

Senator Michael G. Waddoups proposes the following substitute bill:

FUNDING FOR CONVENTION FACILITIES

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Michael G. Waddoups

LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act to provide funding for convention facilities.

Highlighted Provisions:

This bill:

- ▶ amends the purposes for which revenues generated by the municipality transient room tax may be used;
- ▶ addresses the distribution of revenues from a tax on leases or rentals of certain motor vehicles;
- ▶ authorizes a county legislative body of a county of the first class to enact a tax on certain accommodations and services including:
 - providing definitions;
 - providing the rate of the tax;
 - providing that the tax may be used for certain purposes relating to convention facilities;
 - addressing the enactment and repeal of the tax;
 - providing for the collection, administration, and enforcement of the tax; and
 - authorizing the State Tax Commission to retain an administrative fee for collecting the tax; and
- ▶ makes technical changes.



26 **Monies Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 This bill takes effect on July 1, 2005.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-12-352**, as last amended by Chapters 156 and 255, Laws of Utah 2004

33 **59-12-603**, as last amended by Chapters 156 and 255, Laws of Utah 2004

34 ENACTS:

35 **59-12-1601**, Utah Code Annotated 1953

36 **59-12-1602**, Utah Code Annotated 1953

37 **59-12-1603**, Utah Code Annotated 1953

38 **59-12-1604**, Utah Code Annotated 1953



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

41 Section 1. Section **59-12-352** is amended to read:

42 **59-12-352. Transient room tax authority for municipalities -- Purposes for which**
43 **revenues may be used.**

44 (1) The governing body of a municipality may impose a tax of not to exceed 1% on
45 charges for the accommodations and services described in Subsection 59-12-103(1)(i).

46 (2) Subject to the limitations of Subsection (1), a governing body of a municipality
47 may, by ordinance, increase or decrease the tax under this part.

48 (3) A governing body of a municipality shall regulate the tax under this part by
49 ordinance.

50 (4) ~~[Revenues]~~ (a) A municipality may use revenues generated by the tax under this
51 part ~~[may be used]~~:

52 (i) for general fund purposes~~[-]~~ if within the municipality there is not a convention
53 facility:

54 (A) as defined in Section 59-12-602; and

55 (B) that is 250,000 square feet or more; or

56 (ii) only for a purpose described in Subsection (4)(b) if within the municipality there is

57 a convention facility:

58 (A) as defined in Section 59-12-602; and

59 (B) that is 250,000 square feet or more.

60 (b) A municipality described in Subsection (4)(a)(ii) may use revenues generated by

61 the tax under this part only for:

62 (i) the expansion or renovation of a convention facility:

63 (A) as defined in Section 59-12-602; and

64 (B) that is 250,000 square feet or more; or

65 (ii) the expansion of a parking lot or parking structure that is appurtenant to a

66 convention facility:

67 (A) as defined in Section 59-12-602; and

68 (B) that is 250,000 square feet or more.

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

70 **59-12-603. County tax -- Bases -- Rates -- Use of revenues -- Collection --**

71 **Adoption of ordinance required -- Administration -- Distribution -- Enactment or repeal**

72 **of tax or tax rate change -- Effective date -- Notice requirements.**

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

75 (a) (i) a county legislative body of any county may impose a tax of not to exceed 3% on
76 all short-term leases and rentals of motor vehicles not exceeding 30 days, except for leases and
77 rentals of motor vehicles made for the purpose of temporarily replacing a person's motor
78 vehicle that is being repaired pursuant to a repair or an insurance agreement; and

79 (ii) beginning on or after January 1, 1999, a county legislative body of any county
80 imposing a tax under Subsection (1)(a)(i) may, in addition to imposing the tax under
81 Subsection (1)(a)(i), impose a tax of not to exceed 4% on all short-term leases and rentals of
82 motor vehicles not exceeding 30 days, except for leases and rentals of motor vehicles made for
83 the purpose of temporarily replacing a person's motor vehicle that is being repaired pursuant to
84 a repair or an insurance agreement;

85 (b) a county legislative body of any county may impose a tax of not to exceed 1% of all
86 sales of prepared foods and beverages that are sold by restaurants; and

87 (c) a county legislative body of any county may impose a tax of not to exceed .5% on

88 charges for the accommodations and services described in Subsection 59-12-103(1)(i).

