

1                   **NEW CONVENTION HOTEL DEVELOPMENT INCENTIVE**

2                                   **PROVISIONS**

3   2014 GENERAL SESSION

4   STATE OF UTAH

5                                   **Chief Sponsor: Brad R. Wilson**

6                                   Senate Sponsor: \_\_\_\_\_

7 Cosponsor:                               Rebecca D. Lockhart

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9 **LONG TITLE**

10 **General Description:**

11               This bill enacts provisions relating to incentives for the development of a new  
12 convention hotel.

13 **Highlighted Provisions:**

14               This bill:

- 15               ▶ enacts the New Convention Hotel Development Incentive Act;
- 16               ▶ establishes a tax credit for the owner of a new convention hotel or a local  
17 government entity, under certain circumstances, in the amount of state and local  
18 sales tax revenue generated from sales related to the construction of a new  
19 convention hotel and from sales on hotel property, and other local taxes;
- 20               ▶ establishes requirements and criteria for qualifying for a tax credit;
- 21               ▶ establishes a process for applying for and the issuance of a tax credit certificate,  
22 including an agreement between the Governor's Office of Economic Development  
23 and the hotel owner or local government in which the hotel is located;
- 24               ▶ authorizes a community development and renewal agency of a host local  
25 government to receive incremental property tax revenue generated from hotel  
26 property during the eligibility period;



- 27           ▶ limits how money derived from a tax credit and incremental property tax revenue
- 28 may be spent;
- 29           ▶ establishes an independent review committee to review tax credit applications;
- 30           ▶ grants the Governor's Office of Economic Development rulemaking authority to
- 31 carry out its responsibilities under and to implement provisions of this bill;
- 32           ▶ requires a county in which a new convention hotel is located to make an annual
- 33 payment into the Stay Another Day and Bounce Back Account;
- 34           ▶ creates the Stay Another Day and Bounce Back Account as a restricted account in
- 35 the General Fund; and
- 36           ▶ modifies the duties and authority of the Board of Tourism Development.

**37 Money Appropriated in this Bill:**

38           None

**39 Other Special Clauses:**

40           This bill provides effective dates.

**41 Utah Code Sections Affected:**

42           AMENDS:

43           **63M-1-1403**, as renumbered and amended by Laws of Utah 2008, Chapter 382

44           ENACTS:

- 45           **17-31-9**, Utah Code Annotated 1953
- 46           **59-7-616**, Utah Code Annotated 1953
- 47           **59-10-1110**, Utah Code Annotated 1953
- 48           **63M-1-3401**, Utah Code Annotated 1953
- 49           **63M-1-3402**, Utah Code Annotated 1953
- 50           **63M-1-3403**, Utah Code Annotated 1953
- 51           **63M-1-3404**, Utah Code Annotated 1953
- 52           **63M-1-3405**, Utah Code Annotated 1953
- 53           **63M-1-3406**, Utah Code Annotated 1953
- 54           **63M-1-3407**, Utah Code Annotated 1953
- 55           **63M-1-3408**, Utah Code Annotated 1953
- 56           **63M-1-3409**, Utah Code Annotated 1953
- 57           **63M-1-3410**, Utah Code Annotated 1953

58 [63M-1-3411](#), Utah Code Annotated 1953

59 [63M-1-3412](#), Utah Code Annotated 1953

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

62 Section 1. Section **17-31-9** is enacted to read:

63 **17-31-9. Payment to Stay Another Day and Bounce Back Account.**

64 A county in which a qualified hotel, as defined in Section [63M-1-3402](#), is located shall  
65 make an annual payment to the Division of Finance:

66 (1) for deposit into the Stay Another Day and Bounce Back Account, established in  
67 Section [63M-1-3411](#);

68 (2) for any year in which the Governor's Office of Economic Development issues a tax  
69 credit certificate, as defined in Section [63M-1-3402](#); and

70 (3) in the amount of 5% of the state portion, as defined in Section [63M-1-3402](#), of the  
71 tax credit, as defined in Section [63M-1-3402](#), awarded by the tax credit certificate.

