

**NEW CONVENTION FACILITIES DEVELOPMENT
INCENTIVE ACT AMENDMENTS**

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brad R. Wilson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill addresses provisions relating to incentives for the development of new convention facilities.

Highlighted Provisions:

This bill:

- ▶ modifies the incentive for the development of new convention facilities from an income tax credit to payments of sales and use tax money from a restricted special revenue fund;
- ▶ provides for new tax revenue from a qualified hotel to be placed into a restricted special revenue fund;
- ▶ establishes a restricted special revenue fund and provides for its funding;
- ▶ modifies duties of the independent review committee;
- ▶ modifies provisions relating to the submission of a claim for a convention incentive and the processing of a claim;
- ▶ modifies provisions relating to incremental property tax revenue; and
- ▶ modifies provisions relating to the authorized use of a convention incentive.

Money Appropriated in this Bill:

None

Other Special Clauses:



28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **63M-1-3402**, as enacted by Laws of Utah 2014, Chapter 429

32 **63M-1-3403**, as enacted by Laws of Utah 2014, Chapter 429

33 **63M-1-3404**, as enacted by Laws of Utah 2014, Chapter 429

34 **63M-1-3405**, as enacted by Laws of Utah 2014, Chapter 429

35 **63M-1-3407**, as enacted by Laws of Utah 2014, Chapter 429

36 **63M-1-3408**, as enacted by Laws of Utah 2014, Chapter 429

37 **63M-1-3409**, as enacted by Laws of Utah 2014, Chapter 429

38 **63M-1-3410**, as enacted by Laws of Utah 2014, Chapter 429

39 **63M-1-3411**, as enacted by Laws of Utah 2014, Chapter 429

40 **63M-1-3413**, as enacted by Laws of Utah 2014, Chapter 429

41 ENACTS:

42 **63M-1-3403.5**, Utah Code Annotated 1953

43 REPEALS:

44 **59-7-616**, as enacted by Laws of Utah 2014, Chapter 429

45 **59-10-1110**, as enacted by Laws of Utah 2014, Chapter 429

46 **63M-1-3406**, as enacted by Laws of Utah 2014, Chapter 429



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

49 Section 1. Section **63M-1-3402** is amended to read:

50 **63M-1-3402. Definitions.**

51 As used in this part:

52 (1) "Agreement" means an agreement described in Section **63M-1-3403**.

53 (2) "Certified claim" means a claim that the office has approved and certified as
54 provided in Section **63M-1-3405**.

55 (3) "Claim" means a written document submitted by a qualified hotel owner or host
56 local government to request a convention incentive.

57 (4) "Claimant" means the qualified hotel owner or host local government that submits a
58 claim under Subsection **63M-1-3405**(1)(a) for a convention incentive.

59 ~~[(2)]~~ (5) "Commission" means the Utah State Tax Commission.

60 ~~[(3)]~~ (6) "Community development and renewal agency" ~~[has the same meaning as]~~
61 means the same as that term is defined in Section 17C-1-102.

62 (7) "Construction revenue" means revenue generated from state taxes and local taxes
63 imposed on transactions occurring during the eligibility period as a result of the construction of
64 the hotel property, including purchases made by a qualified hotel owner and its subcontractors.

65 (8) "Convention incentive" means an incentive for the development of a qualified
66 hotel, in the form of payment from the incentive fund as provided in this part, as authorized in
67 an agreement.

68 ~~[(4)]~~ (9) "Eligibility period" means:

69 (a) the period that:

70 (i) begins the date construction of a qualified hotel begins; and

71 (ii) ends:

72 (A) for purposes of the state portion, 20 years after the date of initial occupancy of that
73 qualified hotel; or

74 (B) for purposes of the local portion and incremental property tax revenue, 25 years
75 after the date of initial occupancy of that hotel; or

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

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

79 (ii) is shorter than the period described in Subsection ~~[(4)]~~ (9)(a).

80 ~~[(5)]~~ (10) "Endorsement letter" means a letter:

81 (a) from the county in which a qualified hotel is located or is proposed to be located;

82 (b) signed by the county executive; and

83 (c) expressing the county's endorsement of a developer of a qualified hotel as meeting
84 all the county's criteria for receiving the county's endorsement.

85 ~~[(6)]~~ (11) "Host agency" means the community development and renewal agency of the
86 host local government.