89 (2) The revenue from the imposition of the taxes provided for in Subsections (1)(a)
90 through (c) may be used for the purposes of financing tourism promotion, and the
91 development, operation, and maintenance of tourist, recreation, cultural, and convention
92 facilities as defined in Section 59-12-602.

93 (3) The tax imposed under Subsection (1)(c) shall be in addition to the tax imposed
94 under Part 3, Transient Room Tax, and may be imposed only by a county of the first class.

95 (4) A tax imposed under this part may be pledged as security for bonds, notes, or other
96 evidences of indebtedness incurred by a county under Title 11, Chapter 14, Utah Municipal
97 Bond Act, to finance tourism, recreation, cultural, and convention facilities.

98 (5) (a) In order to impose the tax under Subsection (1), each county legislative body
99 shall annually adopt an ordinance imposing the tax.

100 (b) The ordinance under Subsection (5)(a) shall include provisions substantially the
101 same as those contained in Part 1, Tax Collection, except that the tax shall be imposed only on
102 those items and sales described in Subsection (1).

103 (c) The name of the county as the taxing agency shall be substituted for that of the state
104 where necessary, and an additional license is not required if one has been or is issued under
105 Section 59-12-106.

106 (6) In order to maintain in effect its tax ordinance adopted under this part, each county
107 legislative body shall, within 30 days of any amendment of any applicable provisions of Part 1,
108 Tax Collection, adopt amendments to its tax ordinance to conform with the applicable
109 amendments to Part 1, Tax Collection.

110 (7) (a) (i) Except as provided in Subsection (7)(a)(ii), a tax authorized under this part
111 shall be administered, collected, and enforced in accordance with:

112 (A) the same procedures used to administer, collect, and enforce the tax under:

113 (I) Part 1, Tax Collection; or

114 (II) Part 2, Local Sales and Use Tax Act; and

115 (B) Chapter 1, General Taxation Policies.

116 (ii) Notwithstanding Subsection (7)(a)(i), a tax under this part is not subject to:

117 (A) Sections 59-12-107.1 through 59-12-107.3;

118 (B) Subsections 59-12-205(2) through (9); or

- 119 (C) Sections 59-12-207.1 through 59-12-207.4.
- 120 (b) Except as provided in Subsection (7)(c):
- 121 (i) for a tax under this part other than the tax under Subsection (1)(a)(ii), the
- 122 commission shall distribute the revenues to the county imposing the tax; and
- 123 (ii) for a tax under Subsection (1)(a)(ii), the commission shall distribute the revenues
- 124 according to the distribution formula provided in Subsection (8).
- 125 (c) Notwithstanding Subsection (7)(b), the commission shall deduct from the
- 126 distributions under Subsection (7)(b) an administrative charge for collecting the tax as provided
- 127 in Section 59-12-206.
- 128 (8) The commission shall distribute the revenues generated by the tax under Subsection
- 129 (1)(a)(ii) to each county collecting a tax under Subsection (1)(a)(ii) [~~according to the following~~
- 130 ~~formula: (a) the commission shall distribute 70% of the revenues]~~ based on the percentages
- 131 generated by dividing the revenues collected by each county under Subsection (1)(a)(ii) by the
- 132 total revenues collected by all counties under Subsection (1)(a)(ii)[~~; and~~].
- 133 [~~(b) the commission shall distribute 30% of the revenues based on the percentages~~
- 134 ~~generated by dividing the population of each county collecting a tax under Subsection (1)(a)(ii)~~
- 135 ~~by the total population of all counties collecting a tax under Subsection (1)(a)(ii).]~~
- 136 (9) (a) For purposes of this Subsection (9):
- 137 (i) "Annexation" means an annexation to a county under Title 17, Chapter 2,
- 138 Annexation to County.
- 139 (ii) "Annexing area" means an area that is annexed into a county.
- 140 (b) (i) Except as provided in Subsection (9)(c), if, on or after July 1, 2004, a county
- 141 enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal, or
- 142 change shall take effect:
- 143 (A) on the first day of a calendar quarter; and
- 144 (B) after a 90-day period beginning on the date the commission receives notice meeting
- 145 the requirements of Subsection (9)(b)(ii) from the county.
- 146 (ii) The notice described in Subsection (9)(b)(i)(B) shall state:
- 147 (A) that the county will enact or repeal a tax or change the rate of a tax under this part;
- 148 (B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);
- 149 (C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and