72 Section 2. Section **59-7-616** is enacted to read:

73 **59-7-616. Refundable tax credit for certain business entities.**

74 (1) As used in this section:

75 (a) "Eligibility period" has the same meaning as defined in Section [63M-1-3402](#).

76 (b) "Office" means the Governor's Office of Economic Development.

77 (c) "Pass-through entity" has the same meaning as defined in Section [59-10-1402](#).

78 (d) "Pass-through entity taxpayer" has the same meaning as defined in Section  
79 [59-10-1402](#).

80 (e) "Tax credit certificate" has the same meaning as defined in Section [63M-1-3402](#).

81 (f) "Tax credit recipient" has the same meaning as defined in Section [63M-1-3402](#).

82 (2) (a) Subject to the other provisions of this section, a tax credit recipient that is a  
83 corporation may claim a refundable tax credit as provided in Subsection (3).

84 (b) If the tax credit recipient is a pass-through entity, the pass-through entity shall pass  
85 through to one or more pass-through entity taxpayers of the pass-through entity, in accordance  
86 with Chapter 10, Part 14, Pass-Through Entities and Pass-Through Entity Taxpayers Act, a  
87 refundable tax credit that the tax credit recipient could otherwise claim under this section.

88 (3) The amount of a tax credit is the amount listed as the tax credit amount on the tax

89 credit certificate that the office issues to the tax credit recipient for the taxable year.

90 (4) A tax credit recipient:

91 (a) may claim or pass through a tax credit in a taxable year other than the taxable year  
92 during which the tax credit recipient has been issued a tax credit certificate; and

93 (b) may not claim a tax credit under both this section and Section [59-7-1110](#).

94 (5) (a) In accordance with any rules prescribed by the commission under Subsection  
95 (5)(b), the commission shall:

96 (i) make a refund to a tax credit recipient that claims a tax credit under this section if  
97 the amount of the tax credit exceeds the tax credit recipient's tax liability under this chapter;  
98 and

99 (ii) transfer at least annually from the General Fund into the Education Fund an amount  
100 equal to the amount of tax credit claimed under this section.

101 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
102 commission may make rules providing procedures for making:

103 (i) a refund to a tax credit recipient or pass-through entity taxpayer as required by  
104 Subsection (5)(a)(i); or

105 (ii) transfers from the General Fund into the Education Fund as required by Subsection  
106 (5)(a)(ii).

107 Section 3. Section **59-10-1110** is enacted to read:

108 **59-10-1110. Refundable tax credit for certain business entities.**

109 (1) As used in this section:

110 (a) "Eligibility period" has the same meaning as defined in Section [63M-1-3402](#).

111 (b) "Office" means the Governor's Office of Economic Development.

112 (c) "Pass-through entity" has the same meaning as defined in Section [59-10-1402](#).

113 (d) "Pass-through entity taxpayer" has the same meaning as defined in Section  
114 [59-10-1402](#).

115 (e) "Tax credit certificate" has the same meaning as defined in Section [63M-1-3402](#).

116 (f) "Tax credit recipient" has the same meaning as defined in Section [63M-1-3402](#).

117 (2) (a) Subject to the other provisions of this section, a tax credit recipient may claim a  
118 refundable tax credit as provided in Subsection (3).

119 (b) If the tax credit recipient is a pass-through entity, the pass-through entity shall pass

120 through to one or more pass-through entity taxpayers of the pass-through entity, in accordance  
121 with Chapter 10, Part 14, Pass-Through Entities and Pass-Through Entity Taxpayers Act, a  
122 refundable tax credit that the tax credit recipient could otherwise claim under this section.

123 (3) The amount of a tax credit is the amount listed as the tax credit amount on the tax  
124 credit certificate that the office issues to the tax credit recipient for the taxable year.

125 (4) A tax credit recipient:

126 (a) may claim or pass through a tax credit in a taxable year other than the taxable year  
127 during which the tax credit recipient has been issued a tax credit certificate; and

128 (b) may not claim a tax credit under both this section and Section 59-7-616.

129 (5) (a) In accordance with any rules prescribed by the commission under Subsection  
130 (5)(b), the commission shall:

131 (i) make a refund to a tax credit recipient that claims a tax credit under this section if  
132 the amount of the tax credit exceeds the tax credit recipient's tax liability under this chapter;  
133 and

134 (ii) transfer at least annually from the General Fund into the Education Fund an amount  
135 equal to the amount of tax credit claimed under this section.

