FUNDING FOR CONVENTION FACILITIES

2005 FIRST SPECIAL SESSION

STATE OF UTAH

Sponsor: David Clark

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LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act and enacts uncodified language to address funding for convention facilities.

Highlighted Provisions:

This bill:

- amends the purposes for which revenues generated by the municipality transient room tax may be used;
- modifies provisions relating to the enactment of the transient room tax for convention facilities; and
- makes technical changes.

Monies Appropriated in this Bill:

This bill appropriates:

- for fiscal year 2004-05 only, $4,000,000 from the General Fund to the Division of Finance to be transferred to Salt Lake County under certain circumstances.

Other Special Clauses:

This bill takes effect on July 1, 2005.

Utah Code Sections Affected:

AMENDS:

59-12-352 (Effective 07/01/05), as last amended by Chapter 296, Laws of Utah 2005

59-12-1603 (Effective 07/01/05), as enacted by Chapter 296, Laws of Utah 2005

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

Section 1. Section **59-12-352 (Effective 07/01/05)** is amended to read:

59-12-352 (Effective 07/01/05). Transient room tax authority for municipalities -- Purposes for which revenues may be used.

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

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

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

[~~(4) (a) Beginning on July 1, 2005, through June 30, 2015, a municipality may use revenues generated by the tax under this part:~~]

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

[~~(A) as defined in Section 59-12-602; and~~]

[~~(B) that is 350,000 square feet or more; or~~]

[~~(ii) only for a purpose described in Subsection (4)(b) if within the municipality there is a convention facility:~~]

[~~(A) as defined in Section 59-12-602; and~~]

[~~(B) that is 350,000 square feet or more.~~]

[~~(b) A municipality described in Subsection (4)(a)(ii) may use revenues generated by the tax under this part only for:~~]

[~~(i) the expansion or renovation of a convention facility:~~]

[~~(A) as defined in Section 59-12-602; and~~]

[~~(B) that is 350,000 square feet or more; or~~]

[~~(ii) the expansion of a parking lot or parking structure that is appurtenant to a convention facility:~~]

[~~(A) as defined in Section 59-12-602; and~~]

[~~(B) that is 350,000 square feet or more.~~]

[~~(c)~~] (4) [~~Beginning on July 1, 2015, a~~] A municipality may use revenues generated by the tax under this part for general fund purposes.

Section 2. Section **59-12-1603 (Effective 07/01/05)** is amended to read:

59-12-1603 (Effective 07/01/05). Tax -- Rate -- Purposes for which tax revenues may be expended -- Enactment or repeal of tax -- Tax rate change -- Effective date -- Notice requirements.

(1) (a) Beginning on July 1, 2005, through June 30, 2015, a county legislative body of a county of the first class may impose a tax:

(i) at a rate of 1.25%[~~;~~]:

(A) beginning on or after July 1, 2005, through June 30, 2011; and

(B) on charges for the accommodations and services described in Subsection 59-12-103(1)(i); or

(ii) at a rate of 1%:

(A) beginning on or after July 1, 2011, through June 30, 2015; and

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

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

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

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

(iii) the mitigation of impacts:

(A) on one or more structures that are adjacent to a convention facility;

(B) including an expense relating to relocating a structure described in Subsection (1)(b)(iii)(A); and

(C) that arise from the construction, expansion, or renovation of a convention facility.

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

(i) for the purposes described in Subsections (1)(b)(i) and (ii); and

(ii) relating to one convention facility.

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

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

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

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

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

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

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

(B) after a 90-day period beginning on the date the commission receives notice meeting the requirements of Subsection (3)(b)(ii) from the county.

(ii) The notice described in Subsection (3)(b)(i)(B) shall state:

(A) that the county legislative body will enact or repeal a tax under this part;

(B) the statutory authority for the tax described in Subsection (3)(b)(ii)(A);

(C) the effective date of the tax described in Subsection (3)(b)(ii)(A); and

(D) if the county legislative body enacts the tax described in Subsection (3)(b)(ii)(A), the rate of the tax.

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

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

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

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

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

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

(iii) Subsections (3)(c)(i) and (ii) apply to transactions subject to a tax under

Subsection 59-12-103(1)(i).

(d) (i) Except as provided in Subsection (3)(e), if, for an annexation that occurs on or after [~~July~~] October 1, 2005, the annexation will result in the enactment or repeal of a tax under this part for an annexing area, the enactment or repeal shall take effect:

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

(B) after a 90-day period beginning on the date the commission receives notice meeting the requirements of Subsection (3)(d)(ii) from the county that annexes the annexing area.

(ii) The notice described in Subsection (3)(d)(i)(B) shall state:

(A) that the annexation described in Subsection (3)(d)(i) will result in an enactment or repeal in the rate of a tax under this part for the annexing area;

(B) the statutory authority for the tax described in Subsection (3)(d)(ii)(A);

(C) the effective date of the tax described in Subsection (3)(d)(ii)(A); and

(D) if the county legislative body enacts the tax described in Subsection (3)(d)(ii)(A), the rate of the tax.

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

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

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

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

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

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

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

Section 3. **Appropriation to Division of Finance -- Transfer to Salt Lake County.**

(1) There is appropriated for fiscal year 2004-05 only, $4 million from the General Fund to the Division of Finance.

(2) It is the intent of the Legislature that the Division of Finance transfer the monies described in Subsection (1) to Salt Lake County if:

(a) Salt Lake City Corporation and Salt Lake County enter into an interlocal agreement in accordance with Title 11, Chapter 13, Interlocal Cooperation Act, that includes a provision requiring Salt Lake City Corporation to pay Salt Lake County a total of $8,000,000 on or before July 1, 2005;

(b) Salt Lake City Corporation pays Salt Lake County a total of $8,000,000 on or before July 1, 2005; and

(c) the Salt Lake County Mayor certifies to the Division of Finance in writing that Salt Lake County agrees to:

(i) expend the monies described in Subsection (1) only for the expansion or renovation of a convention facility:

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

(B) if that convention facility is:

(I) located within Salt Lake County; and

(II) 350,000 square feet or more; and

(ii) complete the expansion or renovation of the convention facility described in Subsection (2)(c)(i).

Section 4. **Effective date.**

This bill takes effect on July 1, 2005.

Legislative Review Note
as of 4-19-05 5:56 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel