

Norman K Thurston proposes the following substitute bill:

Restaurant Tax Repeal Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor: Lincoln Fillmore

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 once a county has received an amount of revenue to secure existing debt obligations; and

- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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 **59-12-603** 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:

- 30 (i)(A) a county legislative body [~~of any county~~] may impose a tax of not to exceed
 31 3% on [~~all~~] short-term rentals of motor vehicles, except for short-term rentals
 32 of motor vehicles made for the purpose of temporarily replacing a person's
 33 motor vehicle that is being repaired [~~pursuant to~~] in accordance with a repair or
 34 an insurance agreement; and
- 35 (B) a county legislative body [~~of any county~~] imposing a tax under Subsection
 36 (1)(a)(i)(A) may, in addition to imposing the tax under Subsection (1)(a)(i)(A),
 37 impose a tax of not to exceed 4% on [~~all~~] short-term rentals of motor vehicles,
 38 except for short-term rentals of motor vehicles made for the purpose of
 39 temporarily replacing a person's motor vehicle that is being repaired [~~pursuant~~
 40 ~~to~~] in accordance with a repair or an insurance agreement;
- 41 (ii) a county legislative body [~~of any county~~] may impose a tax of not to exceed 7%
 42 on all short-term rentals of off-highway vehicles and recreational vehicles;
- 43 (iii) subject to Subsection (10), a county legislative body of any county may impose a
 44 tax of not to exceed 1% [~~of all~~] on sales of:
- 45 (A) alcoholic beverages, food and food ingredients, or prepared food sold by a
 46 restaurant; and
- 47 (B) customized prepared food sold by a convenience store, a gas station, or a
 48 grocery store;
- 49 (iv) a county legislative body of a county of the first class, as classified in Section
 50 17-60-104, may impose a tax of not to exceed .5% on charges for the
 51 accommodations and services described in Subsection 59-12-103(1)(i); and
- 52 (v) if a county legislative body [~~of any county~~] imposes a tax under Subsection
 53 (1)(a)(i), a tax at the same rate applies to car sharing of less than 30 days, except
 54 for car sharing for the purpose of temporarily replacing a person's motor vehicle
 55 that is being repaired [~~pursuant to~~] in accordance with a repair or an insurance
 56 agreement.
- 57 [~~(b) A tax imposed under Subsection (1)(a) is subject to the reporting provisions of~~
 58 ~~Sections 17-78-704 and 17E-2-406.~~]
- 59 (b) A county legislative body that imposes a tax under this Subsection (1) shall comply
 60 with the reporting requirements described in Sections 17-78-704 and 17E-2-406.
- 61 (2)(a) Subject to Subsection (2)(c), a county may use revenue from the imposition of a
 62 tax under Subsection (1) for:
- 63 (i) financing tourism promotion; and

- 64 (ii) the development, operation, and maintenance of:
- 65 (A) an airport facility;
- 66 (B) a convention facility;
- 67 (C) a cultural facility;
- 68 (D) a recreation facility; or
- 69 (E) a tourist facility.
- 70 (b)(i) In addition to the uses described in Subsection (2)(a) and subject to Subsection
- 71 (2)(b)(ii), a county of the fourth, fifth, or sixth class, as classified in Section
- 72 17-60-104, or a county with a population density of fewer than 15 people per
- 73 square mile may expend the revenue from the imposition of a tax under
- 74 Subsections (1)(a)(i) and (ii) on the following activities to mitigate the impacts of
- 75 tourism:
- 76 (A) solid waste disposal;
- 77 (B) search and rescue activities;
- 78 (C) law enforcement activities;
- 79 (D) emergency medical services; or
- 80 (E) fire protection services.
- 81 (ii) A county may only expend the revenue as outlined in Subsection (2)(b)(i) if the
- 82 county's tourism tax advisory board created under Subsection 17-31-8(1)(a) has
- 83 prioritized the use of revenue to mitigate the impacts of tourism.
- 84 (c) A county of the first class, as classified in Section 17-60-104, shall expend at least
- 85 \$450,000 each year of the revenue from the imposition of a tax authorized by
- 86 Subsection (1)(a)(iv) within the county to fund a marketing and ticketing system
- 87 designed to:
- 88 (i) promote tourism in ski areas within the county by persons that do not reside within
- 89 the state; and
- 90 (ii) combine the sale of:
- 91 (A) ski lift tickets; and
- 92 (B) accommodations and services described in Subsection 59-12-103(1)(i).
- 93 (3) A tax imposed under this part may be pledged as security for bonds, notes, or other [
- 94 evidences] evidence of indebtedness incurred by a county, city, or town under Title 11,
- 95 Chapter 14, Local Government Bonding Act, or a community reinvestment agency
- 96 under Title 17C, Chapter 1, Part 5, Agency Bonds, to finance:
- 97 (a) an airport facility;

