

Representative Sheryl L. Allen proposes the following substitute bill:

**TOURISM, RECREATION, CULTURAL,
CONVENTION, AND AIRPORT FACILITIES**

TAX AMENDMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Craig A. Frank

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Tourism, Recreation, Cultural, Convention, and Airport Facilities Tax Act to address a tax on food sold by restaurants and related provisions.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ enacts the Utah Food and Restaurant Promotion Fund, including:
 - addressing funding for the fund; and
 - requiring the commissioner of agriculture and food to expend monies deposited

into the fund for certain purposes related to tourism promotion;

- ▶ for a two-year period, requires the State Tax Commission to deposit certain revenues collected from a tax on food sold by restaurants into the Utah Food and Restaurant Promotion Fund; and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **17-31-5.5**, as last amended by Laws of Utah 2008, Chapter 286

31 **59-12-602**, as last amended by Laws of Utah 2008, Chapter 286

32 **59-12-603**, as last amended by Laws of Utah 2008, Chapters 286 and 384

33 ENACTS:

34 **4-40-101**, Utah Code Annotated 1953

35 **4-40-102**, Utah Code Annotated 1953

36 **4-40-103**, Utah Code Annotated 1953



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

39 Section 1. Section **4-40-101** is enacted to read:

40 **CHAPTER 40. UTAH FOOD AND RESTAURANT PROMOTION FUND ACT**

41 **4-40-101. Title.**

42 This chapter is known as the "Utah Food and Restaurant Promotion Fund Act."

43 Section 2. Section **4-40-102** is enacted to read:

44 **4-40-102. Definitions.**

45 As used in this chapter, "fund" means the Utah Food and Restaurant Promotion Fund.

46 Section 3. Section **4-40-103** is enacted to read:

47 **4-40-103. Utah Food and Restaurant Promotion Fund -- Source of monies --**
48 **Interest -- Expenditure of monies.**

49 (1) There is created a restricted special revenue fund known as the Utah Food and
50 Restaurant Promotion Fund.

51 (2) The fund shall be funded by the portion of the sales and use tax described in
52 Subsection 59-12-603(2)(b).

53 (3) (a) The fund shall earn interest.

54 (b) Any interest earned on fund monies shall be deposited into the fund.

55 (4) (a) The commissioner shall expend the monies deposited into the fund as provided
56 in this Subsection (4).

57 (b) The commissioner shall expend 78% of the monies deposited into the fund for
58 tourism promotion by promoting increased patronage of restaurants in the state by:

59 (i) persons who reside within the state; and

60 (ii) persons who reside outside the state.

61 (c) The commissioner shall expend 22% of the monies deposited into the fund for
62 tourism promotion by promoting the use of the following by restaurants in the state:

63 (i) products grown in a variety of Utah counties; or

64 (ii) products produced in a variety of Utah counties.

65 Section 4. Section **17-31-5.5** is amended to read:

66 **17-31-5.5. Independent audit -- Report to county legislative body -- Content.**

67 (1) The legislative body of each county imposing the transient room tax provided for in
68 Section 59-12-301 shall annually engage an independent auditor to perform an audit to verify
69 that transient room tax funds are used only as authorized by this chapter and to report the
70 findings of the audit to the county legislative body.

71 (2) Subsection (1) applies to the tourism, recreation, cultural, convention, and airport
72 facilities tax provided for in Section 59-12-603, except that the audit verification required
73 under this Subsection (2) shall be for the uses authorized under Section 59-12-603.

74 (3) The report required under Subsection (1) shall include a breakdown of expenditures
75 into the following categories:

76 (a) for the transient room tax, identification of expenditures for:

77 (i) establishing and promoting:

78 (A) recreation;

79 (B) tourism;

80 (C) film production; and

81 (D) conventions;

82 (ii) acquiring, leasing, constructing, furnishing, or operating:

83 (A) convention meeting rooms;

84 (B) exhibit halls;

85 (C) visitor information centers;

86 (D) museums; and

87 (E) related facilities;

