

**MUNICIPAL LICENSE FEE OR TAX ON
PUBLIC ASSEMBLY FACILITIES**

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brent H. Goodfellow

House Sponsor: Ron Bigelow

LONG TITLE

General Description:

This bill modifies a provision relating to a municipal license fee or tax on public assembly facilities.

Highlighted Provisions:

This bill:

▸ increases the maximum per ticket license fee or tax that a municipality may impose on a public assembly facility from \$1 to \$5.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-1-203, as last amended by Chapter 193, Laws of Utah 2005

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

Section 1. Section **10-1-203** is amended to read:

10-1-203. License fees and taxes -- Disproportionate rental fee -- Application information to be transmitted to the county assessor.



28 (1) [~~For the purpose of~~] As used in this section:

29 (a) "Business" means any enterprise carried on for the purpose of gain or economic
30 profit, except that the acts of employees rendering services to employers are not included in
31 this definition[;].

32 (b) "Telecommunications provider" is as defined in Section 10-1-402[; ~~and~~].

33 (c) "Telecommunications tax or fee" is as defined in Section 10-1-402.

34 (2) Except as provided in Subsections (3) through (5), the governing body of a
35 municipality may license for the purpose of regulation and revenue any business within the
36 limits of the municipality and may regulate that business by ordinance.

37 (3) (a) The governing body of a municipality may raise revenue by levying and
38 collecting a municipal energy sales or use tax as provided in Part 3, Municipal Energy Sales
39 and Use Tax Act, except a municipality may not levy or collect a franchise tax or fee on an
40 energy supplier other than the municipal energy sales and use tax provided in Part 3, Municipal
41 Energy Sales and Use Tax Act.

42 (b) (i) Subsection (3)(a) does not affect the validity of a franchise agreement as defined
43 in Subsection 10-1-303(6), that is in effect on July 1, 1997, or a future franchise.

44 (ii) A franchise agreement as defined in Subsection 10-1-303(6) in effect on January 1,
45 1997, or a future franchise shall remain in full force and effect.

46 (c) A municipality that collects a contractual franchise fee pursuant to a franchise
47 agreement as defined in Subsection 10-1-303(6) with an energy supplier that is in effect on July
48 1, 1997, may continue to collect that fee as provided in Subsection 10-1-310(2).

49 (d) (i) Subject to the requirements of Subsection (3)(d)(ii), a franchise agreement as
50 defined in Subsection 10-1-303(6) between a municipality and an energy supplier may contain
51 a provision that:

52 (A) requires the energy supplier by agreement to pay a contractual franchise fee that is
53 otherwise prohibited under Part 3, Municipal Energy Sales and Use Tax Act; and

54 (B) imposes the contractual franchise fee on or after the day on which Part 3,
55 Municipal Energy Sales and Use Tax is:

56 (I) repealed, invalidated, or the maximum allowable rate provided in Section 10-1-305
57 is reduced; and

58 (II) is not superseded by a law imposing a substantially equivalent tax.

59 (ii) A municipality may not charge a contractual franchise fee under the provisions
60 permitted by Subsection (3)(b)(i) unless the municipality charges an equal contractual franchise
61 fee or a tax on all energy suppliers.

62 (4) (a) Subject to Subsection (4)(b), beginning July 1, 2004, the governing body of a
63 municipality may raise revenue by levying and providing for the collection of a municipal
64 telecommunications license tax as provided in Part 4, Municipal Telecommunications License
65 Tax Act.

66 (b) A municipality may not levy or collect a telecommunications tax or fee on a
67 telecommunications provider except as provided in Part 4, Municipal Telecommunications
68 License Tax Act.

69 (5) (a) The governing body of a municipality may by ordinance raise revenue by
70 levying and collecting a license fee or tax on:

71 (i) a parking service business in an amount that is less than or equal to:

72 (A) \$1 per vehicle that parks at the parking service business; or

73 (B) 2% of the gross receipts of the parking service business;

74 (ii) a public assembly facility in an amount that is less than or equal to [~~\$1~~] \$5 per
75 ticket purchased from the public assembly facility; and

76 (iii) subject to the limitations of Subsections (5)(c), (d), and (e) a business that causes
77 disproportionate costs of municipal services or for which the municipality provides an
78 enhanced level of municipal services in an amount that is reasonably related to the costs of the
79 municipal services provided by the municipality.

80 (b) For purposes of this Subsection (5):

81 (i) "Municipal services" include:

82 (A) public utilities; or

83 (B) services for:

84 (I) police;

85 (II) fire;

86 (III) storm water runoff;

87 (IV) traffic control;

88 (V) parking;

89 (VI) transportation;

90 (VII) beautification; or

91 (VIII) snow removal.

