

**Representative Sheryl L. Allen** proposes the following substitute bill:

**FUNDING FOR TOURISM**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Peter C. Knudson**

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**LONG TITLE**

**General Description:**

This bill modifies provisions relating to tourism advertising, marketing, and branding.

**Highlighted Provisions:**

This bill:

- ▶ modifies the duties, membership, and powers of the Board of Travel Development within the Division of Travel Development;
- ▶ creates a statewide accommodations and services tax to be deposited in the Tourism Economic Stimulus Fund;
- ▶ provides for the distribution of certain monies from the fund;
- ▶ provides for the transfer of remaining monies in the Tourism Marketing Performance Fund to the Tourism Economic Stimulus Fund;
- ▶ provides for sunset review of the Board of Travel Development; and
- ▶ makes certain technical changes.

**Monies Appropriated in this Bill:**

This bill appropriates:

- ▶ \$1,500,000 for fiscal year 2004-05 only, from the General Fund to the Tourism Economic Stimulus Fund.

**Other Special Clauses:**

This bill takes effect on July 1, 2004.



26 This bill provides a coordination clause.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **9-3-201**, as last amended by Chapter 109, Laws of Utah 1994

30 **9-3-202**, as last amended by Chapter 176, Laws of Utah 2002

31 **9-3-203**, as last amended by Chapter 109, Laws of Utah 1994

32 **9-3-204**, as last amended by Chapter 207, Laws of Utah 2002

33 **63-55-209**, as last amended by Chapter 291, Laws of Utah 2003

34 ENACTS:

35 **9-3-207**, Utah Code Annotated 1953

36 **59-12-103.3**, Utah Code Annotated 1953

37 REPEALS:

38 **9-2-1701**, as enacted by Chapter 301, Laws of Utah 1997

39 **9-2-1702**, as last amended by Chapter 159, Laws of Utah 2001

40 **9-2-1703**, as last amended by Chapter 159, Laws of Utah 2001

41 **9-2-1703.5**, as last amended by Chapters 16 and 83, Laws of Utah 2003

42 **9-2-1704**, as last amended by Chapter 159, Laws of Utah 2001

43 **9-2-1705**, as last amended by Chapter 159, Laws of Utah 2001

44 **9-2-1706**, as enacted by Chapter 159, Laws of Utah 2001



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

47 Section 1. Section **9-3-201** is amended to read:

48 **9-3-201. Board of Travel Development.**

49 (1) There is created within the department the Board of Travel Development.

50 (2) The board shall advise the division in the division's planning, policies, and  
51 strategies and on trends and opportunities for travel development that may exist in the various  
52 areas of the state.

53 (3) The board shall perform the duties required by Section 9-3-203.

54 Section 2. Section **9-3-202** is amended to read:

55 **9-3-202. Members -- Meetings -- Expenses.**

56 (1) (a) The board shall consist of [~~nine~~] 11 members appointed by the governor to

57 four-year terms of office with the consent of the Senate.

58 (b) Notwithstanding the requirements of Subsection (1)(a), the governor shall, at the  
59 time of appointment or reappointment, adjust the length of terms to ensure that the terms of  
60 board members are staggered so that approximately half of the board is appointed every two  
61 years.

62 (2) The members may not serve more than two full consecutive terms unless the  
63 governor determines that an additional term is in the best interest of the state.

64 (3) Not more than [~~five~~] six members of the board may be of the same political party.

65 (4) (a) The members shall be representative of:

66 (i) all areas of the state with [~~six~~] five being appointed from separate geographical  
67 areas as provided in Subsection (4)(b); [~~and~~]

68 (ii) a diverse mix of [~~the~~] business ownership or executive management of travel [~~and~~]  
69 tourism [~~related industries.~~]; and

70 (iii) policy-level county government.

