

FUNDING FOR CONVENTION FACILITIES

2005 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael G. Waddoups

House Sponsor: J. Stuart Adams

LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act to provide funding for convention facilities.

Highlighted Provisions:

This bill:

▶ amends the purposes for which revenues generated by the municipality transient room tax may be used;

▶ authorizes a county legislative body of a county of the first class to enact a tax on certain accommodations and services including:

- providing definitions;
- providing the rates of the tax;
- providing that the tax may be used for certain purposes relating to convention facilities;

- addressing the enactment and repeal of the tax;
- providing for the collection, administration, and enforcement of the tax; and
- authorizing the State Tax Commission to retain an administrative fee for collecting the tax; and

▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2005.

Utah Code Sections Affected:

AMENDS:

59-12-352, as last amended by Chapters 156 and 255, Laws of Utah 2004

ENACTS:

59-12-1601, Utah Code Annotated 1953

59-12-1602, Utah Code Annotated 1953

59-12-1603, Utah Code Annotated 1953

59-12-1604, Utah Code Annotated 1953

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

Section 1. Section **59-12-352** is amended to read:

59-12-352. Transient room tax authority for municipalities -- Purposes for which revenues may be used.

(1) The governing body of a municipality may impose a tax of not to exceed 1% on charges for the accommodations and services described in Subsection 59-12-103(1)(i).

(2) Subject to the limitations of Subsection (1), a governing body of a municipality may, by ordinance, increase or decrease the tax under this part.

(3) A governing body of a municipality shall regulate the tax under this part by ordinance.

(4) ~~[Revenues]~~ (a) Beginning on July 1, 2005, through June 30, 2015, a municipality may use revenues generated by the tax under this part ~~[may be used]:~~

(i) for general fund purposes[-] if within the municipality there is not a convention facility:

(A) as defined in Section 59-12-602; and

(B) that is 350,000 square feet or more; or

(ii) only for a purpose described in Subsection (4)(b) if within the municipality there is a convention facility:

(A) as defined in Section 59-12-602; and

(B) that is 350,000 square feet or more.

(b) A municipality described in Subsection (4)(a)(ii) may use revenues generated by the tax under this part only for:

(i) the expansion or renovation of a convention facility:

(A) as defined in Section 59-12-602; and

(B) that is 350,000 square feet or more; or

(ii) the expansion of a parking lot or parking structure that is appurtenant to a convention facility:

(A) as defined in Section 59-12-602; and

(B) that is 350,000 square feet or more.

(c) Beginning on July 1, 2015, a municipality may use revenues generated by the tax under this part for general fund purposes.

Section 2. Section **59-12-1601** is enacted to read:

Part 16. Transient Room Tax for Convention Facilities

59-12-1601. Title.

This part is known as the "Transient Room Tax for Convention Facilities Act."

Section 3. Section **59-12-1602** is enacted to read:

59-12-1602. Definitions.

As used in this part, "convention facility" is as defined in Section 59-12-602.

Section 4. Section **59-12-1603** is enacted to read:

59-12-1603. Tax -- Rate -- Purposes for which tax revenues may be expended -- Enactment or repeal of tax -- Tax rate change -- Effective date -- Notice requirements.

(1) (a) Beginning on July 1, 2005, through June 30, 2015, a county legislative body of a county of the first class may impose a tax:

(i) at a rate of 1.25%;

(A) beginning on or after July 1, 2005, through June 30, 2011; and

(B) on charges for the accommodations and services described in Subsection 59-12-103(1)(i); or

(ii) at a rate of 1%;

(A) beginning on or after July 1, 2011, through June 30, 2015; and

(B) on charges for the accommodations and services described in Subsection 59-12-103(1)(i).

(b) Except as provided in Subsection (1)(c) and subject to Subsection (1)(d), the revenues generated by the tax authorized by Subsection (1)(a) shall be expended for:

(i) the construction, expansion, or renovation of a convention facility;

(ii) the expansion of a parking lot or parking structure that is appurtenant to a convention facility; or

(iii) the mitigation of impacts:

(A) on one or more structures that are adjacent to a convention facility;

(B) including an expense relating to relocating a structure described in Subsection (1)(b)(iii)(A); and

(C) that arise from the construction, expansion, or renovation of a convention facility.