88 (iii) acquiring or leasing land required for or related to the purposes listed in
89 Subsection (3)(a)(ii);
90 (iv) mitigation costs as identified in Subsection 17-31-2(1)(d); and
91 (v) making the annual payment of principal, interest, premiums, and necessary reserves
92 for any or the aggregate of bonds issued to pay for costs referred to in Subsections
93 17-31-2(2)(c) and (3)(a); and
94 (b) for the tourism, recreation, cultural, convention, and airport facilities tax,
95 identification of expenditures for:
96 (i) financing tourism promotion[~~which means an activity to develop, encourage,
97 solicit, or market tourism that attracts transient guests to the county, including planning,
98 product development, and advertising~~] as defined in Section 59-12-602;
99 (ii) the development, operation, and maintenance of the following facilities as defined
100 in Section 59-12-602:
101 (A) an airport facility;
102 (B) a convention facility;
103 (C) a cultural facility;
104 (D) a recreation facility; and
105 (E) a tourist facility; and
106 (iii) a pledge as security for evidences of indebtedness under Subsection 59-12-603(3).
107 (4) A county legislative body shall provide a copy of a report it receives under this
108 section to:
109 (a) the Governor's Office of Economic Development;
110 (b) its tourism tax advisory board; and
111 (c) the Office of the Legislative Fiscal Analyst.
112 Section 5. Section **59-12-602** is amended to read:
113 **59-12-602. Definitions.**
114 As used in this part:
115 (1) (a) Subject to Subsection (1)(b), "airport facility" means an airport of regional
116 significance, as defined by the Transportation Commission by rule made in accordance with
117 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
118 (b) "Airport facility" includes:

119 (i) an appurtenance to an airport, including a fixed guideway as defined in Section
120 59-12-1702 that provides transportation service to or from the airport;

121 (ii) a control tower, including a radar system;

122 (iii) a public area of an airport; or

123 (iv) a terminal facility.

124 (2) "Convention facility" means any publicly owned or operated convention center,
125 sports arena, or other facility at which conventions, conferences, and other gatherings are held
126 and whose primary business or function is to host such conventions, conferences, and other
127 gatherings.

128 (3) "Cultural facility" means any publicly owned or operated museum, theater, art
129 center, music hall, or other cultural or arts facility.

130 (4) "Recreation facility" or "tourist facility" means any publicly owned or operated
131 park, campground, marina, dock, golf course, water park, historic park, monument,
132 planetarium, zoo, bicycle trails, and other recreation or tourism-related facility.

133 (5) (a) "Restaurant" includes any coffee shop, cafeteria, luncheonette, soda fountain, or
134 fast-food service where food is prepared for immediate consumption.

135 (b) "Restaurant" does not include:

136 (i) any retail establishment whose primary business or function is the sale of fuel or
137 food items for off-premise, but not immediate, consumption; and

138 (ii) a theater that sells food items, but not a dinner theater.

139 (6) (a) "Tourism promotion" means to develop, market, promote, or solicit tourism.

140 (b) "Tourism promotion" includes:

141 (i) advertising;

142 (ii) planning;

143 (iii) product development; or

144 (iv) tourism promotion as described in Subsection 59-12-603(2)(b)(ii) or (2)(c).

145 Section 6. Section **59-12-603** is amended to read:

146 **59-12-603. County tax -- Bases -- Rates -- Use of revenues -- Adoption of**
147 **ordinance required -- Advisory board -- Administration -- Collection -- Distribution --**
148 **Enactment or repeal of tax or tax rate change -- Effective date -- Notice requirements.**

149 (1) (a) In addition to any other taxes, a county legislative body may, as provided in this

150 part, impose a tax as follows:

151 (i) (A) a county legislative body of any county may impose a tax of not to exceed 3%
152 on all short-term leases and rentals of motor vehicles not exceeding 30 days, except for leases
153 and rentals of motor vehicles made for the purpose of temporarily replacing a person's motor
154 vehicle that is being repaired pursuant to a repair or an insurance agreement; and

155 (B) beginning on or after January 1, 1999, a county legislative body of any county
156 imposing a tax under Subsection (1)(a)(i)(A) may, in addition to imposing the tax under
157 Subsection (1)(a)(i)(A), impose a tax of not to exceed 4% on all short-term leases and rentals
158 of motor vehicles not exceeding 30 days, except for leases and rentals of motor vehicles made
159 for the purpose of temporarily replacing a person's motor vehicle that is being repaired pursuant
160 to a repair or an insurance agreement;

161 (ii) subject to Subsection (3), a county legislative body of any county may impose a tax
162 of not to exceed 1% of all sales of the following that are sold by a restaurant:

163 (A) prepared food; or

164 (B) food and food ingredients; and

165 (iii) a county legislative body of a county of the first class may impose a tax of not to
166 exceed .5% on charges for the accommodations and services described in Subsection
167 59-12-103(1)(i).

168 (b) A tax imposed under Subsection (1)(a) is subject to the audit provisions of Section
169 17-31-5.5.