150 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
151 (9)(b)(ii)(A), the rate of the tax.

152 (c) (i) Notwithstanding Subsection (9)(b)(i), for a transaction described in Subsection
153 (9)(c)(iii), the enactment of a tax or a tax rate increase shall take effect on the first day of the
154 first billing period:

155 (A) that begins after the effective date of the enactment of the tax or the tax rate
156 increase; and

157 (B) if the billing period for the transaction begins before the effective date of the
158 enactment of the tax or the tax rate increase imposed under Subsection (1).

159 (ii) Notwithstanding Subsection (9)(b)(i), for a transaction described in Subsection
160 (9)(c)(iii), the repeal of a tax or a tax rate decrease shall take effect on the first day of the last
161 billing period:

162 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;
163 and

164 (B) if the billing period for the transaction begins before the effective date of the repeal
165 of the tax or the tax rate decrease imposed under Subsection (1).

166 (iii) Subsections (9)(c)(i) and (ii) apply to transactions subject to a tax under:

167 (A) Subsection 59-12-103(1)(e);

168 (B) Subsection 59-12-103(1)(i); or

169 (C) Subsection 59-12-103(1)(k).

170 (d) (i) Except as provided in Subsection (9)(e), if, for an annexation that occurs on or
171 after July 1, 2004, the annexation will result in the enactment, repeal, or change in the rate of a
172 tax under this part for an annexing area, the enactment, repeal, or change shall take effect:

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

174 (B) after a 90-day period beginning on the date the commission receives notice meeting
175 the requirements of Subsection (9)(d)(ii) from the county that annexes the annexing area.

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

177 (A) that the annexation described in Subsection (9)(d)(i) will result in an enactment,
178 repeal, or change in the rate of a tax under this part for the annexing area;

179 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);

180 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and

181 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
182 (9)(d)(ii)(A), the rate of the tax.

183 (e) (i) Notwithstanding Subsection (9)(d)(i), for a transaction described in Subsection
184 (9)(e)(iii), the enactment of a tax or a tax rate increase shall take effect on the first day of the
185 first billing period:

186 (A) that begins after the effective date of the enactment of the tax or the tax rate
187 increase; and

188 (B) if the billing period for the transaction begins before the effective date of the
189 enactment of the tax or the tax rate increase imposed under Subsection (1).

190 (ii) Notwithstanding Subsection (9)(d)(i), for a transaction described in Subsection
191 (9)(e)(iii), the repeal of a tax or a tax rate decrease shall take effect on the first day of the last
192 billing period:

193 (A) that began before the effective date of the repeal of the tax or the tax rate decrease;
194 and

195 (B) if the billing period for the transaction begins before the effective date of the repeal
196 of the tax or the tax rate decrease imposed under Subsection (1).

197 (iii) Subsections (9)(e)(i) and (ii) apply to transactions subject to a tax under:

198 (A) Subsection 59-12-103(1)(e);

199 (B) Subsection 59-12-103(1)(i); or

200 (C) Subsection 59-12-103(1)(k).

