -- Rate -- Imposition or repeal of tax -- Tax rate change -- Effective date -- Notice requirements -- Exemptions.

- (1)
 - (a) Except as provided in Subsections (4) and (5), a municipality may levy a municipal energy sales and use tax on the sale or use of taxable energy within the municipality:
 - (i) by ordinance as provided in Section 10-1-305; and
 - (ii) of up to 6% of the delivered value of the taxable energy.
 - (b) Subject to Section 63H-1-203, the military authority may levy a municipal energy sales and use tax under this part within a project area described in a project area plan adopted by the military authority under Title 63H, Chapter 1, Military Installation Development Authority Act, as though the military authority were a municipality.
 - (c)
 - (i) Beginning July 1, 2022, the point of the mountain authority may by resolution levy a municipal energy sales and use tax under this part within the area that constitutes the point of the mountain state land, as defined in Section 11-59-102, as though the point of the mountain authority were a municipality.
 - (ii) The point of the mountain authority's adoption of a resolution under Subsection (1)(c)(i) that otherwise complies with the requirements under this part applicable to an ordinance is considered the equivalent of adopting an ordinance under this part.
 - (d)
 - (i) Beginning October 1, 2024, the fairpark district may by resolution levy a municipal energy sales and use tax under this part within the district sales tax area, as defined in Section 11-70-101, as though the fairpark district were a municipality.
 - (ii) The fairpark district's adoption of a resolution under Subsection (1)(d)(i) that otherwise complies with the requirements under this part applicable to an ordinance is considered the equivalent of adopting an ordinance under this part.
- (2) A municipal energy sales and use tax imposed under this part may be in addition to any sales and use tax imposed by the municipality under Title 59, Chapter 12, Sales and Use Tax Act.
- (3)
 - (a) For purposes of this Subsection (3):
 - (i) "Annexation" means an annexation to a municipality under Chapter 2, Part 4, Annexation.
 - (ii) "Annexing area" means an area that is annexed into a municipality.
 - (b)
 - (i) If, on or after May 1, 2000, a city or town enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal, or change 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 (3)(b)(ii) from the municipality.
 - (ii) The notice described in Subsection (3)(b)(i)(B) shall state:
 - (A) that the city or town will enact or repeal a tax or change the rate of a tax under this part;
 - (B) the statutory authority for the tax described in Subsection (3)(b)(ii)(A);
 - (C) the effective date of the tax described in Subsection (3)(b)(ii)(A); and
 - (D) if the city or town enacts the tax or changes the rate of the tax described in Subsection (3)(b)(ii)(A), the new rate of the tax.
 - (c)
 - (i) If, for an annexation that occurs on or after May 1, 2000, the annexation will result in a change in the rate of a tax under this part for an annexing area, the change 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 (3)(c)(ii) from the municipality that annexes the annexing area.
- (ii) The notice described in Subsection (3)(c)(i)(B) shall state:
- (A) that the annexation described in Subsection (3)(c)(i) will result in a change in the rate of a tax under this part for the annexing area;
 - (B) the statutory authority for the tax described in Subsection (3)(c)(ii)(A);
 - (C) the effective date of the tax described in Subsection (3)(c)(ii)(A); and
 - (D) the new rate of the tax described in Subsection (3)(c)(ii)(A).
- (4)
- (a) Subject to Subsection (4)(b), a sale or use of electricity within a municipality is exempt from the tax authorized by this section if the sale or use is made under a tariff adopted by the Public Service Commission of Utah only for purchase of electricity produced from a new source of alternative energy, as defined in Section 59-12-102, as designated in the tariff by the Public Service Commission of Utah.
 - (b) The exemption under Subsection (4)(a) applies to the portion of the tariff rate a customer pays under the tariff described in Subsection (4)(a) that exceeds the tariff rate under the tariff described in Subsection (4)(a) that the customer would have paid absent the tariff.
- (5)
- (a) A municipality may not levy a municipal energy sales and use tax:
 - (i) within any portion of the municipality that is within a project area described in a project area plan adopted by the military authority under Title 63H, Chapter 1, Military Installation Development Authority Act;
 - (ii) on or after July 1, 2022, within the point of the mountain state land, as defined in Section 11-59-102; or
 - (iii) on or after October 1, 2024, within the district sales tax area, as defined in Section 11-70-101.
 - (b) Subsection (5)(a) does not apply to:
 - (i) the military authority's levy of a municipal energy sales and use tax;
 - (ii) the point of the mountain authority's levy of a municipal energy sales and use tax; or
 - (iii) the fairpark district's levy of a municipal energy sales and use tax.
- (6) A tax levied under this part by the military authority, point of the mountain authority, or fairpark district shall be administered and collected on behalf of and paid to the military authority, point of the mountain authority, or fairpark district, respectively, in the same way that a tax levied under this part by a municipality is administered and collected on behalf of and paid to the municipality.

Amended by Chapter 419, 2024 General Session