136 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
137 commission may make rules providing procedures for making:

138 (i) a refund to a tax credit recipient or pass-through entity taxpayer as required by  
139 Subsection (5)(a)(i); or

140 (ii) transfers from the General Fund into the Education Fund as required by Subsection  
141 (5)(a)(ii).

142 Section 4. Section **63M-1-1403** is amended to read:

143 **63M-1-1403. Board duties.**

144 (1) The board shall:

145 (a) have authority to approve a tourism program of out-of-state advertising, marketing,  
146 and branding, taking into account the long-term strategic plan, economic trends, and  
147 opportunities for tourism development on a statewide basis, as a condition of the distribution of  
148 funds to the office from the Tourism Marketing Performance Account under Section  
149 **63M-1-1406**;

150 (b) have authority to approve a tourism program of advertising, marketing, and

151 branding of the state, taking into account the long-term strategic plan, economic trends, and  
152 opportunities for tourism development on a statewide basis, as a condition of the distribution of  
153 money to the office from the Stay Another Day and Bounce Back Account, created in Section  
154 [63M-1-3411](#);

155 [~~(b)~~] (c) review the office programs for coordination and integration of advertising and  
156 branding themes to be used whenever possible in all office programs, including recreational,  
157 scenic, historic, and tourist attractions of the state at large;

158 [~~(c)~~] (d) encourage and assist in coordination of the activities of persons, firms,  
159 associations, corporations, civic groups, and governmental agencies engaged in publicizing,  
160 developing, and promoting the scenic attractions and tourist advantages of the state; and

161 [~~(d)~~] (e) (i) advise the office in establishing a Cooperative Program from the money in  
162 the Tourism Marketing Performance Account under Section [63M-1-1406](#) for use by cities,  
163 counties, nonprofit destination marketing organizations, and similar public entities for the  
164 purpose of supplementing money committed by these entities for advertising and promotion to  
165 and for out-of-state residents to attract them to visit sites advertised by and attend events  
166 sponsored by these entities;

167 (ii) the Cooperative Program shall be allocated 20% of the revenues appropriated to the  
168 office from the Tourism Marketing Performance Account;

169 (iii) the office, with approval from the board, shall establish eligibility, advertising, and  
170 timing requirements and criteria and provide for an approval process for applications;

171 (iv) an application from an eligible applicant to receive money from the Cooperative  
172 Program must be submitted on or before the appropriate date established by the office; and

173 (v) Cooperative Program money not used in each fiscal year shall be returned to the  
174 Tourism Marketing Performance Account.

175 (2) The board may:

176 (a) solicit and accept contributions of money, services, and facilities from any other  
177 sources, public or private and shall use these funds for promoting the general interest of the  
178 state in tourism; and

179 (b) establish subcommittees for the purpose of assisting the board in an advisory role  
180 only.

181 (3) The board may not, except as otherwise provided in Subsection (1)(a), make policy

182 related to the management or operation of the office.

183 Section 5. Section **63M-1-3401** is enacted to read:

184 **Part 34. New Convention Hotel Development Incentive Act**

185 **63M-1-3401. Title.**

186 This part is known as the "New Convention Hotel Development Incentive Act."

187 Section 6. Section **63M-1-3402** is enacted to read:

188 **63M-1-3402. Definitions.**

189 As used in this part:

190 (1) "Agreement" means an agreement described in Section [63M-1-3403](#).

191 (2) "Commission" means the Utah State Tax Commission.

192 (3) "Committee" means the independent review committee established as provided in  
193 Subsection [63M-1-3404](#)(1).

194 (4) "Community development and renewal agency" has the same meaning as defined in  
195 Section [17C-1-102](#).

196 (5) "Eligibility period" means:

197 (a) the period that:

198 (i) begins the date construction of a qualified hotel begins, and

199 (ii) ends 20 years after the date of initial occupancy of that qualified hotel; or

200 (b) as provided in an agreement between the office and a qualified hotel owner or host  
201 local government, a period that:

202 (i) begins no earlier than the date construction of a qualified hotel begins; and

203 (ii) is shorter than the period described in Subsection (5)(a).

