



OFFICE OF THE
UTAH STATE AUDITOR

Auditor Alert – 2016-02

Subject: New County Option Sales Tax for Highways and Public Transit

Date: June 10, 2016

Background:

During the 2015 General Session of the Legislature, HB362 created *Utah Code 59-12-2219* which permitted counties to hold an election allowing the citizens to authorize the imposition of an additional local option sales and use tax for highways and public transit.

Accounting for the Tax:

Counties: The County that imposed the tax should report sales tax revenue for the entire amount of the tax imposed within the county, even the portion that is distributed to other local governments. The county should then report a “Contribution to Other Governments” or similar descriptive term for the portion provided to the other local governments.

Other Local Governments: Other local governments should not report the amount they receive from this new tax as sales tax revenue, but should report it using another revenue description such as “Contribution from Other Governments” (see [Auditor Alert 2014-3](#)).

Restrictions on use:

The revenue received by a local government entity is subject to restrictions in *Utah Code 59-12-2219(11)*. These revenues and related expenditures are subject to testing by independent auditors along with all other restricted revenue sources.

Summary of Timing and Distribution:

If the tax is approved by voters, a county must pass an ordinance imposing the tax and give notice to the Utah State Tax Commission (USTC). The tax then becomes effective the first day of the calendar quarter beginning at least 90 days after the USTC receives notice. The voters in ten counties approved this tax in 2015. Eight of those counties – Carbon, Davis, Duchesne, Grand, Rich, San Juan, Sevier and Weber – passed the ordinance and provided notice to the USTC before the end of December 2015, which allows the tax to begin on April 1, 2016. For the other two counties – Tooele and Sanpete – the tax will begin on July 1, 2016.

Monthly reports showing amounts distributed for this new tax under the heading “County Highway & Public Transit” are available on the USTC website at tax.utah.gov/sales/distribution.