71 (b) The geographical representatives shall be appointed as follows:

72 (i) one member from Salt Lake, Tooele, [~~or Morgan~~] Summit, or Wasatch County;

73 (ii) one member from [~~Davis, Weber,~~] Box Elder, Cache, [or] Rich [County], Weber,  
74 Davis, or Morgan County;

75 (iii) one member from Utah, [~~Summit,~~] Juab, [or Wasatch] Millard, Beaver, Piute,  
76 Sevier, or Sanpete County;

77 (iv) one member from Carbon, Emery, Grand, Duchesne, Daggett, [~~or~~] Uintah, or San  
78 Juan County; and

79 (v) one member from [~~San Juan, Piute,~~] Iron, Washington, Wayne, Garfield, or Kane  
80 County[; and].

81 [~~(vi) one member from Washington, Iron, Beaver, Sanpete, Sevier, or Millard County.]~~

82 (c) The travel [~~and~~], tourism, and industry representatives of ownership and executive  
83 management shall be appointed [~~from among active participants in the ownership or~~  
84 ~~management of travel and tourism related businesses.] as follows:~~

85 (i) two members from ownership or executive management of the lodging industry, as  
86 recommended by the lodging industry for the governor's consideration;

87 (ii) one member from ownership or executive management in the motor vehicle rental

88 industry, as recommended by the motor vehicle rental industry for the governor's consideration;  
89 and

90 (iii) one member from ownership or executive management of the ski industry, as  
91 recommended by the ski industry for the governor's consideration.

92 (d) One member shall be appointed at large from ownership or executive management  
93 of business, finance, economic policy, or the academic media marketing community.

94 (e) The county government representative referred to in Subsection (4)(a)(iii) shall be  
95 appointed by the governor from an elected county executive or county legislative body, as  
96 recommended by the Utah Association of Counties for the governor's consideration.

97 (f) (i) The governor may choose to disregard a recommendation made for a board  
98 member under Subsection (4)(c)(i), (ii), (iii), or (4)(e).

99 (ii) The governor may request additional recommendations or make an appointment  
100 without making the request.

101 (5) When a vacancy occurs in the membership for any reason, the replacement shall be  
102 appointed for the unexpired term from the same geographic area or industry representation as  
103 the member whose office was vacated.

104 (6) [~~Five~~] Six members of the board [~~constitutes~~] constitute a quorum for conducting  
105 board business and exercising board powers.

106 (7) The governor shall select one of the board members as chair and one of the board  
107 members as vice chair, each for a [~~two~~] four-year term as recommended by the board for the  
108 governor's consideration.

109 (8) (a) Members shall receive no compensation or benefits for their services, but may  
110 receive per diem and expenses incurred in the performance of the member's official duties at  
111 the rates established by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

112 (b) Members may decline to receive per diem and expenses for their service.

113 (9) The board shall meet [~~at least once each quarter~~] monthly or as often as the board  
114 determines to be necessary at various locations throughout the state.

115 (10) Members who may have a potential conflict of interest in consideration of fund  
116 allocation decisions shall identify the potential conflict and abstain from voting on the issue.

117 (11) (a) The board may invite the current chair of the Utah Tourism Industry Coalition  
118 to participate ex officio in board activities.

119 (b) The chair of the Utah Tourism Industry Coalition may not vote or receive  
120 compensation or per diem expenses for participating in board activities.

121 (12) (a) The board shall determine attendance requirements for maintaining a  
122 designated board seat.

123 (b) If a board member fails to attend according to the requirements established  
124 pursuant to Subsection (12)(a), the board member shall be replaced upon written certification  
125 from the board chair or vice chair to the governor.

126 (c) A replacement appointed by the governor under Subsection (12)(b) shall serve for  
127 the remainder of the board member's unexpired term.