204 (6) "Host agency" means the community development and renewal agency of the host  
205 local government.

206 (7) "Host local government" means:

207 (a) a county that enters into an agreement with the office for the construction of a  
208 qualified hotel within the unincorporated area of the county; or

209 (b) a city or town that enters into an agreement with the office for the construction of a  
210 qualified hotel within the boundary of the city or town.

211 (8) "Hotel property" means a qualified hotel and any property that is included in the  
212 same development as the qualified hotel, including convention, exhibit, and meeting space,

213 retail shops, restaurants, parking, and other ancillary facilities and amenities.

214 (9) "Incremental property tax revenue" means the amount of property tax revenue  
215 generated from hotel property that equals the difference between:

216 (a) the amount of property tax revenue generated in any tax year by all taxing entities  
217 from hotel property, using the current assessed value of the hotel property; and

218 (b) the amount of property tax revenue that would be generated that tax year by all  
219 taxing entities from hotel property, using a base taxable value of the hotel property as  
220 established by the county in which the hotel property is located.

221 (10) "Local portion" means the portion of new tax revenue that is not the state portion.

222 (11) "New tax revenue" means:

223 (a) all incremental new revenue generated from a tax under Title 59, Chapter 12, Sales  
224 and Use Tax Act, on transactions occurring during the eligibility period as a result of the  
225 construction of a qualified hotel, including purchases made by a qualified hotel owner and its  
226 subcontractors; and

227 (b) all incremental new revenue generated from a tax under Title 59, Chapter 12, Sales  
228 and Use Tax Act, on transactions occurring on hotel property during the eligibility period.

229 (12) "Public infrastructure" means:

230 (a) water, sewer, storm drainage, electrical, telecommunications, and other similar  
231 systems and lines;

232 (b) streets, roads, curbs, gutters, sidewalks, walkways, parking facilities, and public  
233 transportation facilities; and

234 (c) other buildings, facilities, infrastructure, and improvements that benefit the public.

235 (13) "Qualified hotel" means a single, full-service hotel constructed in the state on or  
236 after July 1, 2014 that:

237 (a) requires a significant capital investment;

238 (b) includes at least 85 square feet of convention, exhibit, and meeting space per guest  
239 room; and

240 (c) is located within 1,000 feet of a convention center that contains at least 500,000  
241 square feet of convention, exhibit, and meeting space.

242 (14) "Qualified hotel owner" means a person who owns a qualified hotel.

243 (15) "Significant capital investment" means an amount of at least \$200,000,000.



244 (16) "State portion" means the portion of new tax revenue that is attributable to a tax  
245 imposed under Subsection 59-12-103(2)(a)(i)(A).

246 (17) "Tax credit" means a tax credit under Section 59-7-616 or 59-10-1110.

247 (18) "Tax credit amount" means the amount the office lists as a tax credit on a tax  
248 credit certificate.

249 (19) "Tax credit applicant" means a qualified hotel owner or host local government  
250 that:

251 (a) has entered into an agreement with the office; and

252 (b) pursuant to that agreement, submits an application for the issuance of a tax credit  
253 certificate.

254 (20) "Tax credit certificate" means a certificate issued by the office that includes:

255 (a) the name of the tax credit recipient;

256 (b) the tax credit recipient's taxpayer identification number;

257 (c) the tax credit amount authorized under this part for a taxable year; and

258 (d) other information as determined by the office.

259 (21) "Tax credit recipient" means a tax credit applicant that has been issued a tax credit  
260 certificate.

261 Section 7. Section **63M-1-3403** is enacted to read:

262 **63M-1-3403. Agreement for development of new convention hotel -- Tax credit**  
263 **authorized -- Agreement requirements.**

264 (1) The office, with the board's advice, may enter into an agreement with a qualified  
265 hotel owner or a host local government:

266 (a) for the development of a qualified hotel; and

267 (b) to authorize a tax credit:

268 (i) to the qualified hotel owner or host local government, but not both;

269 (ii) for a period not to exceed the eligibility period; and

270 (iii) if all applicable requirements of this part and the agreement are met.