87 ~~[(7)]~~ (12) "Host local government" means:

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

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

92 ~~[(8)]~~ (13) "Hotel property" means a qualified hotel and any property that is included in
 93 the same development as the qualified hotel, including convention, exhibit, and meeting space,
 94 retail shops, restaurants, parking, and other ancillary facilities and amenities.

95 (14) "Incentive fund" means the Convention Incentive Fund created in Section
 96 63M-1-3403.5.

97 ~~[(9)]~~ (15) "Incremental property tax revenue" means the amount of property tax
 98 revenue generated from hotel property that equals the difference between:

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

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

104 ~~[(10)]~~ (16) "Local portion" means~~[(a)]~~ the portion of new tax revenue that is ~~[not the~~
 105 ~~state portion; and]~~ generated by local taxes.

106 ~~[(b) incremental property tax revenue.]~~

107 (17) "Local taxes" means a tax imposed under:

108 (a) Section 59-12-204;

109 (b) Section 59-12-301;

110 (c) Sections 59-12-352 and 59-12-353;

111 (d) Subsection 59-12-603(1)(a)(i)(A);

112 (e) Subsection 59-12-603(1)(a)(i)(B);

113 (f) Subsection 59-12-603(1)(a)(ii);

114 (g) Subsection 59-12-603(1)(a)(iii); or

115 (h) Section 59-12-1102.

116 ~~[(11)]~~ (18) "New tax revenue" means~~[:]~~ construction revenue, offsite revenue, and
 117 onsite revenue.

118 ~~[(a) all new revenue generated from a tax under Title 59, Chapter 12, Sales and Use~~
 119 ~~Tax Act, on transactions occurring during the eligibility period as a result of the construction of~~
 120 ~~the hotel property, including purchases made by a qualified hotel owner and its subcontractors;]~~

121 ~~[(b) all new revenue generated from a tax under Title 59, Chapter 12, Sales and Use~~
122 ~~Tax Act, on transactions occurring on hotel property during the eligibility period; and]~~

123 ~~[(c) all new]~~ (19) "Offsite revenue" means revenue generated from [a tax under Title
124 ~~59, Chapter 12, Sales and Use Tax Act,]~~ state taxes and local taxes imposed on transactions by
125 a third-party seller occurring other than on hotel property during the eligibility period, if:

126 (i) the transaction is subject to a tax under Title 59, Chapter 12, Sales and Use Tax Act;
127 and

128 (ii) the third-party seller voluntarily consents to the disclosure of information to the
129 office, as provided in Subsection [63M-1-3405\(1\)\(b\)\(i\)\(E\)](#).

130 (20) "Onsite revenue" means revenue generated from state taxes and local taxes
131 imposed on transactions occurring on hotel property during the eligibility period.

132 ~~[(12)]~~ (21) "Public infrastructure" means:

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

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

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

138 ~~[(13)]~~ (22) "Qualified hotel" means a full-service hotel development constructed in the
139 state on or after July 1, 2014 that:

140 (a) requires a significant capital investment;

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

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

145 ~~[(14)]~~ (23) "Qualified hotel owner" means a person who owns a qualified hotel.

146 ~~[(15)]~~ (24) "Review committee" means the independent review committee established
147 under Section [63M-1-3404](#).

148 ~~[(16)]~~ (25) "Significant capital investment" means an amount of at least \$200,000,000.

149 ~~[(17)]~~ (26) "State portion" means the portion of new tax revenue that is ~~[attributable to~~
150 ~~a tax imposed under Subsection [59-12-103\(2\)\(a\)\(i\)\(A\)](#)]~~ generated by state taxes.

151 ~~[(18)]~~ "Tax credit" means a tax credit under Section ~~[59-7-616](#) or [59-10-1110](#).~~

152 ~~[(19) "Tax credit applicant" means a qualified hotel owner or host local government~~
 153 ~~that:]~~

154 ~~[(a) has entered into an agreement with the office; and]~~

155 ~~[(b) pursuant to that agreement, submits an application for the issuance of a tax credit~~
 156 ~~certificate.]~~

157 ~~[(20) "Tax credit certificate" means a certificate issued by the office that includes:]~~

158 ~~[(a) the name of the tax credit recipient;]~~

159 ~~[(b) the tax credit recipient's taxpayer identification number;]~~

160 ~~[(c) the amount of the tax credit authorized under this part for a taxable year; and]~~

161 ~~[(d) other information as determined by the office.]~~

162 ~~[(21) "Tax credit recipient" means a tax credit applicant that has been issued a tax~~
 163 ~~credit certificate.]~~

164 (27) "State taxes" means a tax imposed under Subsection 59-12-103(2)(a), (2)(b)(i),
 165 (2)(c)(i), or (2)(d)(i)(A).

166 ~~[(22)]~~ (28) "Third-party seller" means a person who is a seller in a transaction:

167 (a) occurring other than on hotel property;

168 (b) that is:

169 (i) the sale, rental, or lease of a room or of convention or exhibit space or other
 170 facilities on hotel property; or

171 (ii) the sale of tangible personal property or a service that is part of a bundled
 172 transaction, as defined in Section 59-12-102, with a sale, rental, or lease described in
 173 Subsection ~~[(22)]~~ (28)(b)(i); and

174 (c) that is subject to a tax under Title 59, Chapter 12, Sales and Use Tax Act.

175 Section 2. Section **63M-1-3403** is amended to read:

176 **63M-1-3403. Agreement for development of new convention hotel -- Convention**
 177 **incentive authorized -- Agreement requirements.**

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

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

181 (b) to authorize a ~~[tax credit]~~ convention incentive:

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

- 183 (ii) for a period not to exceed the eligibility period;
- 184 (iii) in the amount of new tax revenue, subject to Subsection (2) and notwithstanding
- 185 any other restriction provided by law;
- 186 ~~[(iii)]~~ (iv) if:
- 187 (A) the county in which the qualified hotel is proposed to be located has issued an
- 188 endorsement letter endorsing the qualified hotel owner; and
- 189 (B) all applicable requirements of this part and the agreement are met; and
- 190 (iv) that is reduced by \$1,900,000 per year during the first two years of the eligibility
- 191 period, as described in Subsection (2)(c).
- 192 (2) An agreement under Subsection (1) shall:
- 193 (a) specify the requirements for ~~[a tax credit recipient]~~ the qualified hotel owner or host
- 194 local government to qualify for a ~~[tax credit]~~ convention incentive;
- 195 (b) require compliance with the terms of the endorsement letter issued by the county in
- 196 which the qualified hotel is proposed to be located;
- 197 (c) require the amount of ~~[a tax credit listed in a tax credit certificate issued during]~~
- 198 certified claims for the first two years of the eligibility period to be reduced by \$1,900,000 per
- 199 year;
- 200 (d) with respect to the state portion of ~~[any tax credit that the tax credit recipient may~~
- 201 ~~receive during the eligibility period]~~ the convention incentive:
- 202 (i) specify the maximum dollar amount that the ~~[tax credit recipient]~~ qualified hotel
- 203 owner or host local government may receive, subject to a maximum of:
- 204 (A) for any ~~[taxable]~~ calendar year, the amount of the state portion ~~[of new tax~~
- 205 ~~revenue]~~ in that ~~[taxable]~~ calendar year; and
- 206 (B) \$75,000,000 in the aggregate for ~~[any tax credit recipient]~~ the qualified hotel owner
- 207 or host local government during an eligibility period, calculated as though the two \$1,900,000
- 208 reductions of the tax credit amount under Subsection (1)(b)(iv) had not occurred; and
- 209 (ii) specify the maximum percentage of the state portion ~~[of new tax revenue]~~ that may
- 210 be used in calculating ~~[a tax credit that a tax credit recipient]~~ the portion of the convention
- 211 incentive that the qualified hotel owner or host local government may receive during the
- 212 eligibility period for each ~~[taxable]~~ calendar year and in the aggregate;
- 213 (e) establish a shorter period of time than the period described in Subsection

214 63M-1-3402(5)(a) during which the [~~tax credit recipient may claim a tax credit~~] qualified hotel
215 owner or host local government may claim the convention incentive or that the host agency
216 may be paid incremental property tax revenue, if the office and qualified hotel owner or host
217 local government agree to a shorter period of time;

218 (f) require the [~~tax credit recipient~~] qualified hotel owner to retain books and records
219 supporting a claim for [~~a tax credit~~] the convention incentive as required by Section 59-1-1406;

220 (g) allow the transfer of the agreement to a third party if the third party assumes all
221 liabilities and responsibilities in the agreement;

222 (h) limit the expenditure of funds received under [~~a tax credit~~] the convention incentive
223 as provided in Section 63M-1-3412; and

224 (i) require the [~~tax credit recipient~~] qualified hotel owner or host local government to
225 submit to any audit and to provide any audit level attestation or other level of review the office
226 considers appropriate for verification of any [~~tax credit or claimed tax credit~~] claim.