- 98 (b) a convention facility;
- 99 (c) a cultural facility;
- 100 (d) a recreation facility; or
- 101 (e) a tourist facility.
- 102 (4)(a) To impose a tax under Subsection (1), the county legislative body shall adopt an
- 103 ordinance imposing the tax.
- 104 (b) The ordinance under Subsection (4)(a) shall include provisions substantially the
- 105 same as those contained in Part 1, Tax Collection, except that the tax shall be
- 106 imposed only on those items and sales described in Subsection (1).
- 107 (c) The name of the county as the taxing agency shall be substituted for that of the state
- 108 where necessary, and an additional license is not required if one has been or is issued
- 109 under Section 59-12-106.
- 110 (5) To maintain in effect a tax ordinance adopted under this part, each county legislative
- 111 body shall adopt, within 30 days of any amendment of any applicable provisions of Part
- 112 1, Tax Collection, [~~adopt~~]amendments to the county's tax ordinance to conform with the
- 113 applicable amendments to Part 1, Tax Collection.
- 114 (6)(a) Regardless of whether a county of the first class, as classified in Section 17-60-104,
- 115 creates a tourism tax advisory board in accordance with Section 17-78-706, the
- 116 county legislative body [~~of the county of the first class~~]shall create a tax advisory
- 117 board in accordance with this Subsection (6).
- 118 (b) The tax advisory board shall be composed of nine members appointed as follows:
- 119 (i) four members shall be residents of a county of the first class, as classified in
- 120 Section 17-60-104, appointed by the county legislative body [~~of the county of the~~
- 121 ~~first class~~]; and
- 122 (ii) subject to Subsections (6)(c) and (d), five members shall be mayors of cities or
- 123 towns within the county of the first class, as classified in Section 17-60-104,
- 124 appointed by an organization representing all mayors of cities and towns within
- 125 the county of the first class, as classified in Section 17-60-104.
- 126 (c) Five members of the tax advisory board constitute a quorum.
- 127 (d) The county legislative body of the county of the first class, as classified in Section
- 128 17-60-104, shall determine:
- 129 (i) terms of the members of the tax advisory board;
- 130 (ii) procedures and requirements for removing a member of the tax advisory board;
- 131 (iii) voting requirements, except that action of the tax advisory board shall be by at

132 least a majority vote of a quorum of the tax advisory board;
 133 (iv) chairs or other officers of the tax advisory board;
 134 (v) ~~[how meetings are to be called]~~ the procedures for calling meetings and the
 135 frequency of meetings; and
 136 (vi) the compensation, if any, of members of the tax advisory board.
 137 (e) The tax advisory board under this Subsection (6) shall advise the county legislative
 138 body of the county of the first class, as classified in Section 17-60-104, on the
 139 expenditure of revenue collected within the county ~~[of the first class]~~ from the taxes
 140 described in Subsection ~~[(1)(a)]~~ (1).

141 (7)(a)~~[(1)]~~ Except as provided in Subsection ~~[(7)(a)(ii)]~~ (7)(b), a tax authorized under
 142 this part shall be administered, collected, enforced, and interpreted in accordance
 143 with:

144 ~~[(A)]~~ (i) the same procedures used to administer, collect, enforce, and interpret the tax
 145 under:

146 ~~[(H)]~~ (A) Part 1, Tax Collection; or

147 ~~[(H)]~~ (B) Part 2, Local Sales and Use Tax Act; and

148 ~~[(B)]~~ (ii) Chapter 1, General Taxation Policies.

149 ~~[(ii)]~~ (b) A tax under this part is not subject to Section 59-12-107.1 or 59-12-123 or
 150 Subsections 59-12-205(2) and (4) through (6).

151 ~~[(b) Except as provided in Subsection (7)(e):]~~

152 ~~[(i) for a tax under this part other than the tax under Subsection (1)(a)(i)(B), the~~
 153 ~~commission shall distribute the revenue to the county imposing the tax; and]~~

154 ~~[(ii) for a tax under Subsection (1)(a)(i)(B), the commission shall distribute the~~
 155 ~~revenue according to the distribution formula provided in Subsection (8).]~~