271 (2) An agreement shall:

272 (a) specify the requirements for a tax credit recipient to qualify for a tax credit;

273 (b) with respect to the state portion of any tax credit that the tax credit recipient may  
274 receive during the eligibility period:

275 (i) specify the maximum dollar amount that the tax credit recipient may receive,  
276 subject to a maximum of:

277 (A) for any taxable year, the amount of the state portion of new tax revenue in that  
278 taxable year; and

279 (B) \$75,000,000 in the aggregate for any tax credit recipient during an eligibility  
280 period; and

281 (ii) specify the maximum percentage of the state portion of new tax revenue that may  
282 be used in calculating a tax credit that a tax credit recipient may receive during the eligibility  
283 period for each taxable year and in the aggregate;

284 (c) establish a shorter period of time than the period described in Subsection  
285 63M-1-3402(5)(a) during which the tax credit recipient may claim a tax credit or that the host  
286 agency may be paid incremental property tax revenue, if the office and qualified hotel owner or  
287 host local government agree to a shorter period of time;

288 (d) require the tax credit recipient to retain books and records supporting a claim for a  
289 tax credit as required by Section 59-1-1406;

290 (e) allow the transfer of the agreement to a third party if the third party assumes all  
291 liabilities and responsibilities in the agreement;

292 (f) limit the expenditure of funds received under a tax credit as provided in Section  
293 63M-1-3412; and

294 (g) require the tax credit recipient to submit to any audit the office considers  
295 appropriate for verification of any tax credit or claimed tax credit.

296 Section 8. Section **63M-1-3404** is enacted to read:

297 **63M-1-3404. Independent review committee.**

298 (1) In accordance with rules adopted by the office under Section 63M-1-3408, the  
299 board shall establish a separate, independent review committee to review each initial tax credit  
300 application submitted under this part for compliance with the requirements of this part and the  
301 agreement.

302 (2) The committee shall consist of:

303 (a) one member appointed by the director to represent the office;

304 (b) two members appointed by the mayor or chief executive of the county in which the  
305 qualified hotel is located or proposed to be located;

306 (c) two members appointed by:

307 (i) the mayor of the municipality in which the qualified hotel is located or proposed to  
308 be located, if the qualified hotel is located or proposed to be located within the boundary of a  
309 municipality; or

310 (ii) the mayor or chief executive of the county in which the qualified hotel is located or  
311 proposed to be located, in addition to the two members appointed under Subsection (2)(b), if  
312 the qualified hotel is located or proposed to be located outside the boundary of a municipality;

313 (d) an individual representing the hotel industry, appointed by the Utah Hotel and  
314 Lodging Association;

315 (e) an individual representing the commercial development and construction industry,  
316 appointed by the president or chief executive officer of the local chamber of commerce;

317 (f) an individual representing the convention and meeting planners industry, appointed  
318 by the president or chief executive officer of the local convention and visitors bureau; and

319 (g) one member appointed by the board.

320 (3) (a) A member serves an indeterminate term and may be removed from the  
321 committee by the appointing authority at any time.

322 (b) A vacancy may be filled in the same manner as an appointment under Subsection  
323 (2).

324 (4) A member of the committee may not be paid for serving on the committee and may  
325 not receive per diem or expense reimbursement.

326 (5) The office shall provide any necessary staff support to the committee.

327 Section 9. Section **63M-1-3405** is enacted to read:

328 **63M-1-3405. Submission of written application for tax credit certificate --**

329 **Disclosure of tax returns and other information -- Determination of tax credit**  
330 **application.**

331 (1) For each taxable year for which a tax credit applicant seeks the issuance of a tax  
332 credit certificate, the tax credit applicant shall submit to the office:

333 (a) a written application for a tax credit certificate;

334 (b) (i) for an application submitted by a qualified hotel owner:

335 (A) a certification by the individual signing the application that the individual is duly  
336 authorized to sign the application on behalf of the qualified hotel owner;