92 (ii) "Parking service business" means a business:

93 (A) that primarily provides off-street parking services for a public facility that is

94 wholly or partially funded by public moneys;

95 (B) that provides parking for one or more vehicles; and

96 (C) that charges a fee for parking.

97 (iii) "Public assembly facility" means a business operating an assembly facility that:

98 (A) is wholly or partially funded by public moneys; and

99 (B) requires a person attending an event at the assembly facility to purchase a ticket.

100 (c) Before the governing body of a municipality imposes a license fee or tax on a

101 business that causes disproportionate costs of municipal services under Subsection (5)(a)(iii),

102 the governing body of the municipality shall adopt an ordinance defining for purposes of the

103 tax under Subsection (5)(a)(iii) what constitutes disproportionate costs and what amounts are

104 reasonably related to the costs of the municipal services provided by the municipality.

105 (d) Before the governing body of a municipality imposes a license fee or tax on a

106 business for which it provides an enhanced level of municipal services under Subsection

107 (5)(a)(iii), the governing body of the municipality shall adopt an ordinance defining for

108 purposes of the tax under Subsection (5)(a)(iii) what constitutes the basic level of municipal

109 services in the municipality and what amounts are reasonably related to the costs of providing

110 an enhanced level of municipal services in the municipality.

111 (e) (i) For purposes of this Subsection (5)(e):

112 (A) "Disproportionate rental fee" means a license fee or tax on rental housing based on

113 the disproportionate costs of municipal services caused by the rental housing or on an enhanced

114 level of municipal services provided to the rental housing.

115 (B) "Municipal services study" means a study conducted by a municipality of the cost

116 of all municipal services that the municipality provides to the applicable rental housing.

117 (C) "Rental housing cost" means the municipality's cost:

118 (I) of providing municipal services to the rental housing;

119 (II) that is reasonably attributable to the rental housing; and

120 (III) that would not have occurred in the absence of the rental housing.

121 (ii) (A) Each municipality that levies and collects a disproportionate rental fee that
122 exceeds \$17 per unit per year or that intends to impose a disproportionate rental fee for the first
123 time shall:

124 (I) before January 1, 2007 and except as provided in Subsection (5)(e)(iv), conduct a
125 municipal services study; and

126 (II) conduct an updated municipal services study every four years after the first
127 municipal services study.

128 (B) Each municipality that levies and collects a disproportionate rental fee that is \$17
129 or less per unit per year and that intends to increase its disproportionate rental fee shall conduct
130 a municipal services study before increasing its disproportionate rental fee.

131 (iii) (A) Beginning January 1, 2007, a disproportionate rental fee may not exceed the
132 rental housing cost, as determined in a municipal services study.

133 (B) Subsection (5)(e)(iii)(A) does not apply to a municipality whose disproportionate
134 rental fee is \$17 or less and that does not increase its disproportionate rental fee.

135 (iv) The requirement under Subsection (5)(e)(ii)(A)(I) to conduct a municipal services
136 study before January 1, 2007, does not apply to a municipality that levies and collects a
137 disproportionate rental fee that exceeds \$17 per unit per year if the municipality:

138 (A) has implemented, before January 1, 2005, a program that provides a reduction in
139 the disproportionate rental fee for each landlord that implements measures to reduce crime in
140 the rental housing;

141 (B) does not decrease the amount of the disproportionate rental fee reduction provided
142 in a program described in Subsection (5)(e)(iv)(A); and

143 (C) does not increase its disproportionate rental fee.

144 (6) All license fees and taxes shall be uniform in respect to the class upon which they
145 are imposed.

146 (7) The governing body shall transmit the information from each approved business
147 license application to the county assessor within 60 days following the approval of the
148 application.

149 (8) If challenged in court, an ordinance enacted by a municipality before January 1,
150 1994, imposing a business license fee or tax on rental dwellings under this section shall be
151 upheld unless the business license fee or tax is found to impose an unreasonable burden on the

152 fee or tax payer.

Legislative Review Note
as of 11-16-06 9:51 AM

Office of Legislative Research and General Counsel

S.B. 119 - Municipal License Fee or Tax on Public Assembly Facilities

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

The fee increases allowed by this legislation, if enacted by local municipalities, could impact local revenues and the cost of tickets to certain public events.

1/22/2007, 9:28:41 AM, Lead Analyst: Wardrop, T.

Office of the Legislative Fiscal Analyst