170 (2) (a) Subject to [~~Subsection (2)(b)~~] Subsections (2)(b) and (c), revenue from the
171 imposition of the taxes provided for in Subsections (1)(a)(i) through (iii) may be used for:

172 (i) financing tourism promotion; and

173 (ii) the development, operation, and maintenance of:

174 (A) an airport facility;

175 (B) a convention facility;

176 (C) a cultural facility;

177 (D) a recreation facility; or

178 (E) a tourist facility.

179 (b) (i) For fiscal years 2009-10 and 2010-11 only, the commission shall deposit 3.44%
180 of the revenues collected from a tax authorized by Subsection (1)(a)(ii) within the boundaries

181 of a county that imposes a tax authorized by Subsection (1)(a)(ii) into the Utah Food and
182 Restaurant Promotion Fund created in Section 4-40-103.

183 (ii) The commissioner of agriculture and food shall expend monies deposited into the
184 Utah Food and Restaurant Promotion Fund in accordance with Subsection (2)(b)(i) for tourism
185 promotion as provided in Section 4-40-103.

186 [~~(b)~~] (c) A county of the first class shall expend at least \$450,000 each year of the
187 revenues from the imposition of a tax authorized by Subsection (1)(a)(iii) within the county to
188 fund a marketing and ticketing system designed [tø]:

189 (i) [~~promote~~] for tourism promotion in ski areas within the county by persons that do
190 not reside within the state; and

191 (ii) to combine the sale of:

192 (A) ski lift tickets; and

193 (B) accommodations and services described in Subsection 59-12-103(1)(i).

194 (3) A tax imposed under this part may be pledged as security for bonds, notes, or other
195 evidences of indebtedness incurred by a county, city, or town under Title 11, Chapter 14, Local
196 Government Bonding Act, or a community development and renewal agency under Title 17C,
197 Chapter 1, Part 5, Agency Bonds, to finance:

198 (a) an airport facility;

199 (b) a convention facility;

200 (c) a cultural facility;

201 (d) a recreation facility; or

202 (e) a tourist facility.

203 (4) (a) In order to impose the tax under Subsection (1), each county legislative body
204 shall adopt an ordinance imposing the tax.

205 (b) The ordinance under Subsection (4)(a) shall include provisions substantially the
206 same as those contained in Part 1, Tax Collection, except that the tax shall be imposed only on
207 those items and sales described in Subsection (1).

208 (c) The name of the county as the taxing agency shall be substituted for that of the state
209 where necessary, and an additional license is not required if one has been or is issued under
210 Section 59-12-106.

211 (5) In order to maintain in effect its tax ordinance adopted under this part, each county

212 legislative body shall, within 30 days of any amendment of any applicable provisions of Part 1,
213 Tax Collection, adopt amendments to its tax ordinance to conform with the applicable
214 amendments to Part 1, Tax Collection.

215 (6) (a) Regardless of whether a county of the first class creates a tourism tax advisory
216 board in accordance with Section 17-31-8, the county legislative body of the county of the first
217 class shall create a tax advisory board in accordance with this Subsection (6).

218 (b) The tax advisory board shall be composed of nine members appointed as follows:

219 (i) four members shall be appointed by the county legislative body of the county of the
220 first class as follows:

221 (A) one member shall be a resident of the unincorporated area of the county;

222 (B) two members shall be residents of the incorporated area of the county; and

223 (C) one member shall be a resident of the unincorporated or incorporated area of the
224 county; and

225 (ii) subject to Subsections (6)(c) and (d), five members shall be mayors of cities or
226 towns within the county of the first class appointed by an organization representing all mayors
227 of cities and towns within the county of the first class.

228 (c) Five members of the tax advisory board constitute a quorum.

229 (d) The county legislative body of the county of the first class shall determine:

230 (i) terms of the members of the tax advisory board;

231 (ii) procedures and requirements for removing a member of the tax advisory board;

232 (iii) voting requirements, except that action of the tax advisory board shall be by at
233 least a majority vote of a quorum of the tax advisory board;

234 (iv) chairs or other officers of the tax advisory board;

235 (v) how meetings are to be called and the frequency of meetings; and

236 (vi) the compensation, if any, of members of the tax advisory board.

237 (e) The tax advisory board under this Subsection (6) shall advise the county legislative
238 body of the county of the first class on the expenditure of revenues collected within the county
239 of the first class from the taxes described in Subsection (1)(a).

