

**TITLE 6.  
FINANCE AND TAXATION.**

**CHAPTER 6-500. MUNICIPAL  
ENERGY SALES AND USE TAX.**

**6-501. Purpose.** It is the intent of Tremonton City to and Tremonton City does hereby repeal Chapter 6-300 of the Revised Ordinances of Tremonton City corporation to the extent that said Chapter 6-300 levies a license tax on the sale and use of gas and electric energy service within the City, and to adopt a municipal energy sales and use tax, pursuant to, and in conformance with, Utah Code Ann. § 10-1-301 *et seq.*, "The Municipal Energy Sales and Use Tax Act." The license tax levied by said Chapter 6-300 on telephone service within the corporate limits of Tremonton City shall remain in full force and effect.

**6-502. Definitions.**

(1) Consumer means a person who acquires taxable energy for any use that is subject to the Municipal Energy Sales and Use Tax.

(2) Contractual Franchise Fee means:

- (a) a fee;
  - (i) provided for in a franchise agreement; and
  - (ii) that is consideration for the franchise agreement; or
- (b) (i) a fee similar to subsection (2)(a); or
  - (ii) any combination of subsections (2)(a) or (2)(b).

(3) (a) Delivered Value means the fair market value of the taxable energy delivered for sale or use in the municipality and includes:

- (i) the value of the energy itself; and
- (ii) any transportation, freight, customer demand charges, service charges, or other costs typically incurred in providing taxable energy in usable form to each class of customer in the municipality,

(b) Delivered Value does not include the amount of a tax paid under Part 1 or Part 2 of Chapter 12, Title 59 of the Utah Code Annotated.

(4) Energy Supplier means a person supplying taxable energy, except for persons supplying a de minimus amount of taxable energy, if such persons

are excluded by rule promulgated by the State Tax Commission.

(5) Franchise Agreement means a franchise or an ordinance, contract, or agreement granting a franchise.

(6) Franchise Tax means:

- (a) a franchise tax;
- (b) a tax similar to a franchise tax; or
- (c) any combination of subsections (a) or (b)

(7) Person includes any individual, firm, partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate, this state, any county, city, municipality, district, or other local government entity of the state, or any group or combination acting as a unit.

(8) Sale means any transfer of title, exchange, or barter, conditional or otherwise, in any manner, of taxable energy for a consideration. It includes:

- (a) installment and credit sales;
- (b) any closed transaction constituting a sale;

(c) any transaction under which right to acquire, use or consume taxable energy is granted under a lease or contract and the transfer would be taxable if an outright sale were made.

(9) Storage means any keeping or retention of taxable energy in Tremonton City for any purpose except sale in the regular course of business.

(a) Use means the exercise of any right or power over taxable energy incident to the ownership or the leasing of the taxable energy.

(b) Use does not include the sale, display, demonstration, or trial of the taxable energy in the regular course of business and held for resale.

(10) Taxable Energy means gas and electricity.

**6-503. Municipal Energy Sale and Use Tax.**

There is hereby levied, subject to the provisions of this chapter, a tax on every sale or use of taxable energy made within Tremonton City equaling six percent (6%) of the delivered value of the taxable energy to the consumer. This tax shall be known as the Municipal Energy Sales and Use Tax.

(1) The tax shall be calculated on the delivered value of the taxable energy to the consumer.

(2) The tax shall be in addition to any sales or use tax on taxable energy imposed by Tremonton City authorized by Title 59, Chapter 12, Part 2 of the Utah Code Annotated, The Local Sales and Use Tax

Act.

tax due under this Chapter exceeds that tax paid to the other municipality.

**6-504. Exemptions from the Municipal Energy Sales and Use Tax.**

(1) No exemption are granted from the Municipal Energy Sales and Use Tax except as expressly provided in the Utah Code Ann. § 10-1-035(2)(b); notwithstanding an exemption granted by § 59-1-104 of the Utah Code.

(2) The following are exempt from the Municipal Energy Sales and Use Tax, pursuant to Utah Code Ann. § 10-1-305 (2)(b):

(a) Sales and of aviation fuel, motor fuel, and special fuels subject to taxation under Title 59, Chapter 13 of the Utah Code Annotated;

(b) Sales and use of taxable energy that is exempt from taxation under federal law, the United States Constitution, or the Utah Constitution;

(c) Sales and use of taxable energy purchased or stored for resale;

(d) Sales or use of taxable energy to a person, if primary use of the taxable energy is for use in compounding or producing taxable energy or a fuel subject to taxation under Title 59, Chapter 13 of the Utah code Annotated;

(e) Taxable energy brought into the state by a nonresident for the nonresident's own personal use or enjoyment while within the state, except taxable energy purchased for use in the state by a nonresident living or working in the state at the time of purchase;

(f) The sale or use of taxable energy for any purpose other than as a fuel or energy; and

(g) The sale of taxable energy for use outside the boundaries of Tremonton City.

