

Restaurant Tax Repeal Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor:

LONG TITLE**General Description:**

This bill amends county authority to impose taxes under the Tourism, Recreation, Cultural, Convention, and Airport Facilities Tax Act.

Highlighted Provisions:

This bill:

- repeals the authority for a county to impose the tax, referred to as the restaurant tax, on food items and alcoholic beverage items sold at restaurants and customized prepared foods sold at convenience stores, gas stations, and grocery stores;
- provides authority for a county to impose a tax on taxable transactions, other than food and food ingredients, at a rate that will generate an equivalent amount of revenue to the restaurant tax; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-12-602, as last amended by Laws of Utah 2025, Chapter 306

59-12-603, as last amended by Laws of Utah 2025, First Special Session, Chapter 17

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

Section 1. Section **59-12-602** is amended to read:

59-12-602 . Definitions.

As used in this part:

(1)(a) "Airport facility" means an airport of regional significance~~[, and includes:]~~ .

(b) "Airport facility" includes:

- 31 ~~[(a)]~~ (i) an appurtenance to an airport, including a fixed guideway that provides
32 transportation service to or from the airport;
- 33 ~~[(b)]~~ (ii) a control tower, including a radar system;
- 34 ~~[(c)]~~ (iii) a public area of an airport; or
- 35 ~~[(d)]~~ (iv) a terminal facility.
- 36 (2) "Airport of regional significance" means the same as that term is defined in Section
37 59-12-2202.
- 38 (3) "All-terrain type I vehicle" means the same as that term is defined in Section 41-22-2.
- 39 (4) "All-terrain type II vehicle" means the same as that term is defined in Section 41-22-2.
- 40 (5) "All-terrain type III vehicle" means the same as that term is defined in Section 41-22-2.
- 41 (6) "Convenience store" means a retail establishment described in NAICS Code 445131,
42 Convenience Retailers, of the 2022 North American Industry Classification System of
43 the federal Executive Office of the President, Office of Management and Budget.
- 44 (7) "Convention facility" means any publicly owned or operated convention center, sports
45 arena, or other facility at which conventions, conferences, and other gatherings are held
46 and whose primary business or function is to host such conventions, conferences, and
47 other gatherings.
- 48 (8) "Cultural facility" means any publicly owned or operated museum, theater, art center,
49 music hall, or other cultural or arts facility.
- 50 (9)(a) "Customized" means prepared or heated by a seller for on-premise or immediate
51 consumption at the request or specification of the purchaser.
- 52 (b) "Customized" does not include a purchaser specifying the quantity.
- 53 (10)(a) "Eligible transaction" means amounts paid or charged for a transaction described
54 in Subsection 59-12-103(1).
- 55 (b) "Eligible transaction" includes amounts paid or charged for food and food
56 ingredients if the food and food ingredients are sold as part of a bundled transaction
57 attributable to food and food ingredients and tangible personal property other than
58 food and food ingredients.
- 59 (c) "Eligible transaction" does not include amounts paid or charged for:
- 60 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
61 are exempt under Section 59-12-104; or
- 62 (ii) except as provided in Subsection (10)(b), food and food ingredients.
- 63 (11) "Gas station" means a retail establishment at which the primary purpose or function is
64 the sale of fuel.

65 ~~[(11)]~~ (12) "Grocery store" means a retail establishment at which the primary business or
66 function is the sale of food or food ingredients for off-premise, but not immediate,
67 consumption.

68 ~~[(12)]~~ (13)(a) "Off-highway vehicle" means any snowmobile, all-terrain type I vehicle,
69 all-terrain type II vehicle, all-terrain type III vehicle, or motorcycle.

70 (b) "Off-highway vehicle" does not include a vehicle that is a motor vehicle under
71 Section 41-1a-102.

72 ~~[(13)]~~ (14) "Motorcycle" means the same as that term is defined in Section 41-22-2.