- 337 (B) documentation of the new tax revenue generated during the preceding year;  
338 (C) a document in which the qualified hotel owner expressly directs and authorizes the  
339 commission to disclose to the office the qualified hotel owner's tax returns and other  
340 information that would otherwise be subject to confidentiality under Section 59-1-403 or  
341 Section 6103, Internal Revenue Code;
- 342 (D) a document in which the qualified hotel's direct vendors, lessees, or subcontractors,  
343 as applicable, expressly direct and authorize the commission to disclose to the office the tax  
344 returns and other information of those vendors, lessees, or subcontractors that would otherwise  
345 be subject to confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code;  
346 and
- 347 (E) documentation verifying that the qualified hotel owner has satisfied the  
348 performance benchmarks outlined in the agreement;
- 349 (ii) for an application submitted by a host local government, documentation of the new  
350 tax revenue generated during the preceding year;
- 351 (c) if the host local government intends to assign the tax credit sought in the tax credit  
352 application to a community development and renewal agency:
- 353 (i) the taxpayer identification number of the community development and renewal  
354 agency; and
- 355 (ii) a document signed by the governing body members of the community development  
356 and renewal agency that expressly directs and authorizes the commission to disclose to the  
357 office the agency's tax returns and other information that would otherwise be subject to  
358 confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code; and
- 359 (d) a statement provided by an independent certified public accountant, at the tax credit  
360 applicant's expense, attesting to the accuracy of the documentation of new tax revenue.
- 361 (2) (a) The office shall submit to the commission the documents described in  
362 Subsections (1)(b)(i)(C) and (1)(c)(ii) authorizing disclosure of the tax returns and other  
363 information.
- 364 (b) Upon receipt of the documents described in Subsection (2)(a), the commission shall  
365 provide the office the tax returns and other information described in those documents.
- 366 (3) If the office determines that the tax returns and other information is inadequate to  
367 validate the issuance of a tax credit certificate, the office shall inform the tax credit applicant

368 that the tax returns and other information were inadequate and request the tax credit applicant  
369 to submit additional documentation to validate the issuance of a tax credit certificate.

370 (4) If the office determines that the returns and other information, including any  
371 additional documentation provided under Subsection (3), provide reasonable justification for  
372 the issuance of a tax credit certificate, the office shall:

373 (a) determine the amount of the tax credit to be listed on the tax credit certificate;

374 (b) issue a tax credit certificate to the tax credit applicant for the amount of that tax  
375 credit; and

376 (c) provide a copy of the tax credit certificate to the commission.

377 Section 10. Section **63M-1-3406** is enacted to read:

378 **63M-1-3406. Effect of tax credit certificate -- Retaining tax credit certificate.**

379 (1) A person may not claim a tax credit unless the office has issued the person a tax  
380 credit certificate.

381 (2) A tax credit recipient may claim a tax credit in the amount of the tax credit stated in  
382 a tax credit certificate.

383 (3) A tax credit recipient shall retain the tax credit certificate in accordance with the  
384 requirements of Section [59-1-1406](#) for retaining books and records.

385 (4) The amount of a tax credit indicated on a tax credit certificate issued during the  
386 eligibility period may not exceed the amount of eligible new tax revenue generated during the  
387 taxable year preceding the taxable year for which the tax credit certificate is issued.

388 Section 11. Section **63M-1-3407** is enacted to read:

389 **63M-1-3407. Assigning tax credit.**

390 (1) A host local government that enters into an agreement with the office may, by  
391 resolution, assign a tax credit to a community development and renewal agency, in accordance  
392 with rules adopted by the office.

393 (2) A host local government that adopts a resolution assigning a tax credit under  
394 Subsection (1) shall provide a copy of the resolution to the office and the commission.

395 Section 12. Section **63M-1-3408** is enacted to read:

396 **63M-1-3408. Payment of incremental property tax revenue.**

397 (1) (a) In accordance with rules adopted by the office, a host agency shall be paid  
398 incremental property tax revenue during the eligibility period.

399 (b) Incremental property tax revenue may be used only to pay for public infrastructure  
400 associated with hotel property.

401 (2) A county that collects property tax on hotel property during the eligibility period  
402 shall pay and distribute to the host agency the incremental property tax revenue that the host  
403 agency is entitled to collect under Subsection (1), in the manner and at the time provided in  
404 Section [59-2-1365](#).