128 Section 3. Section **9-3-203** is amended to read:

129 **9-3-203. Board duties.**

130 (1) The board shall:

131 (a) ~~[review]~~ have limited policy authority to approve a program of [information,] state  
132 advertising, [and publicity relating to the recreational, scenic, historic, highway, and tourist  
133 attractions of the state at large; and] marketing, and branding, taking into account the long-term  
134 strategic plan, economic trends, and opportunities for travel development on a statewide basis,  
135 as a condition of its distribution of funds to the division from the Tourism Economic Stimulus  
136 Fund under Section 9-3-207;

137 ~~[(b) encourage and assist in the coordination of the activities of persons, firms,  
138 associations, corporations, civic groups, and governmental agencies engaged in publicizing,  
139 developing, and promoting the scenic attractions and tourist advantages of the state.]~~

140 (b) review the division programs for coordination and integration of advertising and  
141 branding themes to be used whenever possible in all division programs, including recreational,  
142 scenic, historic, and tourist attractions of the state at large;

143 (c) encourage and assist in coordination of the activities of persons, firms, associations,  
144 corporations, civic groups, and governmental agencies engaged in publicizing, developing, and  
145 promoting the scenic attractions and tourist advantages of the state; and

146 (d) (i) establish a Cooperative Program from the monies in the Tourism Economic  
147 Stimulus Fund under Section 9-3-207 for use by cities, counties, nonprofit destination  
148 marketing organizations, and similar public entities for the purpose of supplementing monies  
149 committed by these entities for advertising and promotion to and for out-of-state residents to

150 attract them to attend events sponsored by these entities;

151 (ii) the Cooperative Program shall be allocated 20% of the revenues from the Tourism  
152 Economic Stimulus Fund;

153 (iii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,  
154 the board shall make rules:

155 (A) establishing eligibility, advertising, and timing requirements, and criteria; and

156 (B) providing for an approval process for applications.

157 (iv) an application from an eligible applicant to receive monies from the Cooperative  
158 Program must be submitted on or before the appropriate date established by the board; and

159 (v) Cooperative Program monies not used in each fiscal year shall be returned to the  
160 Tourism Economic Stimulus Fund.

161 (2) The board may:

162 (a) solicit and accept contributions of moneys, services, and facilities from any other  
163 sources, public or private, and shall use these funds for promoting the general interest of the  
164 state in travel and tourism[-]; and

165 (b) establish subcommittees for the purpose of assisting the board in an advisory role  
166 only.

167 (3) The board may not, except as otherwise provided in Subsection (1)(a), make policy  
168 related to the management or operation of the division.

169 Section 4. Section **9-3-204** is amended to read:

170 **9-3-204. Division of Travel Development -- Powers and duties -- Travel**  
171 **development plan -- Annual report and survey.**

172 (1) There is created within the department the Division of Travel Development under  
173 the administration and general supervision of the director.

174 (2) (a) The division shall be under the policy direction of the director.

175 (b) The director shall receive approval from the Board of Travel Development under  
176 Subsection 9-3-203(1)(a) to execute the statewide advertising, marketing, and branding  
177 campaign.

178 (3) The division shall:

179 (a) be the travel development authority of the state;

180 (b) develop a travel [~~promotion~~] advertising, marketing, and branding program for the

181 state;

182 (c) develop a plan to increase the economic contribution by tourists visiting the state;

183 (d) plan and conduct a program of information, advertising, and publicity relating to  
184 the recreational, scenic, historic, ~~[highway,]~~ and tourist advantages and attractions of the state

185 at large; and

186 (e) encourage and assist in the coordination of the activities of persons, firms,  
187 associations, corporations, travel regions, counties, and governmental agencies engaged in  
188 publicizing, developing, and promoting the scenic attractions and tourist advantages of the  
189 state~~[-and]~~.

190 (4) Any plan provided for under Subsection (3) shall address, but not be limited to,  
191 enhancing the state's image, promoting Utah as a year-round destination, encouraging  
192 expenditures by visitors to the state, and expanding the markets where the state is promoted.

193 (5) The division is encouraged to~~[-]~~ conduct a regular and ongoing research program to  
194 identify statewide economic trends and conditions in the tourism sector of the economy and to  
195 provide an independent evaluation of the economic efficiency of the advertising and branding  
196 campaigns conducted under this Part 2.