73 ~~[(14)]~~ (15) "Recreation facility" or "tourist facility" means any publicly owned or operated
74 park, campground, marina, dock, golf course, water park, historic park, monument,
75 planetarium, zoo, bicycle trails, and other recreation or tourism-related facility.

76 ~~[(15)]~~ (16)(a) "Recreational vehicle" means a vehicular unit other than a mobile home,
77 primarily designed as a temporary dwelling for travel, recreational, or vacation use,
78 that is pulled by another vehicle.

79 (b) "Recreational vehicle" includes:

80 (i) a travel trailer;

81 (ii) a camping trailer; and

82 (iii) a fifth wheel trailer.

83 (c) "Recreational vehicle" does not include a vehicle that is a motor vehicle under
84 Section 41-1a-102.

85 ~~[(16)]~~ (17)(a) "Restaurant" means a retail establishment at which the primary business or
86 function is the sale of prepared food for immediate or on-premises consumption.

87 (b) "Restaurant" includes a coffee shop, cafeteria, luncheonette, soda fountain, dinner
88 theater, or fast-food service where food is prepared for immediate consumption.

89 (c) "Restaurant" does not include:

90 (i) a convenience store;

91 (ii) a gas station;

92 (iii) a grocery store; or

93 (iv) a theater that sells food items other than a dinner theater.

94 ~~[(17)]~~ (18) "Snowmobile" means the same as that term is defined in Section 41-22-2.

95 ~~[(18)]~~ (19) "Travel trailer," "camping trailer," or "fifth wheel trailer" means a portable
96 vehicle without motive power, designed as a temporary dwelling for travel, recreational,
97 or vacation use that does not require a special highway movement permit when drawn
98 by a self-propelled motor vehicle.

Section 2. Section **59-12-603** is amended to read:

59-12-603 . County tax -- Bases -- Rates -- Use of revenue -- Adoption of ordinance required -- Advisory board -- Administration -- Collection -- Administrative charge -- Distribution -- Enactment or repeal of tax or tax rate change -- Effective date -- Notice requirements.

(1)(a) In addition to any other taxes, a county legislative body may impose, as provided in this part, ~~[impose]~~a tax as follows:

- (i)(A) a county legislative body ~~[of any county]~~ may impose a tax of not to exceed 3% on ~~[all]~~ short-term rentals of motor vehicles, except for short-term rentals of motor vehicles made for the purpose of temporarily replacing a person's motor vehicle that is being repaired ~~[pursuant to]~~ in accordance with a repair or an insurance agreement; and
- (B) a county legislative body ~~[of any county]~~ imposing a tax under Subsection (1)(a)(i)(A) may, in addition to imposing the tax under Subsection (1)(a)(i)(A), impose a tax of not to exceed 4% on ~~[all]~~ short-term rentals of motor vehicles, except for short-term rentals of motor vehicles made for the purpose of temporarily replacing a person's motor vehicle that is being repaired ~~[pursuant to]~~ in accordance with a repair or an insurance agreement;
- (ii) a county legislative body ~~[of any county]~~ may impose a tax of not to exceed 7% on all short-term rentals of off-highway vehicles and recreational vehicles;
- (iii) before October 1, 2026, a county legislative body of any county may impose a tax of not to exceed 1% ~~[of all]~~ on sales of:
 - (A) alcoholic beverages, food and food ingredients, or prepared food sold by a restaurant; and
 - (B) customized prepared food sold by a convenience store, a gas station, or a grocery store;
- (iv) on or after October 1, 2026, a county legislative body may impose a tax, at a rate not to exceed the rate calculated in accordance with Subsection (11), on an eligible transaction;
- (v) a county legislative body of a county of the first class, as classified in Section 17-60-104, may impose a tax of not to exceed .5% on charges for the accommodations and services described in Subsection 59-12-103(1)(i); and
- ~~[(v)]~~ (vi) if a county legislative body ~~[of any county]~~ imposes a tax under Subsection (1)(a)(i), a tax at the same rate applies to car sharing of less than 30 days, except

