

Senator Howard A. Stephenson proposes the following substitute bill:

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



26 REPEALS:

27 **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]~~ Except as provided in Subsections (5) and (6), any county legislative body
 37 may impose the transient room tax provided for in 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, maintaining, or operating:

40 (i) convention meeting rooms[;];

41 (ii) exhibit halls[;];

42 (iii) visitor information centers[;];

43 (iv) museums[~~and~~];

44 (v) sports and recreation facilities including practice fields, stadiums, and arenas; and

45 (vi) related facilities;

46 (c) acquiring ~~[or]~~ land, leasing land, or making payments for construction or

47 infrastructure improvements required for or related to the purposes listed in Subsection (1)(b);

48 and

49 (d) as required to mitigate the impacts of recreation, tourism, or conventions in

50 counties of the fourth, fifth, and sixth class, paying for:

51 (i) solid waste disposal operations;

52 (ii) emergency medical services;

53 (iii) search and rescue activities; and

54 (iv) law enforcement activities.

55 (2) ~~[A]~~ Except as provided in Subsections (4) through (6), a county may [use] not

56 expend more than 1/3 of the [proceeds of] revenues generated by the transient room tax

57 provided in Section 59-12-301 for any combination of the following purposes:

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

59 (A) convention meeting rooms;

60 (B) exhibit halls;

61 (C) visitor information centers;

62 (D) museums; [~~and~~]

63 (E) sports and recreation facilities including practice fields, stadiums, and arenas; and

64 [~~(E)~~] (F) related facilities; and

65 (ii) acquiring [~~or~~] land, leasing land, or making payments for construction or

66 infrastructure improvements required for or related to the purposes described in Subsection

67 (2)(a)(i);

68 (b) as required to mitigate the impacts of recreation, tourism, or conventions in

69 counties of the fourth, fifth, and sixth class, to pay for:

70 (i) solid waste disposal operations;

71 (ii) emergency medical services;

72 (iii) search and rescue activities; and

73 (iv) law enforcement activities; or

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

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

76 (3) (a) [~~The~~] Except as provided in Subsections (5) and (6), the county legislative body

77 may issue bonds or cause bonds to be issued, as permitted by law, to pay all or part of any costs

78 incurred for the purposes set forth in Subsection (2)(a) or (b) that are permitted to be paid from

79 bond proceeds.

80 (b) [~~When the proceeds of~~] Except as provided in Subsections (4) through (6), if the

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

82 payment of principal, interest, premiums, and reserves on bonds issued as provided in

83 Subsection (2)(c), the county legislative body shall [~~use~~] expend those [~~proceeds~~] revenues as

84 provided in Subsection (1), subject to the limitation of Subsection (2).

85 (4) Except as provided in Subsections (5) and (6), if, on or after October 1, 2006, a

86 county legislative body imposes a tax or increases the rate of a tax in accordance with Section

87 59-12-301 at a rate that exceeds 3%, the county legislative body:

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

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

92 (5) A county legislative body shall obtain voter approval as provided in Subsection (6)
93 if:

94 (a) on or after October 1, 2006, the county legislative body imposes a tax or increases
95 the rate of a tax in accordance with Section 59-12-301 at a rate that exceeds 3%; and

96 (b) the county legislative body seeks to:

97 (i) expend revenues generated by the portion of the rate described in Subsection (5)(a)
98 that exceeds 3% for any purpose described in Subsections (1) through (3) relating to a facility
99 or land, and any portion of the facility or land is privately owned; or

100 (ii) issue a bond pledging revenues generated by the portion of the rate described in
101 Subsection (5)(a) that exceeds 3% for any purpose described in Subsections (1) through (3)
102 relating to a facility or land, and any portion of the facility or land is privately owned.

103 (6) (a) For purposes of Subsection (5), a county legislative body shall submit an
104 opinion question to the county's registered voters voting on the expenditure or pledge described
105 in Subsection (5) so that each registered voter has the opportunity to express the registered
106 voter's opinion on whether revenues generated by the portion of the rate described in
107 Subsection (5)(a) that exceeds 3% should be expended or pledged for a purpose described in
108 Subsection (5)(b).

109 (b) The election required by this Subsection (6) shall be held:

110 (i) (A) at a regular general election; and

111 (B) in accordance with the procedures and requirements of Title 20A, Election Code,
112 governing regular general elections; or

113 (ii) (A) at a special election called by the county legislative body;

114 (B) only on the date of a municipal general election provided in Subsection
115 20A-1-202(1); and

116 (C) in accordance with the procedures and requirements of Section 20A-1-203.

117 (c) If a county legislative body determines that a majority of the county's registered
118 voters voting on the expenditure or pledge described in Subsection (5) vote in favor of the

119 expenditure or pledge in accordance with this Subsection (6), the county legislative body may
120 make the expenditure or pledge by a majority vote of all of the members of the county
121 legislative body.

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

123 **59-12-301. Transient room tax -- Rate -- Enactment or repeal of tax -- Tax rate**
124 **change -- Effective date -- Notice requirements.**

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

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

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

130 (b) The revenues raised from the tax imposed under Subsection (1)(a) shall be [~~used~~
131 ~~for the purposes listed~~] expended as provided in Section 17-31-2.

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

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

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

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

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

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

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

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

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

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

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

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

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

150 (C) the effective date of the tax described in Subsection (3)(b)(ii)(A); and
151 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
152 (3)(b)(ii)(A), the rate of the tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

180 (D) if the county enacts the tax or changes the rate of the tax described in Subsection

181 (3)(d)(ii)(A), the rate of the tax.

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

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

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

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

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

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

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

198 Section 3. **Repealer.**

199 This bill repeals:

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

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

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

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

207 Section 4. **Effective date.**

208 (1) The amendments in this bill to Sections 17-31-2 and 59-12-301 take effect on May
209 1, 2006.

210 (2) The repeal of Sections 59-12-1601 through 59-12-1604 takes effect on October 1,
211 2006.

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