(c) Notwithstanding Subsection (1)(b), a county legislative body may not expend in any 12-month period more than 60% of the revenues generated by a tax authorized by Subsection (1)(a):

(i) for the purposes described in Subsections (1)(b)(i) and (ii); and

(ii) relating to one convention facility.

(d) The authority to impose a tax authorized by Subsection (1)(a) is in addition to any other authority to impose a tax under this chapter.

(2) Subject to Subsection (3), a county legislative body shall regulate the tax authorized under this part by ordinance.

(3) (a) For purposes of this Subsection (3):

(i) "Annexation" means an annexation to a county under Title 17, Chapter 2, Annexation to County.

(ii) "Annexing area" means an area that is annexed into a county.

(b) (i) Except as provided in Subsection (3)(c), if, on or after July 1, 2005, a county legislative body enacts or repeals a tax under this part, the enactment or repeal 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 county.

(ii) The notice described in Subsection (3)(b)(i)(B) shall state:

(A) that the county legislative body will enact or repeal 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 county legislative body enacts the tax described in Subsection (3)(b)(ii)(A), the rate of the tax.

(c) (i) Notwithstanding Subsection (3)(b)(i), for a transaction described in Subsection (3)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

(A) that begins after the effective date of the enactment of the tax; and

(B) if the billing period for the transaction begins before the effective date of the enactment of the tax imposed under this section.

(ii) Notwithstanding Subsection (3)(b)(i), for a transaction described in Subsection (3)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

(A) that began before the effective date of the repeal of the tax; and

(B) if the billing period for the transaction begins before the effective date of the repeal of the tax imposed under this section.

(iii) Subsections (3)(c)(i) and (ii) apply to transactions subject to a tax under Subsection 59-12-103(1)(i).

(d) (i) Except as provided in Subsection (3)(e), if, for an annexation that occurs on or after July 1, 2005, the annexation will result in the enactment or repeal of a tax under this part for an annexing area, the enactment or repeal 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)(d)(ii) from the county that annexes the annexing area.

(ii) The notice described in Subsection (3)(d)(i)(B) shall state:

(A) that the annexation described in Subsection (3)(d)(i) will result in an enactment or repeal in the rate of a tax under this part for the annexing area;

(B) the statutory authority for the tax described in Subsection (3)(d)(ii)(A);

(C) the effective date of the tax described in Subsection (3)(d)(ii)(A); and

(D) if the county legislative body enacts the tax described in Subsection (3)(d)(ii)(A), the rate of the tax.

(e) (i) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection (3)(e)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

(A) that begins after the effective date of the enactment of the tax; and

(B) if the billing period for the transaction begins before the effective date of the enactment of the tax imposed under this section.

(ii) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection (3)(e)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

(A) that began before the effective date of the repeal of the tax; and

(B) if the billing period for the transaction begins before the effective date of the repeal of the tax imposed under this section.

(iii) Subsections (3)(e)(i) and (ii) apply to transactions subject to a tax under Subsection 59-12-103(1)(i).

Section 5. Section **59-12-1604** is enacted to read:

59-12-1604. Administration, collection, and enforcement of tax -- Administrative fee.

(1) Except as provided in Subsection (2), the tax authorized under this part shall be administered, collected, and enforced in accordance with:

(a) the same procedures used to administer, collect, and enforce the tax under:

(i) Part 1, Tax Collection; or

(ii) Part 2, Local Sales and Use Tax Act; and

(b) Chapter 1, General Taxation Policies.

(2) Notwithstanding Subsection (1), a tax under this part is not subject to:

(a) Sections 59-12-107.1 through 59-12-107.3;

(b) Sections 59-12-207.1 through 59-12-207.4; or

(c) Subsections 59-12-205(2) through (9).

(3) (a) The commission:

(i) except as provided in Subsection (3)(a)(ii), shall distribute the revenues generated by the tax to the county within which the revenues were generated; and

(ii) notwithstanding Subsection (3)(a)(i), may retain an amount of tax collected under this part of not to exceed the lesser of:

(A) 1.5%; or

(B) an amount equal to the cost to the commission of administering this part.

(b) Any amount the commission retains under Subsection (3)(a)(ii) shall be:

(i) placed in the Sales and Use Tax Administrative Fees Account; and

(ii) used as provided in Subsection 59-12-206(2).

Section 6. Effective date.

This bill takes effect on July 1, 2005.