197 ~~[(a) conduct surveys on tourism promotion activities undertaken by cities and counties~~  
198 ~~within the state; and]~~

199 ~~[(b) in collaboration with the cities and counties surveyed, make an annual report to the~~  
200 ~~Legislature on the economic benefit of those activities to the state and the cities and counties~~  
201 ~~surveyed by the division.]~~

202 Section 5. Section **9-3-207** is enacted to read:

203 **9-3-207. Tourism Economic Stimulus Fund.**

204 (1) There is created a restricted special revenue fund known as the Tourism Economic  
205 Stimulus Fund.

206 (2) The fund consists of monies generated from the following revenue sources:

207 (a) the tax imposed by Section 59-12-103.3;

208 (b) any monies remaining in the Tourism Marketing Performance Fund as of July 1,  
209 2004; and

210 (c) any appropriation made to the fund by the Legislature.

211 (3) The fund shall earn interest.

212 (4) All interest earned on fund monies shall be deposited into the fund.

213 (5) The director may use fund monies, as authorized and approved by the Board of  
214 Travel Development, to pay for the statewide advertising, marketing, and branding campaign  
215 for promotion of the state as conducted by the division.

216 (6) (a) For the fiscal year beginning July 1, 2004, the director shall distribute \$500,000  
217 from the fund to one or more sports facilities as determined by the department by rule in  
218 accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

219 (b) The monies distributed under Subsection (6)(a) are nonlapsing.

220 (c) For fiscal years beginning on or after July 1, 2005, the amount distributed from the  
221 fund to one or more sports facilities shall be indexed from the \$500,000 base to reflect a  
222 percent increase or decrease of monies deposited in the fund from the prior fiscal year.

223 (d) For purposes of this Subsection (6), "sports facility" means an organization that is:

224 (i) exempt from federal income taxation in accordance with Section 501(3)(c), Internal  
225 Revenue Code; and

226 (ii) created to foster national and international amateur sports competition to be held in  
227 the state.

228 Section 6. Section **59-12-103.3** is enacted to read:

229 **59-12-103.3. State tax on accommodations and services -- Rate -- Enactment or**  
230 **repeal of tax -- Tax rate change.**

231 (1) (a) Beginning July 1, 2004, through June 30, 2009, there is imposed a tax of .5% on  
232 charges for the accommodations and services described in Subsection 59-12-103(1)(i).

233 (b) The revenues generated by the tax imposed under Subsection (1)(a) shall be  
234 deposited into the Tourism Economic Stimulus Fund as provided in Section 9-3-207 and used  
235 as provided in Subsection 9-3-207(5).

236 (2) The commission shall administer, collect, and enforce the tax authorized under this  
237 section pursuant to the same procedures used in the administration, collection, and enforcement  
238 of the state sales and use tax under Section 59-12-103.

239 (3) Subject to Subsection (4), a tax rate change or tax rate repeal for a tax imposed  
240 under Subsection (1) shall take effect on the first day of a calendar quarter.

241 (4) (a) For a transaction described in Subsection (1), a tax rate enactment or tax rate  
242 increase shall take effect on the first day of the billing period:

243 (i) that begins after the effective date of the tax rate enactment or tax rate increase; and  
244 (ii) if the billing period for the transaction begins before the effective date of a tax rate  
245 enactment or tax rate increase imposed under Subsection (1).

246 (b) For a transaction described in Subsection (1), a tax rate repeal or tax rate decrease  
247 shall take effect on the first day of the last billing period:

248 (i) that began before the effective date of the tax rate repeal or tax rate decrease; and

249 (ii) if the billing period for the transaction begins before the effective date of a tax rate  
250 repeal or tax rate decrease imposed under Subsection (1).

251 (5) All revenue received by the commission under this section shall be deposited with  
252 the state treasurer and credited monthly to the Tourism Economic Stimulus Fund created in  
253 Section 9-3-207.

