

1 **SENATE RESOLUTION ON GOVERNMENT SUBSIDIES OF**
2 **HOTELS**

3 2013 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: John L. Valentine**

7 **LONG TITLE**

8 **General Description:**

9 This resolution of the Senate supports equal and fair hotel taxation among all hotels and
10 the use of public resources to fund convention center facilities and promotion activities
11 that benefit all hotels.

12 **Highlighted Provisions:**

13 This resolution:

14 ▶ expresses support for equal and fair hotel tax policy among all hotels to protect
15 private investment in hotel properties, to encourage future hotel development, and
16 to promote conventions and delegate visitation to Salt Lake City;

17 ▶ declares that measures which subsidize a hotel, or any portion of a hotel and its
18 related facilities through the use of the Transient Room Tax and other taxes,
19 disadvantage existing hotels, represent an inappropriate use of those tax revenues
20 for the purposes for which they are enabled by the Senate of the state of Utah;

21 ▶ expresses support for the use of public resources to fund convention center facilities
22 and promotional activities that benefit all hotels; and

23 ▶ opposes the use of public resources to subsidize a hotel which, intended or not,
24 gives the hotel a competitive advantage over the existing hotels for convention
25 delegate business or other purposes.

26 **Special Clauses:**

27 None



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Be it resolved by the Senate of the state of Utah:

WHEREAS, the Senate of the state of Utah strongly supports convention and delegate visitation to Salt Lake City;

WHEREAS, the Senate has repeatedly passed legislation enabling the use of the Transient Room Tax (TRT) and other revenue measures to finance convention center facilities, fund the Salt Lake Convention and Visitors Bureau (CVB), and fund promotional activities;

WHEREAS, it is the Senate's intent that Salt Lake City hotels and other businesses have an equal and fair opportunity to compete for convention delegate business;

WHEREAS, existing hotels have risked hundreds of millions of dollars of private investment to compete for convention delegate business in downtown Salt Lake City;

WHEREAS, private hotel investment in downtown Salt Lake City, unlike most other cities in its convention business competitive set, has been robust and impressive, adding more than 1,300 full-service, four- and five-diamond hotel rooms since 2000, with little or no public financial support;

WHEREAS, some meeting planners represent to the CVB that Salt Lake City loses convention business due to the lack of a luxury convention center hotel adjacent to or near the convention center that could offer large blocks of four-diamond hotel rooms;

WHEREAS, the luxury convention center hotel envisioned by proponents to attract this "lost business" would need public subsidization to come to market;

WHEREAS, Salt Lake County and Salt Lake City, in an attempt to capture lost convention business, have engaged a hotel consultant to consider options to subsidize a major luxury convention center hotel so that it may enter the market;

WHEREAS, information from the hotel consultant report indicates a 1,000 room convention center hotel would need public subsidization totaling nearly \$230,000,000 over a 22-year period;

WHEREAS, to entice private investors, the hotel consultant recommended, at a minimum, that the state of Utah, Salt Lake City, and Salt Lake County consider legislating a 15-year rebate and abatement package of the convention center hotel generated taxes, namely, the state sales tax, the county transient room tax, the county sales tax, the county restaurant tax, the county property tax, the city transient room tax, the city sales tax, and the city property tax;

59 WHEREAS, the hotel consultant report stated that the 15-year rebate and abatement
60 package may be insufficient and that additional subsidization may be needed to enable the
61 convention center hotel to come to market;

62 WHEREAS, under this recommendation, the state of Utah, when compared to Salt
63 Lake County or Salt Lake City, would rebate the largest dollar amount of tax revenue to the
64 private hotel investor;

65 WHEREAS, if taxpaying hotels do not come to market because of the subsidized
66 convention center hotel, and if lodging and banquet business moves from existing taxpaying
67 hotels to the nontaxpaying convention center hotel in any significant degree, overall tax
68 revenues to the public for education and other purposes could be negative during part or all of
69 the tax abatement and rebate period;

70 WHEREAS, under the hotel consultant recommendation, much of the burden to pay for
71 the convention center, the CVB, and promotion expenses would unfairly fall on existing hotels
72 through TRT and other taxes imposed on their guests, while the convention center hotel would
73 have these same taxes rebated to it;

74 WHEREAS, while well intended, the CVB concept to capture "lost business" has thus
75 far focused on using public financial support to incentivize one hotel without advancing any
76 plan to equally and fairly use public financial support to incentivize other downtown hotels to
77 boost convention business;

78 WHEREAS, the tax abatements and rebates the convention center hotel would receive
79 would give it unfair advantage in competing for convention delegate business;

80 WHEREAS, government intervention to subsidize one hotel is unfair, would
81 disenfranchise and financially hurt existing hotels and their employees, and is inconsistent with
82 the purpose of imposing TRT and other taxes on all hotels to boost convention delegate
83 business broadly among the hotel community; and

84 WHEREAS, the Utah Hotel and Lodging Association and the Utah Restaurant
85 Association, with vast private investment and expertise in the hospitality industry, oppose the
86 subsidized convention center hotel concept;

87 NOW, THEREFORE, BE IT RESOLVED that the Senate of the state of Utah expresses
88 support for equal and fair hotel taxation among all hotels to protect private investment in hotel
89 properties, to encourage future hotel development, and to promote conventions and delegate

90 visitation to Salt Lake City.

91 BE IT FURTHER RESOLVED that the Senate declares that measures which subsidize
92 a hotel, or any portion of a hotel and its related facilities through the use of Transient Room
93 Tax and other taxes, and which disadvantages existing hotels, represent an unintended and
94 inappropriate use of those tax revenues for the purposes for which they are enabled by the
95 Legislature of the state of Utah.

96 BE IT FURTHER RESOLVED that the Senate expresses support for the use of public
97 resources to fund convention center facilities and promotion activities that benefit all hotels.

98 BE IT FURTHER RESOLVED that the Senate opposes the use of public resources to
99 subsidize a hotel which, intended or not, would give it a competitive advantage for convention
100 delegate business or other purposes over the existing hotels.

101 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Salt Lake
102 Convention and Visitors Bureau, the Utah Restaurant Association, Salt Lake City, Salt Lake
103 County, the Salt Lake Hotel and Hospitality Association, and the Utah Hotel and Lodging
104 Association.

Legislative Review Note
as of 2-15-13 8:50 PM

Office of Legislative Research and General Counsel