240 (7) (a) (i) Except as provided in Subsection (7)(a)(ii), a tax authorized under this part
241 shall be administered, collected, and enforced in accordance with:

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

243 (I) Part 1, Tax Collection; or
244 (II) Part 2, Local Sales and Use Tax Act; and
245 (B) Chapter 1, General Taxation Policies.
246 (ii) A tax under this part is not subject to Section 59-12-107.1 or 59-12-123 or
247 Subsections 59-12-205(2) through (6).
248 (b) Except as provided in Subsection (7)(c):
249 (i) for a tax under this part other than the tax under Subsection (1)(a)(i)(B), the
250 commission shall distribute the revenues to the county imposing the tax; and
251 (ii) for a tax under Subsection (1)(a)(i)(B), the commission shall distribute the revenues
252 according to the distribution formula provided in Subsection (8).
253 (c) The commission shall deduct from the distributions under Subsection (7)(b) an
254 administrative charge for collecting the tax as provided in Section 59-12-206.
255 (8) The commission shall distribute the revenues generated by the tax under Subsection
256 (1)(a)(i)(B) to each county collecting a tax under Subsection (1)(a)(i)(B) according to the
257 following formula:
258 (a) the commission shall distribute 70% of the revenues based on the percentages
259 generated by dividing the revenues collected by each county under Subsection (1)(a)(i)(B) by
260 the total revenues collected by all counties under Subsection (1)(a)(i)(B); and
261 (b) the commission shall distribute 30% of the revenues based on the percentages
262 generated by dividing the population of each county collecting a tax under Subsection
263 (1)(a)(i)(B) by the total population of all counties collecting a tax under Subsection (1)(a)(i)(B).
264 (9) (a) For purposes of this Subsection (9):
265 (i) "Annexation" means an annexation to a county under Title 17, Chapter 2,
266 Annexation to County.
267 (ii) "Annexing area" means an area that is annexed into a county.
268 (b) (i) Except as provided in Subsection (9)(c), if, on or after July 1, 2004, a county
269 enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal, or
270 change shall take effect:
271 (A) on the first day of a calendar quarter; and
272 (B) after a 90-day period beginning on the date the commission receives notice meeting
273 the requirements of Subsection (9)(b)(ii) from the county.

274 (ii) The notice described in Subsection (9)(b)(i)(B) shall state:
275 (A) that the county will enact or repeal a tax or change the rate of a tax under this part;
276 (B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);
277 (C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and
278 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
279 (9)(b)(ii)(A), the rate of the tax.

280 (c) (i) The enactment of a tax or a tax rate increase shall take effect on the first day of
281 the first billing period:

282 (A) that begins after the effective date of the enactment of the tax or the tax rate
283 increase; and

284 (B) if the billing period for the transaction begins before the effective date of the
285 enactment of the tax or the tax rate increase imposed under Subsection (1).

286 (ii) The repeal of a tax or a tax rate decrease shall take effect on the first day of the last
287 billing period:

288 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;
289 and

290 (B) if the billing period for the transaction begins before the effective date of the repeal
291 of the tax or the tax rate decrease imposed under Subsection (1).

292 (d) (i) Except as provided in Subsection (9)(e), if, for an annexation that occurs on or
293 after July 1, 2004, the annexation will result in the enactment, repeal, or change in the rate of a
294 tax under this part for an annexing area, the enactment, repeal, or change shall take effect:

295 (A) on the first day of a calendar quarter; and

296 (B) after a 90-day period beginning on the date the commission receives notice meeting
297 the requirements of Subsection (9)(d)(ii) from the county that annexes the annexing area.

298 (ii) The notice described in Subsection (9)(d)(i)(B) shall state:

299 (A) that the annexation described in Subsection (9)(d)(i) will result in an enactment,
300 repeal, or change in the rate of a tax under this part for the annexing area;

301 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);

302 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and

303 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
304 (9)(d)(ii)(A), the rate of the tax.

305 (e) (i) The enactment of a tax or a tax rate increase shall take effect on the first day of
306 the first billing period:

307 (A) that begins after the effective date of the enactment of the tax or the tax rate
308 increase; and

309 (B) if the billing period for the transaction begins before the effective date of the
310 enactment of the tax or the tax rate increase imposed under Subsection (1).

311 (ii) The repeal of a tax or a tax rate decrease shall take effect on the first day of the last
312 billing period:

313 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;
314 and

315 (B) if the billing period for the transaction begins before the effective date of the repeal
316 of the tax or the tax rate decrease imposed under Subsection (1).