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Tourism Related Tax Reporting Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brady Brammer

House Sponsor:

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LONG TITLE

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General Description:

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This bill deals with reporting requirements for a county that imposes a transient room tax or a tourism, recreation, cultural, convention, and airport facilities tax.

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Highlighted Provisions:

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This bill:

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- requires the Office of the Legislative Fiscal Analyst (office) to analyze a county's written report on the county's use of transient room tax revenue and tourism, recreation, cultural, convention, and airport facilities tax revenue and make a determination;

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- requires the office to provide a summary of the office's analysis to the Revenue and Taxation and Political Subdivisions Interim committees and the state auditor;

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- requires the state auditor to review the office's determination that a county's written report does not sufficiently demonstrate the county is complying with statutory requirements for a transient room tax or a tourism, recreation, cultural, convention, and airport facilities tax and make an independent finding;

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- if the state auditor finds the county's written report does not sufficiently demonstrate the county is complying with statutory requirements for a transient room tax or a tourism, recreation, cultural, convention, and airport facilities tax, allows the state auditor to withhold funds generated by a transient room tax or a tourism, recreation, cultural, convention, and airport facilities tax from the county until the county complies with county report requirements; and

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- makes technical and conforming changes.

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Money Appropriated in this Bill:

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None

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Other Special Clauses:

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None

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Utah Code Sections Affected:

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AMENDS:

31 **17-31-5.5**, as last amended by Laws of Utah 2023, Chapter 479
 32 **51-2a-401**, as last amended by Laws of Utah 2024, Chapter 158

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

35 Section 1. Section **17-31-5.5** is amended to read:

36 **17-31-5.5 . Report by county legislative body -- Content.**

37 (1) The legislative body of each county that imposes a transient room tax under Section
 38 59-12-301 or a tourism, recreation, cultural, convention, and airport facilities tax under
 39 Section 59-12-603 shall prepare annually a written report in accordance with Subsection
 40 (2).

41 (2) The written report described in Subsection (1) shall include a breakdown of
 42 expenditures into the following categories:

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

44 (i) establishing and promoting:

45 (A) recreation;

46 (B) tourism;

47 (C) film production; and

48 (D) conventions;

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

50 (A) convention meeting rooms;

51 (B) exhibit halls;

52 (C) visitor information centers;

53 (D) museums; and

54 (E) related facilities;

55 (iii) acquiring or leasing land required for or related to the purposes listed in
 56 Subsection (2)(a)(ii);

57 (iv) mitigation costs as identified in Subsection 17-31-2(2)(d); and

58 (v) making the annual payment of principal, interest, premiums, and necessary
 59 reserves for any or the aggregate of bonds issued to pay for costs referred to in
 60 Subsections 17-31-2(2)(e) and (5)(a); and

61 (b) for the tourism, recreation, cultural, convention, and airport facilities tax,
 62 identification of expenditures for:

63 (i) financing tourism promotion, which means an activity to develop, encourage,
 64 solicit, or market tourism that attracts transient guests to the county, including

