

**TOURISM, RECREATION, CULTURAL, AND
CONVENTION FACILITIES TAX
AMENDMENTS**

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Merlynn T. Newbold

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Recreational, Tourist and Convention Bureaus chapter and the Tourism, Recreation, Cultural, and Convention Facilities Tax part to address the imposition of the tax on certain accommodations and services.

Highlighted Provisions:

This bill:

- ▶ clarifies that only a county of the first class may impose a tax:
 - on certain accommodations and services; and
 - under the Tourism, Recreation, Cultural, and Convention Facilities Tax part;

and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17-31-5.5, as last amended by Chapter 134, Laws of Utah 2006



28 **59-12-603**, as last amended by Chapters 134 and 253, Laws of Utah 2006



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

31 Section 1. Section **17-31-5.5** is amended to read:

32 **17-31-5.5. Independent audit -- Report to county legislative body -- Content.**

33 (1) The legislative body of each county imposing the transient room tax provided for in
34 Section 59-12-301 shall annually engage an independent auditor to perform an audit to verify
35 that transient room tax funds are used only as authorized by this chapter and to report the
36 findings of the audit to the county legislative body.

37 (2) Subsection (1) applies to the tourism, recreation, cultural, and convention facilities
38 tax provided for in Section 59-12-603, except that the audit verification required under this
39 Subsection (2) shall be for the uses authorized under Section 59-12-603.

40 (3) The report required under Subsection (1) shall include a breakdown of expenditures
41 into the following categories:

42 (a) for the transient room tax, identification of expenditures for:

43 (i) establishing and promoting:

44 (A) recreation;

45 (B) tourism;

46 (C) film production; and

47 (D) conventions;

48 (ii) acquiring, leasing, constructing, furnishing, or operating:

49 (A) convention meeting rooms;

50 (B) exhibit halls;

51 (C) visitor information centers;

52 (D) museums; and

53 (E) related facilities;

54 (iii) acquiring or leasing land required for or related to the purposes listed in

55 Subsection (3)(a)(ii);

56 (iv) mitigation costs as identified in Subsection 17-31-2(1)(d); and

57 (v) making the annual payment of principal, interest, premiums, and necessary reserves

58 for any or the aggregate of bonds issued to pay for costs referred to in Subsections

59 17-31-2(2)(c) and (3)(a); and

60 (b) for the tourism, recreation, cultural, and convention facilities tax, identification of
61 expenditures for:

62 (i) financing tourism promotion, which means an activity to develop, encourage,
63 solicit, or market tourism that attracts transient guests to the county, including planning,
64 product development, and advertising;

65 (ii) the development, operation, and maintenance of the following facilities as defined
66 in Section 59-12-602:

67 (A) tourist facilities;

68 (B) recreation facilities;

69 (C) cultural facilities; and

70 (D) convention facilities; and

71 (iii) a pledge as security for evidences of indebtedness under Subsection
72 59-12-603[~~(4)~~] (3).

73 (4) A county legislative body shall provide a copy of a report it receives under this
74 section to:

75 (a) the Governor's Office of Economic Development;

76 (b) its tourism tax advisory board; and

77 (c) the Office of the Legislative Fiscal Analyst.

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

79 **59-12-603. County tax -- Bases -- Rates -- Use of revenues -- Collection --**

80 **Adoption of ordinance required -- Administration -- Distribution -- Enactment or repeal**
81 **of tax or tax rate change -- Effective date -- Notice requirements.**

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

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

88 (B) beginning on or after January 1, 1999, a county legislative body of any county
89 imposing a tax under Subsection (1)(a)(i)(A) may, in addition to imposing the tax under

90 Subsection (1)(a)(i)(A), impose a tax of not to exceed 4% on all short-term leases and rentals
91 of motor vehicles not exceeding 30 days, except for leases and rentals of motor vehicles made
92 for the purpose of temporarily replacing a person's motor vehicle that is being repaired pursuant
93 to a repair or an insurance agreement;

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

96 (iii) a county legislative body of ~~[any]~~ a county of the first class may impose a tax of
97 not to exceed .5% on charges for the accommodations and services described in Subsection
98 59-12-103(1)(i).