405 Section 13. Section **63M-1-3409** is enacted to read:

406 **63M-1-3409. Rulemaking authority -- Requirements for rules.**

407 (1) The office shall, in accordance with Title 63G, Chapter 3, Utah Administrative  
408 Rulemaking Act, make rules to carry out its responsibilities under this part and to implement  
409 the provisions of this part.

410 (2) The rules the office makes under Subsection (1) shall:

411 (a) establish, consistent with this part, the conditions that a tax credit applicant is  
412 required to meet to qualify for a tax credit;

413 (b) require that a significant capital investment be made in the development of the  
414 hotel property;

415 (c) require a tax credit applicant to meet all applicable requirements in order to receive  
416 a tax credit certificate; and

417 (d) provide for the establishment of an independent review committee, consistent with  
418 the requirements of Section [63M-1-3404](#).

419 Section 14. Section **63M-1-3410** is enacted to read:

420 **63M-1-3410. Report by office -- Posting of report.**

421 (1) Before November 1 of each year, the office shall submit a written report to the  
422 Economic Development and Workforce Services Interim Committee of the Legislature, the  
423 Governor's Office of Management and Budget, and the Office of the Legislative Fiscal Analyst  
424 describing:

425 (a) the state's success in attracting new conventions and corresponding new state  
426 revenue;

427 (b) the estimated amount of tax credit commitments and the associated calculation  
428 made by the office and the period of time over which tax credits are expected to be paid;

429 (c) the economic impact on the state related to generating new state revenue and

430 providing tax credits; and

431 (d) the estimated and actual costs and economic benefits of the tax credit commitments  
432 that the office made.

433 (2) The office shall post the annual report under Subsection (1) on its website and on a  
434 state website.

435 Section 15. Section **63M-1-3411** is enacted to read:

436 **63M-1-3411. Stay Another Day and Bounce Back Account.**

437 (1) As used in this section:

438 (a) "Account" means the Stay Another Day and Bounce Back Account, established in  
439 Subsection (2).

440 (b) "Board" means the Board of Tourism Development created in Section [63M-1-1401](#).

441 (2) There is created within the General Fund a restricted account known as the Stay  
442 Another Day and Bounce Back Account.

443 (3) The account shall:

444 (a) be administered by the board;

445 (b) earn interest; and

446 (c) be funded by:

447 (i) annual payments under Section [17-31-9](#) from the county in which a qualified hotel  
448 is located; and

449 (ii) any money that the Legislature chooses to appropriate to the account.

450 (4) Interest earned by the account shall be deposited into the account.

451 (5) The board may use money in the account to pay for a tourism program of  
452 advertising, marketing, and branding of the state, taking into consideration the long-term  
453 strategic plan, economic trends, and opportunities for tourism development on a statewide  
454 basis.

455 (6) The Division of Finance shall:

456 (a) certify money deposited into the account as set aside for the account; and

457 (b) report money deposited into the account to the Office of the Legislative Fiscal

458 Analyst.

459 Section 16. Section **63M-1-3412** is enacted to read:

460 **63M-1-3412. Authorized expenditures of tax credit money.**

461 (1) A tax credit recipient may spend money received as a direct result of the state  
462 portion of a tax credit only for the purchase of or payment for, or reimbursement of a previous  
463 purchase of or payment for:

464 (a) tangible personal property used in the construction of convention, exhibit, or  
465 meeting space on hotel property; or

466 (b) tangible personal property that, upon the construction of hotel property, becomes  
467 affixed to hotel property as real property.

468 (2) A tax credit recipient may spend money received as a direct result of the local  
469 portion of a tax credit only for:

470 (a) a purpose described in Subsection (1);

471 (b) public infrastructure; and

472 (c) other purposes as approved by the host agency.

473 Section 17. **Effective date.**

474 (1) Except as provided in Subsection (2), this bill takes effect May 13, 2014.

475 (2) Sections [59-7-616](#) and [59-10-1110](#) take effect for a taxable year beginning on or  
476 after January 1, 2015.

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**Legislative Review Note**  
**as of 2-14-14 3:49 PM**

**Office of Legislative Research and General Counsel**