- 133 for car sharing for the purpose of temporarily replacing a person's motor vehicle
134 that is being repaired [~~pursuant to~~] in accordance with a repair or an insurance
135 agreement.
- 136 [~~(b) A tax imposed under Subsection (1)(a) is subject to the reporting provisions of~~
137 ~~Sections 17-78-704 and 17E-2-406.]~~
- 138 (b) A county legislative body that imposes a tax under this Subsection (1) shall comply
139 with the reporting requirements described in Sections 17-78-704 and 17E-2-406.
- 140 (2)(a) Subject to Subsection (2)(c), a county may use revenue from the imposition of a
141 tax under Subsection (1) for:
- 142 (i) financing tourism promotion; and
 - 143 (ii) the development, operation, and maintenance of:
 - 144 (A) an airport facility;
 - 145 (B) a convention facility;
 - 146 (C) a cultural facility;
 - 147 (D) a recreation facility; or
 - 148 (E) a tourist facility.
- 149 (b)(i) In addition to the uses described in Subsection (2)(a) and subject to Subsection
150 (2)(b)(ii), a county of the fourth, fifth, or sixth class, as classified in Section
151 17-60-104, or a county with a population density of fewer than 15 people per
152 square mile may expend the revenue from the imposition of a tax under
153 Subsections (1)(a)(i) and (ii) on the following activities to mitigate the impacts of
154 tourism:
- 155 (A) solid waste disposal;
 - 156 (B) search and rescue activities;
 - 157 (C) law enforcement activities;
 - 158 (D) emergency medical services; or
 - 159 (E) fire protection services.
- 160 (ii) A county may only expend the revenue as outlined in Subsection (2)(b)(i) if the
161 county's tourism tax advisory board created under Subsection 17-31-8(1)(a) has
162 prioritized the use of revenue to mitigate the impacts of tourism.
- 163 (c) A county of the first class, as classified in Section 17-60-104, shall expend at least
164 \$450,000 each year of the revenue from the imposition of a tax authorized by
165 Subsection [~~(1)(a)(iv)] (1)(a)(v)~~ within the county to fund a marketing and ticketing
166 system designed to:

- 167 (i) promote tourism in ski areas within the county by persons that do not reside within
168 the state; and
- 169 (ii) combine the sale of:
- 170 (A) ski lift tickets; and
- 171 (B) accommodations and services described in Subsection 59-12-103(1)(i).
- 172 (3) A tax imposed under this part may be pledged as security for bonds, notes, or other
173 evidences of indebtedness incurred by a county, city, or town under Title 11, Chapter 14,
174 Local Government Bonding Act, or a community reinvestment agency under Title 17C,
175 Chapter 1, Part 5, Agency Bonds, to finance:
- 176 (a) an airport facility;
- 177 (b) a convention facility;
- 178 (c) a cultural facility;
- 179 (d) a recreation facility; or
- 180 (e) a tourist facility.
- 181 (4)(a) To impose a tax under Subsection (1), the county legislative body shall adopt an
182 ordinance imposing the tax.
- 183 (b) The ordinance under Subsection (4)(a) shall include provisions substantially the
184 same as those contained in Part 1, Tax Collection, except that the tax shall be
185 imposed only on those items and sales described in Subsection (1).
- 186 (c) The name of the county as the taxing agency shall be substituted for that of the state
187 where necessary, and an additional license is not required if one has been or is issued
188 under Section 59-12-106.
- 189 (5) To maintain in effect a tax ordinance adopted under this part, each county legislative
190 body shall adopt, within 30 days of any amendment of any applicable provisions of Part
191 1, Tax Collection, [~~adopt~~] amendments to the county's tax ordinance to conform with the
192 applicable amendments to Part 1, Tax Collection.
- 193 (6)(a) Regardless of whether a county of the first class, as classified in Section 17-60-104,
194 creates a tourism tax advisory board in accordance with Section 17-78-706, the
195 county legislative body [~~of the county of the first class~~] shall create a tax advisory
196 board in accordance with this Subsection (6).
- 197 (b) The tax advisory board shall be composed of nine members appointed as follows:
- 198 (i) four members shall be residents of a county of the first class, as classified in
199 Section 17-60-104, appointed by the county legislative body [~~of the county of the~~
200 ~~first class~~]; and