99 (b) A tax imposed under Subsection (1)(a) ~~[is in addition to the transient room tax
100 authorized under Part 3, Transient Room Tax, and]~~ is subject to the audit provisions of Section
101 17-31-5.5.

102 (2) (a) Subject to Subsection (2)(b), revenue from the imposition of the taxes provided
103 for in Subsections (1)(a)(i) through (iii) may be used for the purposes of:

104 (i) financing tourism promotion; and

105 (ii) the development, operation, and maintenance of tourist, recreation, cultural, and
106 convention facilities as defined in Section 59-12-602.

107 (b) A county of the first class shall expend at least \$450,000 each year of the revenues
108 from the imposition of a tax authorized by Subsection (1)(a)(iii) within the county to fund a
109 marketing and ticketing system designed to:

110 (i) promote tourism in ski areas within the county by persons that do not reside within
111 the state; and

112 (ii) combine the sale of:

113 (A) ski lift tickets; and

114 (B) accommodations and services described in Subsection 59-12-103(1)(i).

115 ~~[(3) The tax imposed under Subsection (1)(a)(iii) shall be in addition to the tax
116 imposed under Part 3, Transient Room Tax, and may be imposed only by a county of the first
117 class.]~~

118 ~~[(4)]~~ (3) A tax imposed under this part may be pledged as security for bonds, notes, or
119 other evidences of indebtedness incurred by a county under Title 11, Chapter 14, Local
120 Government Bonding Act, to finance tourism, recreation, cultural, and convention facilities.

121 ~~[(5)]~~ (4) (a) In order to impose the tax under Subsection (1), each county legislative
122 body shall annually adopt an ordinance imposing the tax.

123 (b) The ordinance under Subsection ~~[(5)]~~ (4)(a) shall include provisions substantially
124 the same as those contained in Part 1, Tax Collection, except that the tax shall be imposed only
125 on those items and sales described in Subsection (1).

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

129 ~~[(6)]~~ (5) In order to maintain in effect its tax ordinance adopted under this part, each
130 county legislative body shall, within 30 days of any amendment of any applicable provisions of
131 Part 1, Tax Collection, adopt amendments to its tax ordinance to conform with the applicable
132 amendments to Part 1, Tax Collection.

133 ~~[(7)]~~ (6) (a) (i) Except as provided in Subsection ~~[(7)]~~ (6)(a)(ii), a tax authorized under
134 this part shall be administered, collected, and enforced in accordance with:

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

136 (I) Part 1, Tax Collection; or

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

138 (B) Chapter 1, General Taxation Policies.

139 (ii) A tax under this part is not subject to Section 59-12-107.1 or Subsections
140 59-12-205(2) through (7).

141 (b) Except as provided in Subsection ~~[(7)]~~ (6)(c):

142 (i) for a tax under this part other than the tax under Subsection (1)(a)(i)(B), the
143 commission shall distribute the revenues to the county imposing the tax; and

144 (ii) for a tax under Subsection (1)(a)(i)(B), the commission shall distribute the revenues
145 according to the distribution formula provided in Subsection ~~[(8)]~~ (7).

146 (c) ~~[Notwithstanding Subsection (7)(b), the]~~ The commission shall deduct from the
147 distributions under Subsection ~~[(7)]~~ (6)(b) an administrative charge for collecting the tax as
148 provided in Section 59-12-206.

149 ~~[(8)]~~ (7) The commission shall distribute the revenues generated by the tax under
150 Subsection (1)(a)(i)(B) to each county collecting a tax under Subsection (1)(a)(i)(B) according
151 to the following formula:

152 (a) the commission shall distribute 70% of the revenues based on the percentages
153 generated by dividing the revenues collected by each county under Subsection (1)(a)(i)(B) by
154 the total revenues collected by all counties under Subsection (1)(a)(i)(B); and

155 (b) the commission shall distribute 30% of the revenues based on the percentages
156 generated by dividing the population of each county collecting a tax under Subsection
157 (1)(a)(i)(B) by the total population of all counties collecting a tax under Subsection (1)(a)(i)(B).