227 Section 3. Section **63M-1-3403.5** is enacted to read:

228 **63M-1-3403.5. Convention Incentive Fund.**

229 (1) There is created a restricted special revenue fund known as the Convention
230 Incentive Fund.

231 (2) (a) The incentive fund shall be funded by new tax revenue, as provided in
232 Subsection (3).

233 (b) No legislative appropriation is required to fund the incentive fund.

234 (c) All interest generated from the investment of money in the incentive fund shall be
235 deposited into the incentive fund.

236 (3) (a) During the portion of the eligibility period specified by the office under
237 Subsection 63M-1-3405(7)(a), the commission shall cause new tax revenue to be deposited
238 into the incentive fund as provided in this Subsection (3).

239 (b) To the extent the commission is able to identify sellers involved in transactions
240 generating state taxes or local taxes before the payment of those taxes, the commission shall
241 deposit new tax revenue directly into the incentive fund, notwithstanding Subsection
242 59-12-103(3) and before the allocations required by Section 59-12-204, Subsection
243 59-12-205(2), Section 59-12-401, Section 59-12-603, and Section 59-12-1102.

244 (c) The commission shall, within 30 days after the office provides the information

245 required under Subsection 63M-1-3405(7)(b):

246 (i) except as provided in Subsection (3)(d), withhold from distribution to counties,
 247 cities, and towns the local portion of new tax revenue not deposited into the incentive fund
 248 under Subsection (3)(b) and transfer that local portion to the incentive fund; and

249 (ii) transfer to the incentive fund any state portion of new tax revenue not deposited
 250 into the incentive fund under Subsection (3)(b).

251 (d) The commission may equalize over a 12-month period the withholding required
 252 under Subsection (3)(c)(i) for a county, city, or town that requests equalization.

253 (4) One year after the end of the eligibility period, the commission shall transfer any
 254 money remaining in the incentive fund to the Stay Another Day and Bounce Back Fund created
 255 in Section 63M-1-3411, except to the extent the money is needed to pay an unpaid certified
 256 claim.

257 (5) Except as otherwise provided in this chapter, an agreement with or approval by a
 258 local government entity is not required for the use of the state portion or local portion to fund a
 259 convention incentive.

260 Section 4. Section **63M-1-3404** is amended to read:

261 **63M-1-3404. Independent review committee.**

262 (1) In accordance with rules adopted by the office under Section 63M-1-3408, the
 263 board shall establish a separate, independent review committee to[:] provide recommendations
 264 to the office regarding the terms and conditions of an agreement and to consult with the office
 265 as provided in this part or in rule.

266 ~~[(a) review each initial tax credit application submitted under this part for compliance~~
 267 ~~with the requirements of this part and the agreement; and]~~

268 ~~[(b) consult with the office, as provided in this part.]~~

269 (2) The review committee shall consist of:

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

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

273 (c) two members appointed by:

274 (i) the mayor of the municipality in which the qualified hotel is located or proposed to
 275 be located, if the qualified hotel is located or proposed to be located within the boundary of a

276 municipality; or

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

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

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

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

286 (g) one member appointed by the board.

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

289 (b) A vacancy may be filled in the same manner as an appointment under Subsection
290 (2).

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

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

294 Section 5. Section **63M-1-3405** is amended to read:

295 **63M-1-3405. Submission of written claim for convention incentive -- Disclosure**
296 **of tax returns and other information -- Determination of claim.**

297 [~~(1) For each taxable year for which a tax credit applicant seeks the issuance of a tax~~
298 ~~credit certificate, the tax credit applicant shall submit to the office:]~~

299 [~~(a) a written application for a tax credit certificate;]~~

300 (1) The office may not pay any money from the incentive fund to a qualified hotel
301 owner or host local government unless:

302 (a) the qualified hotel owner or host local government submits a claim and other
303 required documentation, as provided in this section; and

304 (b) the office approves and certifies the claim, as provided in this section.