254 (6) The Board of Travel Development shall submit an annual report to the Legislature's  
255 Workforce Services and Community and Economic Development Interim Committee on the  
256 use of monies received under this section and deposited in the Tourism Economic Stimulus  
257 Fund, including an analysis of the results achieved by the fund.

258 Section 7. Section **63-55-209** is amended to read:

259 **63-55-209. Repeal dates, Title 9.**

260 (1) Title 9, Chapter 1, Part 8, Commission on National and Community Service Act, is  
261 repealed July 1, 2004.

262 (2) Title 9, Chapter 2, Part 4, Enterprise Zone Act, is repealed July 1, 2008.

263 (3) (a) Title 9, Chapter 2, Part 16, Recycling Market Development Zone Act, is  
264 repealed July 1, 2010.

265 (b) Sections 59-7-610 and 59-10-108.7, regarding tax credits for certain persons in  
266 recycling market development zones, are repealed for taxable years beginning on or after  
267 January 1, 2011.

268 (c) Notwithstanding Subsection (3)(b), a person may not claim a tax credit under  
269 Section 59-7-610 or 59-10-108.7:

270 (i) for the purchase price of machinery or equipment described in Section 59-7-610 or  
271 59-10-108.7 if the machinery or equipment is purchased on or after July 1, 2010; or

272 (ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-108.7(1)(b), if  
273 the expenditure is made on or after July 1, 2010.

274 (d) Notwithstanding Subsections (3)(b) and (c), a person may carry forward a tax credit  
275 in accordance with Section 59-7-610 or 59-10-108.7 if:

276 (i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-108.7; and

277 (ii) (A) for the purchase price of machinery or equipment described in Section  
278 59-7-610 or 59-10-108.7, the machinery or equipment is purchased on or before June 30, 2010;  
279 or

280 (B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-108.7(1)(b),  
281 the expenditure is made on or before June 30, 2010.

282 (4) Title 9, Chapter 2, Part 19, Utah Venture Capital Enhancement Act, is repealed July  
283 1, 2008.

284 (5) Title 9, Chapter 3, Part 2, Division of Travel Development is repealed July 1, 2009.

285 [~~5~~] (6) Title 9, Chapter 3, Part 3, Heber Valley Historic Railroad Authority, is  
286 repealed July 1, 2009.

287 [~~6~~] (7) Title 9, Chapter 4, Part 9, Utah Housing Corporation Act, is repealed July 1,  
288 2006.

289 [~~7~~] Title 9, Chapter 13, Utah Technology and Small Business Finance Act, is repealed  
290 July 1, 2002.]

291 Section 8. **Repealer.**

292 This bill repeals:

293 Section **9-2-1701, Purpose.**

294 Section **9-2-1702, Definitions.**

295 Section **9-2-1703, Creation and administration of fund.**

296 Section **9-2-1703.5, Appropriations to the fund.**

297 Section **9-2-1704, Distribution of fund monies -- Determination of recipients.**

298 Section **9-2-1705, Creation of Tourism Marketing Performance Fund Committee --**  
299 **Members -- Appointment -- Qualifications -- Terms -- Quorum -- Per diem and expenses**  
300 **-- Staff.**

301 Section **9-2-1706, Duties of Tourism Marketing Performance Fund Committee.**

302 Section 9. **Appropriation.**

303 There is appropriated from the General Fund for fiscal year 2004-05 only, \$1,500,000  
304 to the Tourism Economic Stimulus Fund.

305 Section 10. **Effective date.**

306 This bill takes effect on July 1, 2004.

307 Section 11. **Coordinating S.B. 208 with S.B. 60.**

308 If this S.B. 208 and the provision in S.B. 60, Sports Development, Tourism Promotion,  
309 and Tourism, Recreation, Cultural, Convention, and Sports Facilities Tax Amendments, that  
310 provides funding for sports facilities in the state both pass, it is the intent of the Legislature that  
311 the Office of Legislative Research and General Counsel shall prepare the database so that  
312 Subsection 9-3-207(6) is deleted from S.B. 208.