- 201 (ii) subject to Subsections (6)(c) and (d), five members shall be mayors of cities or
 202 towns within the county of the first class, as classified in Section 17-60-104,
 203 appointed by an organization representing all mayors of cities and towns within
 204 the county of the first class, as classified in Section 17-60-104.
- 205 (c) Five members of the tax advisory board constitute a quorum.
- 206 (d) The county legislative body of the county of the first class, as classified in Section
 207 17-60-104, shall determine:
- 208 (i) terms of the members of the tax advisory board;
- 209 (ii) procedures and requirements for removing a member of the tax advisory board;
- 210 (iii) voting requirements, except that action of the tax advisory board shall be by at
 211 least a majority vote of a quorum of the tax advisory board;
- 212 (iv) chairs or other officers of the tax advisory board;
- 213 (v) ~~[how meetings are to be called]~~ the procedures for calling meetings and the
 214 frequency of meetings; and
- 215 (vi) the compensation, if any, of members of the tax advisory board.
- 216 (e) The tax advisory board under this Subsection (6) shall advise the county legislative
 217 body of the county of the first class, as classified in Section 17-60-104, on the
 218 expenditure of revenue collected within the county ~~[of the first class]~~ from the taxes
 219 described in Subsection ~~[(1)(a)]~~ (1).
- 220 (7)(a)~~[(i)]~~ Except as provided in Subsection ~~[(7)(a)(ii)]~~ (7)(b), a tax authorized under
 221 this part shall be administered, collected, enforced, and interpreted in accordance
 222 with:
- 223 ~~[(A)]~~ (i) the same procedures used to administer, collect, enforce, and interpret the tax
 224 under:
- 225 ~~[(H)]~~ (A) Part 1, Tax Collection; or
- 226 ~~[(H)]~~ (B) Part 2, Local Sales and Use Tax Act; and
- 227 ~~[(B)]~~ (ii) Chapter 1, General Taxation Policies.
- 228 ~~[(ii)]~~ (b) A tax under this part is not subject to Section 59-12-107.1 or 59-12-123 or
 229 Subsections 59-12-205(2) and (4) through (6).
- 230 ~~[(b) Except as provided in Subsection (7)(e):]~~
- 231 ~~[(i) for a tax under this part other than the tax under Subsection (1)(a)(i)(B), the~~
 232 ~~commission shall distribute the revenue to the county imposing the tax; and]~~
- 233 ~~[(ii) for a tax under Subsection (1)(a)(i)(B), the commission shall distribute the~~
 234 ~~revenue according to the distribution formula provided in Subsection (8).]~~

(c) The commission shall retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenue the commission ~~[collects]~~ receives from a tax under this part.

(8)(a) The commission shall distribute the revenue for a tax imposed in accordance with Subsection (1), other than in accordance with Subsection (1)(a)(i)(B), to the county imposing the tax.

(b) The commission shall distribute the revenue generated by the tax [under] imposed in accordance with Subsection (1)(a)(i)(B) to each county [collecting a tax under] imposing a tax in accordance with Subsection (1)(a)(i)(B) according to the following formula:

(i) the commission shall distribute 70% of the revenue based on the percentages generated by dividing the revenue collected by each county under Subsection (1)(a)(i)(B) by the total revenue collected by all counties under Subsection (1)(a)(i)(B); and

(ii) the commission shall distribute 30% of the revenue based on the percentages generated by dividing the population of each county collecting a tax under Subsection (1)(a)(i)(B) by the total population of all counties collecting a tax under Subsection (1)(a)(i)(B).