(3) The sale, storage, use or other consumption of taxable energy is exempt from the Municipal Energy Sales and Use Tax levied by this Chapter, provided:

(a) The delivered value of the taxable energy has been subject to a municipal energy sales or use tax levied by another municipality within the state authorized by Title 59, Chapter 12, Part 3 of the Utah Code Annotated; and

(b) Tremonton City is paid the difference between the tax paid to the other municipality and the tax that would otherwise be due under this Chapter, if the

**6-505. No Effect upon Existing Franchises - Credit for Franchise Fees.**

(1) This Chapter shall not alter any existing franchise agreements between Tremonton City and energy suppliers.

(2) There is a credit against the tax due from any consumer in the amount of a contractual franchise fee paid if:

(a) the energy supplier pays the contractual franchise fee to Tremonton City pursuant to a franchise agreement in effect on July 1, 1997;

(b) the contractual franchise fee is passed through by the energy supplier to a consumer as a separately itemized charge; and

(c) the energy supplier has accepted the franchise.

**6-506. Tax Collection Contract with State Tax Commission.**

(1) On or before the effective date of this Chapter, Tremonton City shall contract with the State Tax Commission to perform all functions incident to the administration and collection of the Municipal Energy Sales and Use Tax, in accordance with this Chapter. The Mayor and City Recorder are hereby authorized to execute, deliver and enter into an Agreement for State Administration of Municipal Energy Sales and Use Tax and such other documents and agreements with the Utah State Tax Commission that may be necessary to the continued administration and operation of the Municipal Energy Sales and Use Tax Ordinance enacted by this Chapter.

(2) An energy supplier shall pay the Municipal Energy Sales and Use Tax revenues collected from consumers directly to Tremonton City monthly if:

(3) (a) Tremonton City is the energy supplier; or

(b) (i) the energy supplier estimates that the municipal energy sales and use tax collected annually from its Utah consumers equals \$1,000,000 or more, and

(ii) the energy supplier collects the Municipal Energy Sales and Use Tax.

(4) An energy supplier paying the Municipal Energy Sales and Use Tax directly to Tremonton City may deduct any contractual franchise fees collected by the energy supplier qualifying as a credit

and remit the net tax less any amount the energy supplier retains as authorized by § 10-1-307(4), Utah Code Annotated.

**6-507. Incorporation of Part 1, Chapter 12, Title 59, Utah Code, Including Amendments.**

(1) Except as herein provided, and except insofar as they are inconsistent with the provisions of Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act, as well as this Chapter, all of the provisions of Part 1, Chapter 12, Title 59 of the Utah Code Annotated 1953, as amended, and in force and effect on the effective date of this Chapter, insofar as they relate to sales and use taxes, excepting Sections 59-12-101 and 59-12-119 thereof, and excepting for the amount of the sales and use taxes levied therein, are hereby adopted and made a part of this Chapter as if fully set forth herein.

(2) Wherever, and to the extent that in Part 1, Chapter 12, Title 59, Utah Code Annotated 1953, as amended, that State of Utah is name or referred to as the “taxing agency,” the name of Tremonton City shall be substituted, insofar as is necessary for the purposes of that part, as well as Part 3, Chapter 1, Title 10, Utah Code Annotated 1953, as amended. Nothing in this subparagraph (b) shall be deemed to require substitution of the name Tremonton City for the word “State” when that word is used as part of the title of the State Tax Commission, or of the Constitution of Utah, nor shall the name of Tremonton City be substituted for that of the State in any section when the result of such a substitution would require action to be taken by or against Tremonton City or any agency thereof, rather than by or against the State Tax Commission in performing the functions incident to the administration or operation of this Chapter.

(3) Any amendments made to Part 1, Chapter 12, Title 59, Utah Code Annotated 1953, as amended, which would applicable to Tremonton City for the purposes of carrying out this Chapter are hereby incorporated herein by reference and shall be effective upon the date they are effective as a Utah Statute.

**6-508. No Additional License to Collect the Municipal Energy Sale and Use Tax Required — No Additional License or Reporting Requirements.** No additional license to collect or report the Municipal Energy Sales and Use Tax levied by this Chapter is required, provided the energy supplier collecting the tax has a license issued under Section 59-12-106, Utah Code

Annotated.

**6-509. Effective Date.** This Chapter is effective June 30, 1997. The Municipal Energy Sales and Use Tax shall be levied and collected beginning 12:01 A.M., July 1, 1997.

(1) All ordinances and resolutions of the city, or parts thereof, inconsistent herewith, are hereby repealed only to the extent of such inconsistency. This repealer shall not be constructed as reviving any law, order, resolution or ordinance or part thereof.

(2) Should any section, clause or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, such action shall not affect the validity of any portion of the Ordinance not declared to be invalid.

Rev 07-15.1