

Utah Update - March 3, 2014

UPMRA Day on Capitol Hill - February 26, 2014

On February 26, UPMRA held its annual legislative **Day on Capitol Hill** in Utah's State Capitol. We had good attendance by UPMRA members and board members. We heard presentations by Rep. Johnny Anderson and Sen. John Valentine concerning their different motor fuel tax bills. Rep. Don Ipson also attended and joined in that discussion. In addition, Rep. Steve Eliason spoke about his UST legislation. Those in attendance had a good discussion about these legislative proposals and other bills of potential interest to UPMRA members, and discussed member concerns.

Following the lunch meeting several UPMRA members met again with Rep. Eliason to make some additional suggestions concerning his UST legislation, and as a result of the lunch meeting, other UPMRA members met with Sen. Valentine with proposed changes to SB 60, Fuel Excise Tax Amendments.

Legislative Update with 8 days to go in the session...

SB 60, Fuel Excise Tax Amendments

Prior to the legislative session, leadership decided not to hear any gas tax bills and they haven't this session; however, Senator John Valentine's SB60 restructures the gas tax by reducing the current motor fuel tax to 14 cents and enacting a new motor fuel excise tax that would be imposed at the rack and would be tied to a 3-year average annual OPIS price for a gallon of unleaded motor fuel.

The bill creates a "floor" price, so the OPIS price could not dip below the \$2.84 calculated for last year. This price would be multiplied by 3.69% to determine the actual tax to be paid. The \$2.84 OPIS price and the 3.69% figures are intended to make the bill **revenue neutral** in 2014, but the amount of the cents per gallon tax would then rise or fall, but not below \$2.84, as the OPIS price changes.

This proposal will never generate less revenue than the current tax mechanism would generate in 2014, but will have a reasonable chance of increasing if the OPIS price increases.

Sen. Valentine met with UPMRA's Larry Hansen, John Hill and Gary Thorup and agreed to include (1) a more refined and clear description of the OPIS benchmark to be used to calculate the annual excise tax, (2) a 90-day notice period prior to the benchmark adoption for the next year, and (3) a six-year "sunset" date. Additionally, **we clarified with**

the State Tax Commission that both the current motor fuel tax and the new excise tax will continue to be collected, reported and remitted by the distributors and that the 2% vendors' discount will be applied to both taxes.

The bill has been amended to make the benchmark a "three-year" average, in deference to distributors that import a lot of motor fuel. But how the final version of the bill will look is still unknown with eight days to go in the legislative session.

HB 138, Underground Petroleum Tank Trust Fund Amendments

This bill, which attempts to reduce the negative equity balance in the State PST Fund, has been assigned to the House Natural Resources Standing Committee which is scheduled to meet on Friday, March 7. The bill includes an increase in the environmental surcharge from 1/2 cent to 13/20 cent and adds a "risk-based" rebate system that returns up to 40% of the fees collected to owners of low-risk underground storage tanks.

The bill also rolls the current PST loan fund back into the Trust Fund and allows for loans to upgrade, replace or close tanks, covering over 80% of the loan cost for no longer than 10 years, at **0% annual interest**. Finally, the bill also proposes an increase in tank fees from \$50 to \$150, with the biggest increase for tanks with throughput of less than 70,000 gallons, which rate goes to \$450 annually.

SB 182, Motor Fuel Tax Revisions

This bill of Senator Jim Dabakis was discussed at length in Interim committee with two Utah County retailers requesting 1% of the 2% collection allowance given to motor fuel distributors by the Utah State Tax Commission for being the state's fuel tax collectors. The bill was on an early Revenue and Taxation committee agenda, but was pulled by the sponsor before being heard, and was never re-scheduled for a committee hearing, dying this session.

SB 12, Age Limit for Tobacco and Related Products

This bill would have increased the age for the purchase, possession or use of tobacco products from 19 to 21, but the \$2+MM fiscal note, which was the estimated annual loss in cigarette tax revenue is probably what led the Senate to vote the bill down.

The 2014 legislative session ends on March 13. **If you are not yet receiving the UPMRA Legislative Advocacy Emails, sign up on our webpage: www.wpma.com/Utah.** A final legislative recap of all major issues affecting UPMRA members will be emailed after the dust finally settles.

OTHER NEWS:

Davis Park to Host UPMRA Summer Golf Classic

On **Thursday, June 19, 2014** grab your golf clubs and associates, and join UPMRA golfers at Davis Park Golf Course in Fruit Heights, Utah.

Davis Park features an incredible blend of mountain, valley and lake views. It is known for its smooth putting surfaces and wildlife scenery.

Park City Marriott to Host 2014 Convention & Trade Show

On **September 10-12, 2014**, UPMRA members and associates will descend on Park City in the heart of Utah's Rocky Mountains, for UPMRA's annual Convention & Trade Show.

We will be golfing Thursday morning; course negotiations are taking place now, and expect it should be a unique experience, with Trade Show and reception Thursday afternoon/evening. On Friday, there will be top-notch speakers, a larger trade show, networking opportunities, good food, fun prizes and a great getaway for you and your family.