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

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

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

- 166 (i) the commission shall distribute 70% of the revenue based on the percentages
 167 generated by dividing the revenue collected by each county under Subsection
 168 (1)(a)(i)(B) by the total revenue collected by all counties under Subsection
 169 (1)(a)(i)(B); and
- 170 (ii) the commission shall distribute 30% of the revenue based on the percentages
 171 generated by dividing the population of each county collecting a tax under
 172 Subsection (1)(a)(i)(B) by the total population of all counties collecting a tax
 173 under Subsection (1)(a)(i)(B).
- 174 ~~[(b)]~~ (c) Population for purposes of ~~[this]~~ Subsection ~~[(8)]~~ (8)(b) shall be based on, to the
 175 extent not otherwise required by federal law:
- 176 (i) the estimate of the Utah Population Committee created in Section 63C-20-103; or
 177 (ii) if the Utah Population Committee estimate is not available, the most recent
 178 census or census estimate of the United States Bureau of the Census.
- 179 (9)(a) For purposes of this Subsection (9):
- 180 (i) "Annexation" means an annexation to a county under Title 17, Chapter 61, Part 3,
 181 County Annexation.
- 182 (ii) "Annexing area" means an area that is annexed into a county.
- 183 (b)(i) Except as provided in Subsection (9)(c), if a county enacts or repeals a tax or
 184 changes the rate of a tax under this part, the enactment, repeal, or change shall
 185 take effect:
- 186 (A) on the first day of a calendar quarter; and
 187 (B) after a 90-day period beginning on the day on which the commission receives
 188 notice meeting the requirements of Subsection (9)(b)(ii) from the county.
- 189 (ii) The notice described in Subsection (9)(b)(i)(B) shall state:
- 190 (A) that the county will enact or repeal a tax or change the rate of a tax under this
 191 part;
 192 (B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);
 193 (C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and
 194 (D) if the county enacts the tax or changes the rate of the tax described in
 195 Subsection (9)(b)(ii)(A), the rate of the tax.
- 196 (c)(i) If the billing period for a transaction begins before the effective date of the
 197 enactment of the tax or the tax rate increase imposed under Subsection (1), the
 198 enactment of the tax or the tax rate increase shall take effect on the first day of the
 199 first billing period that begins after the effective date of the enactment of the tax

- 200 or the tax rate increase.
- 201 (ii) If the billing period for a transaction begins before the effective date of the repeal
202 of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the
203 tax or the tax rate decrease shall take effect on the first day of the last billing
204 period that began before the effective date of the repeal of the tax or the tax rate
205 decrease.
- 206 (d)(i) Except as provided in Subsection (9)(e), if the annexation will result in the
207 enactment, repeal, or change in the rate of a tax under this part for an annexing
208 area, the enactment, repeal, or change shall take effect:
- 209 (A) on the first day of a calendar quarter; and
210 (B) after a 90-day period beginning on the day on which the commission receives
211 notice meeting the requirements of Subsection (9)(d)(ii) from the county that
212 annexes the annexing area.
- 213 (ii) The notice described in Subsection (9)(d)(i)(B) shall state:
- 214 (A) that the annexation described in Subsection (9)(d)(i) will result in an
215 enactment, repeal, or change in the rate of a tax under this part for the annexing
216 area;
217 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);
218 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and
219 (D) if the county enacts the tax or changes the rate of the tax described in
220 Subsection (9)(d)(ii)(A), the rate of the tax.
- 221 (e)(i) If the billing period for a transaction begins before the effective date of the
222 enactment of the tax or the tax rate increase imposed under Subsection (1), the
223 enactment of the tax or the tax rate increase shall take effect on the first day of the
224 first billing period that begins after the effective date of the enactment of the tax
225 or the tax rate increase.
- 226 (ii) If the billing period for a transaction begins before the effective date of the repeal
227 of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the
228 tax or the tax rate decrease shall take effect on the first day of the last billing
229 period that began before the effective date of the repeal of the tax or the tax rate
230 decrease.
- 231 (10)(a) A county may impose the tax described in Subsection (1)(a)(iii) on or after
232 October 1, 2026, until the date described in Subsection (10)(d) only if the county:
233 (i) has pledged the revenue from the tax described in Subsection (1)(a)(iii) as security

- 234 for bonds, notes, or other evidence of indebtedness as authorized by this section
235 before January 1, 2026; and
- 236 (ii) provides the commission with the information described in Subsection (10)(b)
237 before October 1, 2026.
- 238 (b) A county shall submit to the commission evidence of:
- 239 (i) the total amount of the bond, note, or other indebtedness; and
240 (ii) the county's pledge of the revenue from the tax described in Subsection (1)(a)(iii)
241 to secure the debt described in Subsection (10)(b)(i).
- 242 (c) The commission shall calculate an amount by:
- 243 (i) dividing the amount of revenue a county collected from the tax described in
244 Subsection (1)(a)(iii) during calendar year 2025 by the total amount of revenue the
245 county collected from all taxes described in this section during calendar year
246 2025; and
- 247 (ii) multiplying the amount calculated in accordance with Subsection (10)(c) by the
248 total amount of debt the county submitted in accordance with Subsection (10)(b)(i).
- 249 (d) A county may not impose the tax described in Subsection (1)(a)(iii):
- 250 (i) once the amount of revenue a county collects from the tax described in Subsection
251 (1)(a)(iii) on or after October 1, 2026, equals the amount calculated in accordance
252 with Subsection (10)(c); and
- 253 (ii) beginning on the first day of the calendar quarter that is at least 90 days after the
254 day described in Subsection (10)(d)(i).
- 255 (e)(i) Notwithstanding Subsection (9)(b), a county does not need to provide notice of
256 the repeal of the tax described in Subsection (1)(a)(iii).
- 257 (ii) The commission shall stop collection of the tax described in Subsection (1)(a)(iii)
258 after the requirements of Subsection (10)(d) are met as if the commission had
259 received notice from the county to repeal the tax.

260 **Section 2. Effective Date.**

261 This bill takes effect on May 6, 2026.