305 (2) A qualified hotel owner or host local government that desires to qualify for a
306 convention incentive shall submit to the office:

- 307 (a) a written claim for a convention incentive;
- 308 (b) (i) for ~~[an application]~~ a claim submitted by a qualified hotel owner:
- 309 (A) a certification by the individual signing the ~~[application]~~ claim that the individual
- 310 is duly authorized to sign the ~~[application]~~ claim on behalf of the qualified hotel owner;
- 311 (B) documentation of the new tax revenue previously generated ~~[during the preceding~~
- 312 year], itemized by construction revenue, offsite revenue, onsite revenue, type of sales or use
- 313 tax, and the location of the transaction generating the new tax revenue as determined under
- 314 Sections [59-12-211](#), [59-12-211.1](#), [59-12-212](#), [59-12-213](#), [59-12-214](#), and [59-12-215](#);
- 315 (C) the identity of sellers collecting onsite revenue and the date the sellers will begin
- 316 collecting onsite revenue;
- 317 ~~[(C)]~~ (D) a document in which the qualified hotel owner expressly directs and
- 318 authorizes the commission to disclose to the office the qualified hotel owner's tax returns and
- 319 other information that would otherwise be subject to confidentiality under Section [59-1-403](#) or
- 320 Section 6103, Internal Revenue Code;
- 321 ~~[(D)]~~ (E) a document in which the qualified hotel's direct vendors, lessees, or
- 322 subcontractors, as applicable, expressly direct and authorize the commission to disclose to the
- 323 office the tax returns and other information of those vendors, lessees, or subcontractors that
- 324 would otherwise be subject to confidentiality under Section [59-1-403](#) or Section 6103, Internal
- 325 Revenue Code;
- 326 ~~[(E)]~~ (F) a document in which a third-party seller expressly and voluntarily directs and
- 327 authorizes the commission to disclose to the office the third-party seller's tax returns and other
- 328 information that would otherwise be subject to confidentiality under Section [59-1-403](#) or
- 329 Section 6103, Internal Revenue Code; ~~[and]~~
- 330 ~~[(F)]~~ (G) documentation verifying that the qualified hotel owner is in compliance with
- 331 the terms of the agreement; and
- 332 (H) any other documentation that the agreement or office requires; and
- 333 (ii) for an application submitted by a host local government, documentation of the new
- 334 tax revenue generated during the preceding year;
- 335 (c) if the host local government intends to assign the ~~[tax credit sought in the tax credit~~
- 336 ~~application]~~ convention incentive to a community development and renewal agency~~[: (i) the~~
- 337 ~~taxpayer identification number of the community development and renewal agency; and (ii)]₂ a~~

338 document signed by the governing body members of the community development and renewal
339 agency that expressly directs and authorizes the commission to disclose to the office the
340 agency's tax returns and other information that would otherwise be subject to confidentiality
341 under Section ~~59-1-403~~ or Section 6103, Internal Revenue Code; and

342 (d) ~~[a statement provided by]~~ an audit level attestation, or other level of review
343 approved by the office, from an independent certified public accountant, [at the tax credit
344 applicant's expense] hired by the claimant, attesting to the accuracy ~~[of the documentation of~~
345 ~~new tax revenue]~~ and validity of the amount of the state portion and the local portion being
346 claimed by the claimant.

347 ~~[(2)]~~ (3) (a) The office shall submit to the commission the documents described in
348 Subsections ~~[(1)]~~ (2)(b)(i)(C), (D), and (E) and ~~[(1)]~~ (2)(c)(ii) authorizing disclosure of the tax
349 returns and other information.

350 (b) Upon receipt of the documents described in Subsection ~~[(2)]~~ (3)(a), the commission
351 shall provide to the office the tax returns and other information described in those documents.

352 ~~[(3)]~~ (4) If the office determines that the tax returns and other information ~~[is]~~ are
353 inadequate to [validate the issuance of a tax credit certificate] enable the office to approve and
354 certify a claim, the office shall inform the ~~[tax credit applicant]~~ claimant that the tax returns
355 and other information were inadequate and request the tax credit applicant to submit additional
356 documentation to validate the ~~[issuance of a tax credit certificate]~~ claim.