- 65 planning, product development, and advertising;
- 66 (ii) the development, operation, and maintenance of the following facilities as defined
- 67 in Section 59-12-602:
- 68 (A) an airport facility;
- 69 (B) a convention facility;
- 70 (C) a cultural facility;
- 71 (D) a recreation facility; and
- 72 (E) a tourist facility;
- 73 (iii) mitigation costs as identified in Subsection 59-12-603(2)(b); and
- 74 (iv) a pledge as security for evidences of indebtedness under Subsection 59-12-603(3).
- 75 (3) For the transient room tax, the written report described in Subsection (1) shall include a
- 76 breakdown of each expenditure described in Subsection (2)(a)(i), including:
- 77 (a) whether the expenditure was used for in-state and out-of-state promotion efforts;
- 78 (b) an explanation of how the expenditure targeted a cost created by tourism; and
- 79 (c) an accounting of the expenditure showing that the expenditure was used only for
- 80 costs directly related to a cost created by tourism.
- 81 (4) On or before October 1, the county legislative body shall provide a copy of the annual
- 82 written report described in Subsection (1) for the previous fiscal year to:
- 83 (a) the Utah Office of Tourism within the Governor's Office of Economic Opportunity;
- 84 (b) the county's tourism tax advisory board; and
- 85 (c) the Office of the Legislative Fiscal Analyst.
- 86 (5)(a) On or before December 1 of each year, the Office of the Legislative Fiscal
- 87 Analyst shall:
- 88 (i) analyze each written report received under Subsection (4)(c) to determine if the
- 89 information in the report sufficiently demonstrates that the county is expending
- 90 revenue in accordance with the requirements of Sections 17-31-2, 59-12-301, and
- 91 59-12-603; and
- 92 (ii) provide a summary of the analysis and determination described in Subsection
- 93 (5)(a)(i) to:
- 94 (A) the Revenue and Taxation Interim Committee;
- 95 (B) the Political Subdivisions Interim Committee; and
- 96 (C) the state auditor.
- 97 (b) If the Office of the Legislative Fiscal Analyst determines a county written report
- 98 does not sufficiently demonstrate that a county is expending revenue in accordance

99 with the requirements of Section 17-31-2, 59-12-301, and 59-12-603, the Office of
 100 the Legislative Fiscal Analyst shall include a copy of the county's written report with
 101 the summary described in Subsection (5)(a)(ii) to the entities described in
 102 Subsections (5)(a)(ii)(A) through (C).

103 Section 2. Section **51-2a-401** is amended to read:

104 **51-2a-401 . Prohibiting access to and withholding funds from an entity that does**
 105 **not comply with the accounting report requirements.**

106 (1) If a political subdivision, interlocal organization, or other local entity does not comply
 107 with the accounting report requirements of Section 51-2a-201, the state auditor may:

- 108 (a) withhold allocated state funds to pay the cost of the accounting report, in accordance
 109 with Subsection (2); or
 110 (b) prohibit financial access, in accordance with Subsection (3).

111 (2)(a) If the state auditor does not prohibit financial access in accordance with
 112 Subsection (3), the state auditor may withhold allocated state funds sufficient to pay
 113 the cost of the accounting report from any local entity described in Subsection (1).

114 (b) If no allocated state funds are available for withholding, the local entity shall
 115 reimburse the state auditor for any cost incurred in completing the accounting reports
 116 required under Section 51-2a-402.

117 (c) The state auditor shall release the withheld funds if the local entity meets the
 118 accounting report requirements either voluntarily or by action under Section
 119 51-2a-402.

120 (3)(a) If the state auditor does not withhold funds in accordance with Subsection (2), the
 121 state auditor may prohibit any local entity described in Subsection (1) from accessing:

- 122 (i) money held by the state; and
 123 (ii) money held in an account of a financial institution by:
 124 (A) contacting the entity's financial institution and requesting that the institution
 125 prohibit access to the account; or
 126 (B) filing an action in a court with jurisdiction under Title 78A, Judiciary and
 127 Judicial Administration, requesting an order of the court to prohibit a financial
 128 institution from providing the entity access to the account.

129 (b) The state auditor shall remove the prohibition on accessing funds described in
 130 Subsection (3)(a) if the local entity meets the accounting report requirements either
 131 voluntarily or by action under Section 51-2a-402.

132 (4) After receiving a report from the Office of Legislative Fiscal Analyst under Section

133 17-31-5.5 indicating that a county is not expending revenue in accordance with the
134 requirements of Sections 17-31-2, 59-12-301, and 59-12-603, the state auditor:
135 (a) shall make an independent finding about the county's written report described in
136 Subsection 17-31-5.5(1); and
137 (b) if the state auditor confirms the determination of the Office of Legislative Fiscal
138 Analyst, may take the action described in Subsection (3) in regard to revenue
139 generated by the county's imposition of a transient room tax under Section 59-12-301
140 or the imposition of a tourism, recreation, cultural, convention, and airport facilities
141 tax under Section 59-12-603.

142 Section 3. **Effective Date.**

143 This bill takes effect on May 7, 2025.