

TRANSIENT ROOM TAXES AMENDMENTS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Clark

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act relating to transient room taxes.

Highlighted Provisions:

This bill:

- ▶ increases the tax rate of the transient room tax for counties from a rate not to exceed 3% to a rate not to exceed 4.25%;
- ▶ addresses the expenditure of revenues generated by the transient room tax for counties;
- ▶ repeals the Transient Room Tax for Convention Facilities part; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an effective date.

Utah Code Sections Affected:

AMENDS:

17-31-2, as last amended by Chapter 159, Laws of Utah 2001

59-12-301, as last amended by Chapters 156 and 255, Laws of Utah 2004

REPEALS:

59-12-1601, as enacted by Chapter 296, Laws of Utah 2005



28 **59-12-1602**, as enacted by Chapter 296, Laws of Utah 2005
 29 **59-12-1603**, as last amended by Chapter 10, Laws of Utah 2005, First Special Session
 30 **59-12-1604**, as enacted by Chapter 296, Laws of Utah 2005



31
 32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **17-31-2** is amended to read:

34 **17-31-2. Purposes of transient room tax -- Purchase or lease of facilities --**
 35 **Mitigating impacts of recreation, tourism, or conventions -- Issuance of bonds.**

36 (1) Any county legislative body may impose the transient room tax provided for in
 37 Section 59-12-301 for the purposes of:

38 (a) establishing and promoting recreation, tourism, film production, and conventions;

39 (b) acquiring, leasing, constructing, furnishing, or operating convention meeting
 40 rooms, exhibit halls, visitor information centers, museums, and related facilities;

41 (c) acquiring or leasing land required for or related to the purposes listed in Subsection
 42 (1)(b); and

43 (d) as required to mitigate the impacts of recreation, tourism, or conventions in
 44 counties of the fourth, fifth, and sixth class, paying for:

45 (i) solid waste disposal operations;

46 (ii) emergency medical services;

47 (iii) search and rescue activities; and

48 (iv) law enforcement activities.

49 (2) ~~[A]~~ Except as provided in Subsection (4), a county may ~~[use]~~ not expend more than
 50 1/3 of the ~~[proceeds of]~~ revenues generated by the transient room tax provided in Section
 51 59-12-301 for any combination of the following purposes:

52 (a) (i) acquiring, leasing, constructing, furnishing, maintaining, or operating:

53 (A) convention meeting rooms;

54 (B) exhibit halls;

55 (C) visitor information centers;

56 (D) museums; and

57 (E) related facilities; and

58 (ii) acquiring or leasing land required for or related to the purposes described in

59 Subsection (2)(a)(i);

60 (b) as required to mitigate the impacts of recreation, tourism, or conventions in
61 counties of the fourth, fifth, and sixth class, to pay for:

62 (i) solid waste disposal operations;

63 (ii) emergency medical services;

64 (iii) search and rescue activities; and

65 (iv) law enforcement activities; or

66 (c) making the annual payment of principal, interest, premiums, and necessary reserves
67 for any or the aggregate of bonds authorized under Subsection (3).

68 (3) (a) The county legislative body may issue bonds or cause bonds to be issued, as
69 permitted by law, to pay all or part of any costs incurred for the purposes set forth in
70 Subsection (2)(a) or (b) that are permitted to be paid from bond proceeds.

71 (b) ~~[When the proceeds of]~~ Except as provided in Subsection (4), if the revenues
72 generated by the transient room tax provided in Section 59-12-301 are not needed for payment
73 of principal, interest, premiums, and reserves on bonds issued as provided in Subsection (2)(c),
74 the county legislative body shall [use] expend those [proceeds] revenues as provided in
75 Subsection (1), subject to the limitation of Subsection (2).

76 (4) If, on or after October 1, 2006, a county legislative body imposes a tax or increases
77 the rate of a tax in accordance with Section 59-12-301 at a rate that exceeds 3%, the county
78 legislative body:

79 (a) may expend revenues generated by the portion of the rate that exceeds 3% for any
80 purpose described in Subsections (1) through (3); and

81 (b) is not subject to any limits on the amount of revenues that may be expended for a
82 purpose described in Subsection (2).

83 Section 2. Section **59-12-301** is amended to read:

84 **59-12-301. Transient room tax -- Rate -- Enactment or repeal of tax -- Tax rate**
85 **change -- Effective date -- Notice requirements.**

86 (1) (a) Any county legislative body may impose a tax ~~[of not to exceed 3%]~~ on charges
87 for the accommodations and services described in Subsection 59-12-103(1)(i)[:] at a rate of not
88 to exceed:

89 (i) 3% beginning on or after May 13, 1975 and ending on September 30, 2006; or

90 (ii) 4.25% beginning on or after October 1, 2006.

91 (b) The revenues raised from the tax imposed under Subsection (1)(a) shall be used for
92 the purposes listed in Section 17-31-2.

93 (c) The tax imposed under Subsection (1)(a) shall be in addition to the tax imposed
94 under Part 6, Tourism, Recreation, Cultural, and Convention Facilities Tax.

95 (2) Subject to Subsection (3), a county legislative body:

96 (a) may increase or decrease the tax authorized under this part; and

97 (b) shall regulate the tax authorized under this part by ordinance.

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

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

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

102 (b) (i) Except as provided in Subsection (3)(c), if, on or after July 1, 2004, a county
103 enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal, or
104 change shall take effect:

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

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

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

109 (A) that the county will enact or repeal a tax or change the rate of a tax under this part;

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

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

112 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
113 (3)(b)(ii)(A), the rate of the tax.

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

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

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

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

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

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

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

130 (d) (i) Except as provided in Subsection (3)(e), if, for an annexation that occurs on or
131 after July 1, 2004, the annexation will result in the enactment, repeal, or a change in the rate of
132 a tax under this part for an annexing area, the enactment, repeal, or change shall take effect:

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

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

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

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

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

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

141 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
142 (3)(d)(ii)(A), the rate of the tax.

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

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

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

150 (ii) Notwithstanding Subsection (3)(d)(i), for a transaction described in Subsection
151 (3)(e)(iii), the repeal of a tax or a tax rate decrease shall take effect on the first day of the last

152 billing period:

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

154 and

155 (B) if the billing period for the transaction begins before the effective date of the repeal

156 of the tax or the tax rate decrease imposed under this section.

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

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

159 Section 3. **Repealer.**

160 This bill repeals:

161 Section **59-12-1601, Title.**

162 Section **59-12-1602, Definitions.**

163 Section **59-12-1603, Tax -- Rate -- Purposes for which tax revenues may be**
164 **expended -- Enactment or repeal of tax -- Tax rate change -- Effective date -- Notice**
165 **requirements.**

166 Section **59-12-1604, Administration, collection, and enforcement of tax --**
167 **Administrative fee.**

168 Section 4. **Effective date.**

169 (1) The amendments in this bill to Sections 17-31-2 and 59-12-301 take effect on May
170 1, 2006.

171 (2) The repeal of Sections 59-12-1601 through 59-12-1604 takes effect on October 1,
172 2006.

Legislative Review Note
as of 2-1-06 11:46 AM

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

Fiscal Note
Bill Number HB0371

Transient Room Taxes Amendments

06-Feb-06

1:48 PM

State Impact

Passage of this bill could increase local revenues by \$4,953,000 annually if adopted by all eligible entities.

Individual and Business Impact

Passage of this bill could increase the price of certain purchases by 1.25 percent.

Office of the Legislative Fiscal Analyst