201 Section 3. Section **59-12-1601** is enacted to read:

202 **Part 16. Transient Room Tax for Convention Facilities**

203 **59-12-1601. Title.**

204 This part is known as the "Transient Room Tax for Convention Facilities Act."

205 Section 4. Section **59-12-1602** is enacted to read:

206 **59-12-1602. Definitions.**

207 As used in this part, "convention facility" is as defined in Section 59-12-602.

208 Section 5. Section **59-12-1603** is enacted to read:

209 **59-12-1603. Tax -- Rate -- Enactment or repeal of tax -- Tax rate change --**

210 **Effective date -- Notice requirements.**

211 (1) (a) Beginning on July 1, 2005, through June 30, 2015, a county legislative body of a

212 county of the first class may impose a tax of 1% on charges for the accommodations and
213 services described in Subsection 59-12-103(1)(i).

214 (b) Except as provided in Subsection (1)(c) and subject to Subsection (1)(d), the
215 revenues generated by the tax authorized by Subsection (1)(a) shall be expended for:

216 (i) the construction, expansion, or renovation of a convention facility; or

217 (ii) the expansion of a parking lot or parking structure that is appurtenant to a
218 convention facility.

219 (c) Notwithstanding Subsection (1)(b), a county legislative body may not expend in any
220 12-month period more than 60% of the revenues generated by a tax authorized by Subsection
221 (1)(a):

222 (i) for a purpose described in Subsection (1)(b); and

223 (ii) relating to one convention facility.

224 (d) The revenues generated by the tax authorized by Subsection (1)(a) that are
225 expended for a purpose described in Subsection (1)(b) may only be expended for amounts the
226 county legislative body is required to pay under a contract that is awarded:

227 (i) on or after the day on which the county legislative body enacts a tax under this part;
228 and

229 (ii) following procurement procedures that:

230 (A) the county uses for procuring services under a contract; and

231 (B) are commenced on or after the day on which the county legislative body enacts a
232 tax under this part.

233 (e) The authority to impose a tax authorized by Subsection (1)(a) is in addition to any
234 other authority to impose a tax under this chapter.

235 (2) Subject to Subsection (3), a county legislative body shall regulate the tax authorized
236 under this part by ordinance.

237 (3) (a) For purposes of this Subsection (3):

238 (i) "Annexation" means an annexation to a county under Title 17, Chapter 2,
239 Annexation to County.

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

241 (b) (i) Except as provided in Subsection (3)(c), if, on or after July 1, 2005, a county
242 legislative body enacts or repeals a tax under this part, the enactment or repeal shall take effect:

- 243 (A) on the first day of a calendar quarter; and
244 (B) after a 90-day period beginning on the date the commission receives notice meeting
245 the requirements of Subsection (3)(b)(ii) from the county.
- 246 (ii) The notice described in Subsection (3)(b)(i)(B) shall state:
247 (A) that the county legislative body will enact or repeal a tax under this part;
248 (B) the statutory authority for the tax described in Subsection (3)(b)(ii)(A);
249 (C) the effective date of the tax described in Subsection (3)(b)(ii)(A); and
250 (D) if the county legislative body enacts the tax described in Subsection (3)(b)(ii)(A),
251 the rate of the tax.
- 252 (c) (i) Notwithstanding Subsection (3)(b)(i), for a transaction described in Subsection
253 (3)(c)(iii), the enactment of a tax shall take effect on the first day of the first billing period:
254 (A) that begins after the effective date of the enactment of the tax; and
255 (B) if the billing period for the transaction begins before the effective date of the
256 enactment of the tax imposed under this section.
- 257 (ii) Notwithstanding Subsection (3)(b)(i), for a transaction described in Subsection
258 (3)(c)(iii), the repeal of a tax shall take effect on the first day of the last billing period:
259 (A) that began before the effective date of the repeal of the tax; and
260 (B) if the billing period for the transaction begins before the effective date of the repeal
261 of the tax imposed under this section.
- 262 (iii) Subsections (3)(c)(i) and (ii) apply to transactions subject to a tax under
263 Subsection 59-12-103(1)(i).
- 264 (d) (i) Except as provided in Subsection (3)(e), if, for an annexation that occurs on or
265 after July 1, 2005, the annexation will result in the enactment or repeal of a tax under this part
266 for an annexing area, the enactment or repeal shall take effect:
267 (A) on the first day of a calendar quarter; and
268 (B) after a 90-day period beginning on the date the commission receives notice meeting
269 the requirements of Subsection (3)(d)(ii) from the county that annexes the annexing area.
- 270 (ii) The notice described in Subsection (3)(d)(i)(B) shall state:
271 (A) that the annexation described in Subsection (3)(d)(i) will result in an enactment or
272 repeal in the rate of a tax under this part for the annexing area;
273 (B) the statutory authority for the tax described in Subsection (3)(d)(ii)(A);

274 (C) the effective date of the tax described in Subsection (3)(d)(ii)(A); and
275 (D) if the county legislative body enacts the tax described in Subsection (3)(d)(ii)(A),
276 the rate of the tax.

277 (e) (i) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection
278 (3)(e)(iii), the enactment of a tax shall take effect on the first day of the first billing period:

279 (A) that begins after the effective date of the enactment of the tax; and

280 (B) if the billing period for the transaction begins before the effective date of the
281 enactment of the tax imposed under this section.

282 (ii) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection
283 (3)(e)(iii), the repeal of a tax shall take effect on the first day of the last billing period:

284 (A) that began before the effective date of the repeal of the tax; and

285 (B) if the billing period for the transaction begins before the effective date of the repeal
286 of the tax imposed under this section.

287 (iii) Subsections (3)(e)(i) and (ii) apply to transactions subject to a tax under
288 Subsection 59-12-103(1)(i).

289 Section 6. Section **59-12-1604** is enacted to read:

290 **59-12-1604. Administration, collection, and enforcement of tax -- Administrative**
291 **fee.**

292 (1) Except as provided in Subsection (2), the tax authorized under this part shall be
293 administered, collected, and enforced in accordance with:

294 (a) the same procedures used to administer, collect, and enforce the tax under:

295 (i) Part 1, Tax Collection; or

296 (ii) Part 2, Local Sales and Use Tax Act; and

297 (b) Chapter 1, General Taxation Policies.

298 (2) Notwithstanding Subsection (1), a tax under this part is not subject to:

299 (a) Sections 59-12-107.1 through 59-12-107.3;

300 (b) Sections 59-12-207.1 through 59-12-207.4; or

301 (c) Subsections 59-12-205(2) through (9).

302 (3) (a) The commission:

303 (i) except as provided in Subsection (3)(a)(ii), shall distribute the revenues generated
304 by the tax to the county within which the revenues were generated; and

305 (ii) notwithstanding Subsection (3)(a)(i), may retain an amount of tax collected under
306 this part of not to exceed the lesser of:

307 (A) 1.5%; or

308 (B) an amount equal to the cost to the commission of administering this part.

309 (b) Any amount the commission retains under Subsection (3)(a)(ii) shall be:

310 (i) placed in the Sales and Use Tax Administrative Fees Account; and

311 (ii) used as provided in Subsection 59-12-206(2).

312 **Section 7. Effective date.**

313 This bill takes effect on July 1, 2005.

State Impact

Passage of this bill could increase local revenues in FY 2006 by \$2,800,000 and by \$2,900,000 in FY 2007. The Tax Commission would require an appropriation of \$61,000 from the Sales Tax Administration Fee to implement the provisions of the bill.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Restricted Funds	\$61,000	\$0	\$0	\$0
Local Revenue	\$0	\$0	\$2,800,000	\$2,900,000
TOTAL	\$61,000	\$0	\$2,800,000	\$2,900,000

Individual and Business Impact

Passage of this bill would increase the taxes paid by impacted individuals by 1 percent.