158 [~~9~~] (8) (a) For purposes of this Subsection [~~9~~] (8):

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

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

162 (b) (i) Except as provided in Subsection [~~9~~] (8)(c), if, on or after July 1, 2004, a
163 county enacts or repeals a tax or changes the rate of a tax under this part, the enactment, repeal,
164 or change shall take effect:

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

166 (B) after a 90-day period beginning on the date the commission receives notice meeting
167 the requirements of Subsection [~~9~~] (8)(b)(ii) from the county.

168 (ii) The notice described in Subsection [~~9~~] (8)(b)(i)(B) shall state:

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

170 (B) the statutory authority for the tax described in Subsection [~~9~~] (8)(b)(ii)(A);

171 (C) the effective date of the tax described in Subsection [~~9~~] (8)(b)(ii)(A); and

172 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
173 [~~9~~] (8)(b)(ii)(A), the rate of the tax.

174 (c) (i) Notwithstanding Subsection [~~9~~] (8)(b)(i), for a transaction described in
175 Subsection [~~9~~] (8)(c)(iii), the enactment of a tax or a tax rate increase shall take effect on the
176 first day of the first billing period:

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

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

181 (ii) Notwithstanding Subsection [~~9~~] (8)(b)(i), for a transaction described in
182 Subsection [~~9~~] (8)(c)(iii), the repeal of a tax or a tax rate decrease shall take effect on the first

183 day of the last billing period:

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

185 and

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

187 of the tax or the tax rate decrease imposed under Subsection (1).

188 (iii) Subsections [~~9~~] (8)(c)(i) and (ii) apply to transactions subject to a tax under:

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

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

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

192 (d) (i) Except as provided in Subsection [~~9~~] (8)(e), if, for an annexation that occurs

193 on or after July 1, 2004, the annexation will result in the enactment, repeal, or change in the

194 rate of a tax under this part for an annexing area, the enactment, repeal, or change shall take

195 effect:

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

197 (B) after a 90-day period beginning on the date the commission receives notice meeting

198 the requirements of Subsection [~~9~~] (8)(d)(ii) from the county that annexes the annexing area.

199 (ii) The notice described in Subsection [~~9~~] (8)(d)(i)(B) shall state:

200 (A) that the annexation described in Subsection [~~9~~] (8)(d)(i) will result in an

201 enactment, repeal, or change in the rate of a tax under this part for the annexing area;

202 (B) the statutory authority for the tax described in Subsection [~~9~~] (8)(d)(ii)(A);

203 (C) the effective date of the tax described in Subsection [~~9~~] (8)(d)(ii)(A); and

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

205 [~~9~~] (8)(d)(ii)(A), the rate of the tax.

206 (e) (i) Notwithstanding Subsection [~~9~~] (8)(d)(i), for a transaction described in

207 Subsection [~~9~~] (8)(e)(iii), the enactment of a tax or a tax rate increase shall take effect on the

208 first day of the first billing period:

209 (A) that begins after the effective date of the enactment of the tax or the tax rate

210 increase; and

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

212 enactment of the tax or the tax rate increase imposed under Subsection (1).

213 (ii) Notwithstanding Subsection [~~9~~] (8)(d)(i), for a transaction described in

214 Subsection [~~(9)~~] (8)(e)(iii), the repeal of a tax or a tax rate decrease shall take effect on the first
215 day of the last billing period:

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

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

220 (iii) Subsections [~~(9)~~] (8)(e)(i) and (ii) apply to transactions subject to a tax under:

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

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

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

Legislative Review Note
as of 11-15-06 3:14 PM

Office of Legislative Research and General Counsel

Interim Committee Note
as of 12-18-06 1:01 PM

The Revenue and Taxation Interim Committee recommended this bill.

Fiscal Note**H.B. 38 - Tourism, Recreation, Cultural, and Convention Facilities Tax
Amendments**

2007 General Session

State of Utah

State Impact

Enactment of this bill would have no impact on current revenues.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

12/22/2006, 1:13:14 PM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst