

**Senator Scott K. Jenkins** proposes the following substitute bill:

**FUNDING FOR CONVENTION FACILITIES**

2005 GENERAL SESSION

STATE OF UTAH

**Sponsor: Michael G. Waddoups**

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**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 rate 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



26 **Other Special Clauses:**

27 This bill takes effect on July 1, 2005.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-12-352**, as last amended by Chapters 156 and 255, Laws of Utah 2004

31 ENACTS:

32 **59-12-1601**, Utah Code Annotated 1953

33 **59-12-1602**, Utah Code Annotated 1953

34 **59-12-1603**, Utah Code Annotated 1953

35 **59-12-1604**, Utah Code Annotated 1953



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

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

39 **59-12-352. Transient room tax authority for municipalities -- Purposes for which**  
40 **revenues may be used.**

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

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

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

47 (4) ~~[Revenues]~~ (a) Beginning on July 1, 2005, through June 30, 2011, a municipality  
48 may use revenues generated by the tax under this part ~~[may be used]:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

66 (c) Beginning on July 1, 2011, a municipality may use revenues generated by the tax  
67 under this part for general fund purposes.

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

69 **Part 16. Transient Room Tax for Convention Facilities**

70 **59-12-1601. Title.**

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

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

73 **59-12-1602. Definitions.**

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

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

76 **59-12-1603. Tax -- Rate -- Enactment or repeal of tax -- Tax rate change --**

77 **Effective date -- Notice requirements.**

78 (1) (a) Beginning on July 1, 2005, through June 30, 2015, a county legislative body of a  
79 county of the first class may impose a tax of up to 2% on charges for the accommodations and  
80 services described in Subsection 59-12-103(1)(i).

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

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

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

86 (iii) the mitigation of impacts:

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

88 (B) including an expense relating to relocating a structure described in Subsection  
89 (1)(b)(iii)(A); and  
90 (C) that arise from the construction, expansion, or renovation of a convention facility.  
91 (c) Notwithstanding Subsection (1)(b), a county legislative body may not expend in any  
92 12-month period more than 60% of the revenues generated by a tax authorized by Subsection  
93 (1)(a):  
94 (i) for the purposes described in Subsections (1)(b)(i) and (ii); and  
95 (ii) relating to one convention facility.  
96 (d) The revenues generated by the tax authorized by Subsection (1)(a) that are  
97 expended for a purpose described in Subsection (1)(b)(i) or (ii) may only be expended for  
98 amounts the county legislative body is required to pay under a contract that is awarded:  
99 (i) on or after the day on which the county legislative body enacts a tax under this part;  
100 and  
101 (ii) following procurement procedures that:  
102 (A) the county uses for procuring services under a contract; and  
103 (B) are commenced on or after the day on which the county legislative body enacts a  
104 tax under this part.  
105 (e) The authority to impose a tax authorized by Subsection (1)(a) is in addition to any  
106 other authority to impose a tax under this chapter.  
107 (2) Subject to Subsection (3), a county legislative body shall regulate the tax authorized  
108 under this part by ordinance.  
109 (3) (a) For purposes of this Subsection (3):  
110 (i) "Annexation" means an annexation to a county under Title 17, Chapter 2,  
111 Annexation to County.  
112 (ii) "Annexing area" means an area that is annexed into a county.  
113 (b) (i) Except as provided in Subsection (3)(c), if, on or after July 1, 2005, a county  
114 legislative body enacts or repeals a tax under this part, the enactment or repeal shall take effect:  
115 (A) on the first day of a calendar quarter; and  
116 (B) after a 90-day period beginning on the date the commission receives notice meeting  
117 the requirements of Subsection (3)(b)(ii) from the county.  
118 (ii) The notice described in Subsection (3)(b)(i)(B) shall state:

- 119 (A) that the county legislative body will enact or repeal a tax under this part;  
120 (B) the statutory authority for the tax described in Subsection (3)(b)(ii)(A);  
121 (C) the effective date of the tax described in Subsection (3)(b)(ii)(A); and  
122 (D) if the county legislative body enacts the tax described in Subsection (3)(b)(ii)(A),  
123 the rate of the tax.
- 124 (c) (i) Notwithstanding Subsection (3)(b)(i), for a transaction described in Subsection  
125 (3)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:  
126 (A) that begins after the effective date of the enactment of the tax; and  
127 (B) if the billing period for the transaction begins before the effective date of the  
128 enactment of the tax imposed under this section.
- 129 (ii) Notwithstanding Subsection (3)(b)(i), for a transaction described in Subsection  
130 (3)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:  
131 (A) that began before the effective date of the repeal of the tax; and  
132 (B) if the billing period for the transaction begins before the effective date of the repeal  
133 of the tax imposed under this section.
- 134 (iii) Subsections (3)(c)(i) and (ii) apply to transactions subject to a tax under  
135 Subsection 59-12-103(1)(i).
- 136 (d) (i) Except as provided in Subsection (3)(e), if, for an annexation that occurs on or  
137 after July 1, 2005, the annexation will result in the enactment or repeal of a tax under this part  
138 for an annexing area, the enactment or repeal shall take effect:  
139 (A) on the first day of a calendar quarter; and  
140 (B) after a 90-day period beginning on the date the commission receives notice meeting  
141 the requirements of Subsection (3)(d)(i)(B) from the county that annexes the annexing area.
- 142 (ii) The notice described in Subsection (3)(d)(i)(B) shall state:  
143 (A) that the annexation described in Subsection (3)(d)(i) will result in an enactment or  
144 repeal in the rate of a tax under this part for the annexing area;  
145 (B) the statutory authority for the tax described in Subsection (3)(d)(ii)(A);  
146 (C) the effective date of the tax described in Subsection (3)(d)(ii)(A); and  
147 (D) if the county legislative body enacts the tax described in Subsection (3)(d)(ii)(A),  
148 the rate of the tax.
- 149 (e) (i) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection

150 (3)(e)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

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

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

154 (ii) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection

155 (3)(e)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

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

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

159 (iii) Subsections (3)(e)(i) and (ii) apply to transactions subject to a tax under

160 Subsection 59-12-103(1)(i).

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

162 **59-12-1604. Administration, collection, and enforcement of tax -- Administrative**  
163 **fee.**

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

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

167 (i) Part 1, Tax Collection; or

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

169 (b) Chapter 1, General Taxation Policies.

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

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

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

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

174 (3) (a) The commission:

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

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

179 (A) 1.5%; or

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

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

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

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

184 Section 6. **Effective date.**

185 This bill takes effect on July 1, 2005.