

PAY-PER-VIEW BOXING TAX

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Pete Suazo

AN ACT RELATING TO OCCUPATIONS AND PROFESSIONS AND REVENUE AND TAXATION; LEVYING A TAX ON THE PURCHASE OF PAY-PER-VIEW BOXING EVENTS; CREATING THE UTAH BOXING FUND; ALLOCATING REVENUES FROM THE PAY-PER-VIEW BOXING TAX TO THE UTAH BOXING FUND; AND GRANTING RULEMAKING AUTHORITY TO THE DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING TO REGULATE DISTRIBUTION OF MONIES FROM THE UTAH BOXING FUND.

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

58-66-701, Utah Code Annotated 1953

59-12-1301, Utah Code Annotated 1953

59-12-1302, Utah Code Annotated 1953

59-12-1303, Utah Code Annotated 1953

59-12-1304, Utah Code Annotated 1953

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

Section 1. Section **58-66-701** is enacted to read:

Part 7. Utah Boxing Fund

58-66-701. Utah Boxing Fund -- Creation -- Administration -- Distribution.

(1) There is created a special revenue fund known as the "Utah Boxing Fund," administered by the division.

(2) The fund consists of monies allocated to the fund from tax revenues generated by the pay-per-view boxing tax levied under Section 59-12-1303.

(3) The moneys in the fund shall be invested by the state treasurer according to the

1 procedures and requirements of Title 51, Chapter 7, State Money Management Act. The fund shall
2 earn interest, and all interest earned shall be deposited into the fund.

3 (4) The division, in collaboration with the commission, shall adopt rules in accordance
4 with the provisions of Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for the
5 distribution of fund moneys. The division, upon concurrence of the commission and the executive
6 director, shall distribute fund monies as follows:

7 (a) Not less than 50% of the fund monies shall be distributed as grants to nonprofit entities
8 within the state for the promotion of amateur boxing within the state and to defray the costs of
9 travel and equipment for Utah amateur boxers. The application process for receiving grants from
10 the fund shall be established by rule by the division in collaboration with the commission.

11 (b) The remaining fund monies shall be distributed to implement the requirements of this
12 chapter to include:

13 (i) travel expenses and per diem expenses to commission members for attendance at
14 sanctioned boxing matches and educational seminars;

15 (ii) drug screening required under this chapter;

16 (iii) equipment and supplies necessary for the regulation of contests and exhibitions as set
17 forth in this chapter; and

18 (iv) payment of physicians, referees, and officials as required by this chapter.

19 (5) The division shall report annually to the appropriate appropriations subcommittee of
20 the Legislature concerning the fund.

21 Section 2. Section **59-12-1301** is enacted to read:

22 **Part 13. Pay-Per-View Boxing Tax Act**

23 **59-12-1301. Title.**

24 This part shall be known as "The Pay-Per-View Boxing Tax Act."

25 Section 3. Section **59-12-1302** is enacted to read:

26 **59-12-1302. Definitions.**

27 As used in this part:

28 (1) "Pay-per-view telecast" means a telecast that is televised or broadcast by cable, satellite
29 transmission, closed circuit, or otherwise, that is not intended to be available for viewing without
30 payment of a fee:

31 (a) for the privilege of viewing the telecast; and

1 (b) that is collected for or based upon each event viewed.

2 (2) "Utah Boxing Fund" means the special revenue fund created in Section 58-66-701.

3 Section 4. Section **59-12-1303** is enacted to read:

4 **59-12-1303. Pay-per-view boxing tax.**

5 (1) Beginning January 1, 1999, there is imposed a tax of 5% on all purchases of
6 pay-per-view telecasts of boxing matches.

7 (2) All revenues generated by the pay-per-view boxing tax under this part, after the
8 deduction of costs as provided in Subsection 59-12-1304(2), shall be distributed to the Utah
9 Boxing Fund.

10 (3) The tax imposed under this part shall be remitted to the commission together with
11 quarterly returns as prescribed by the commission, before the last day of the month following each
12 calendar quarterly period.

13 Section 5. Section **59-12-1304** is enacted to read:

14 **59-12-1304. Collection of tax.**

15 (1) The commission shall administer, collect, and enforce the tax authorized by this part
16 pursuant to the same procedures used in the administration, collection, and enforcement of the
17 sales and use tax under Title 59, Chapter 12, Part 1, Tax Collection, and Title 59, Chapter 1,
18 General Taxation Policies.

19 (2) The commission may retain a maximum of 1.5% of the tax collected under this part
20 for the costs of rendering its services under this section.

21 (3) The commission may make rules in accordance with the provisions of Title 63, Chapter
22 46a, Utah Administrative Rulemaking Act, to implement and enforce this chapter.

**Legislative Review Note
as of 1-19-98 2:14 PM**

This bill raises the following constitutional or statutory concerns:

This bill could be challenged on First Amendment grounds. It could be argued that the tax created by this bill is a content-based regulation of speech. The tax imposes an additional burden on pay-per-view boxing broadcasts that are not imposed on other types of pay-per-view broadcasts.

However, even if the tax is considered a content-based regulation of speech, a reasonable, persuasive argument can be made that the regulation meets the constitutional test of being necessary to serve a compelling state interest and being narrowly drawn to achieve that end. The state has an interest in greater oversight and training for the boxing profession. Funding this oversight through a tax on purchasers of pay-per-view boxing broadcasts narrowly targets the boxing fans within the state who will benefit from regulation of the boxing profession.