

Senator David L. Thomas proposes the following substitute bill:

TRANSIENT ROOM TAX AMENDMENTS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Clark

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Sales and Use Tax Act relating to a transient room tax for counties.

Highlighted Provisions:

This bill:

- ▶ modifies the tax rate of the transient room tax for counties of the second through sixth class;
- ▶ addresses the expenditure of revenues generated by this transient room tax; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

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



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

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

28 **17-31-2. Purposes of transient room tax -- Purchase or lease of facilities --**
29 **Mitigating impacts of recreation, tourism, or conventions -- Issuance of bonds.**

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

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

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

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

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

39 (i) solid waste disposal operations;

40 (ii) emergency medical services;

41 (iii) search and rescue activities; and

42 (iv) law enforcement activities.

43 (2) ~~[A]~~ Except as provided in Subsection (4), a county may ~~use~~ not expend more than
44 1/3 of the ~~proceeds of~~ revenues generated by the transient room tax provided in Section
45 59-12-301 for any combination of the following purposes:

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

47 (A) convention meeting rooms;

48 (B) exhibit halls;

49 (C) visitor information centers;

50 (D) museums; and

51 (E) related facilities; and

52 (ii) acquiring or leasing land required for or related to the purposes described in
53 Subsection (2)(a)(i);

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

56 (i) solid waste disposal operations;

57 (ii) emergency medical services;

58 (iii) search and rescue activities; and

59 (iv) law enforcement activities; or

60 (c) making the annual payment of principal, interest, premiums, and necessary reserves

61 for any or the aggregate of bonds authorized under Subsection (3).

62 (3) (a) The county legislative body may issue bonds or cause bonds to be issued, as

63 permitted by law, to pay all or part of any costs incurred for the purposes set forth in

64 Subsection (2)(a) or (b) that are permitted to be paid from bond proceeds.

65 (b) ~~[When the proceeds of]~~ Except as provided in Subsection (4), if the revenues

66 generated by the transient room tax provided in Section 59-12-301 are not needed for payment

67 of principal, interest, premiums, and reserves on bonds issued as provided in Subsection (2)(c),

68 the county legislative body shall ~~use~~ expend those ~~proceeds~~ revenues as provided in

69 Subsection (1), subject to the limitation of Subsection (2).

70 (4) If, on or after October 1, 2006, a county legislative body of a county of the second,

71 third, fourth, fifth, or sixth class imposes a tax or increases the rate of a tax in accordance with

72 Section 59-12-301 at a rate that exceeds 3%, the county legislative body:

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

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

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

78 **59-12-301. Transient room tax -- Rate -- Enactment or repeal of tax -- Tax rate**
 79 **change -- Effective date -- Notice requirements.**

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

83 (i) beginning on or after May 13, 1975, 3% for a county of the first class; or

84 (ii) for a county of the second, third, fourth, fifth, or sixth class:

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

86 (B) 4.25% beginning on or after October 1, 2006, and ending on June 30, 2011;

87 (C) 4% beginning or after July 1, 2011, and ending on June 30, 2015; or

88 (D) 3% beginning on or after July 1, 2015.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

150 billing period:

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

152 and

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

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

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

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