~~[(b)]~~ (c) Population for purposes of this Subsection ~~[(8)]~~ (8)(c) shall be based on, to the extent not otherwise required by federal law:

(i) the estimate of the Utah Population Committee created in Section 63C-20-103; or

(ii) if the Utah Population Committee estimate is not available, the most recent census or census estimate of the United States Bureau of the Census.

(9)(a) For purposes of this Subsection (9):

(i) "Annexation" means an annexation to a county under Title 17, Chapter 61, Part 3, County Annexation.

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

(b)(i) Except as provided in Subsection (9)(c), if a county enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal, or change shall take effect:

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

(B) after a 90-day period beginning on the day on which the commission receives notice meeting the requirements of Subsection (9)(b)(ii) from the county.

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

- (A) that the county will enact or repeal a tax or change the rate of a tax under this part;
- (B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);
- (C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and
- (D) if the county enacts the tax or changes the rate of the tax described in Subsection (9)(b)(ii)(A), the rate of the tax.
- (c)(i) If the billing period for a transaction begins before the effective date of the enactment of the tax or the tax rate increase imposed under Subsection (1), the enactment of the tax or the tax rate increase shall take effect on the first day of the first billing period that begins after the effective date of the enactment of the tax or the tax rate increase.
- (ii) If the billing period for a transaction begins before the effective date of the repeal of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the tax or the tax rate decrease shall take effect on the first day of the last billing period that began before the effective date of the repeal of the tax or the tax rate decrease.
- (d)(i) Except as provided in Subsection (9)(e), if the annexation will result in the enactment, repeal, or change in the rate of a tax under this part for an annexing area, the enactment, repeal, or change shall take effect:
- (A) on the first day of a calendar quarter; and
- (B) after a 90-day period beginning on the day on which the commission receives notice meeting the requirements of Subsection (9)(d)(ii) from the county that annexes the annexing area.
- (ii) The notice described in Subsection (9)(d)(i)(B) shall state:
- (A) that the annexation described in Subsection (9)(d)(i) will result in an enactment, repeal, or change in the rate of a tax under this part for the annexing area;
- (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);
- (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and
- (D) if the county enacts the tax or changes the rate of the tax described in Subsection (9)(d)(ii)(A), the rate of the tax.
- (e)(i) If the billing period for a transaction begins before the effective date of the enactment of the tax or the tax rate increase imposed under Subsection (1), the enactment of the tax or the tax rate increase shall take effect on the first day of the

first billing period that begins after the effective date of the enactment of the tax or the tax rate increase.

(ii) If the billing period for a transaction begins before the effective date of the repeal of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the tax or the tax rate decrease shall take effect on the first day of the last billing period that began before the effective date of the repeal of the tax or the tax rate decrease.

(10)(a) A county may not impose the tax described in Subsection (1)(a)(iii) on or after October 1, 2026.

(b) Notwithstanding Subsection (9)(b), a county does not need to provide notice of the repeal of the tax described in Subsection (1)(a)(iii).

(11)(a) Subject to Subsection (11)(b), a county may impose the tax described in Subsection (1)(a)(iv) at a rate equal to or less than the rate the commission estimates to generate the same amount of revenue distributed to the county from the tax described in Subsection (1)(a)(iii) between January 1, 2025, and December 31, 2025.

(b)(i) For a county of the first or second class, as classified in Section 17-60-104, the commission shall round the estimated rate to the nearest second decimal place.

(ii) For a county of the third through sixth class, as classified in Section 17-60-104, the commission shall round the estimated rate up to the second decimal place.

Section 3. **Effective Date.**

This bill takes effect on May 6, 2026.