357 ~~[(4)]~~ (5) If the office determines that the returns and other information, including any
358 additional documentation provided under Subsection ~~[(3);]~~ (4), comply with applicable
359 requirements and provide reasonable justification [for the issuance of a tax credit certificate] to
360 approve and certify the claim, the office shall:

361 (a) approve and certify the claim;

362 ~~[(a)]~~ (b) determine the amount of the ~~[tax credit to be listed on the tax credit~~
363 ~~certificate;]~~ certified claim; and

364 ~~[(b)]~~ issue a tax credit certificate to the tax credit applicant for the amount of that tax
365 credit; and]

366 ~~[(c)]~~ provide a copy of the tax credit certificate to the commission.]

367 (c) disburse money from the incentive fund to pay the certified claim as provided in
368 Subsection (6).

369 (6) The office shall pay claims from available money in the incentive fund at least
 370 annually.

371 (7) For each certified claim, the office shall provide the commission:

372 (a) for onsite revenue:

373 (i) the identity of sellers operating upon the hotel property;

374 (ii) the date that the commission is to begin depositing or transferring onsite revenue
 375 under Section [63M-1-3403.5](#) for each seller operating upon the hotel property;

376 (iii) the date that the commission is to stop depositing or transferring onsite revenue to
 377 the incentive fund under Section [63M-1-3403.5](#) for each seller operating upon the hotel
 378 property; and

379 (iv) the type of sales or use tax subject to the commission's deposit or transfer to the
 380 incentive fund under Section [63M-1-3403.5](#);

381 (b) for construction revenue and offsite revenue:

382 (i) the amount of new tax revenue authorized under the agreement constituting
 383 construction revenue or offsite revenue;

384 (ii) the location of the transactions generating the construction revenue and offsite
 385 revenue, as determined under Sections [59-12-211](#), [59-12-211.1](#), [59-12-212](#), [59-12-213](#),
 386 [59-12-214](#), and [59-12-215](#); and

387 (iii) the type of sales or use tax that constitutes the construction revenue of offsite
 388 revenue described in Subsection (7)(b)(ii); and

389 (c) any other information the commission requires.

390 Section 6. Section **63M-1-3407** is amended to read:

391 **63M-1-3407. Assigning convention incentive.**

392 (1) A host local government that enters into an agreement with the office may, by
 393 resolution, assign a [~~tax credit~~] convention incentive to a community development and renewal
 394 agency, in accordance with rules adopted by the office.

395 (2) A host local government that adopts a resolution assigning a [~~tax credit~~] convention
 396 incentive under Subsection (1) shall provide a copy of the resolution to the office [~~and the~~
 397 commission].

398 Section 7. Section **63M-1-3408** is amended to read:

399 **63M-1-3408. Payment of incremental property tax revenue.**

400 (1) ~~[(a)]~~ In accordance with rules adopted by the office, ~~[a host agency shall be paid]~~
401 the county shall pay incremental property tax revenue to the host agency during the eligibility
402 period, in the manner and at the time provided in Section 59-2-1365.

403 ~~[(b)]~~ (2) Incremental property tax revenue may be used only for:

404 ~~[(i)]~~ (a) the purchase of or payment for, or reimbursement of a previous purchase of or
405 payment for:

406 ~~[(A)]~~ (i) tangible personal property used in the construction of convention, exhibit, or
407 meeting space on hotel property;

408 ~~[(B)]~~ (ii) tangible personal property that, upon the construction of hotel property,
409 becomes affixed to hotel property as real property; or

410 ~~[(C)]~~ (iii) any labor and overhead costs associated with the construction described in
411 Subsections ~~[(1)(b)(i)(A) and (B)]~~ (2)(a)(i) and (ii); and

412 ~~[(ii)]~~ (b) public infrastructure~~[-; and].~~

413 ~~[(iii)]~~ other purposes as approved by the host agency.]

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

418 (3) A host agency shall, through an interlocal agreement under Title 11, Chapter 13,
419 Interlocal Cooperation Act, with the county in which a qualified hotel is located, pay to the
420 county all incremental property tax revenue the host agency receives under Subsection (1).

421 Section 8. Section **63M-1-3409** is amended to read:

422 **63M-1-3409. Rulemaking authority -- Requirements for rules.**

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

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

427 (a) establish, consistent with this part, the conditions ~~[that a tax credit applicant is]~~
428 required ~~[to meet to qualify for a tax credit]~~ for a convention incentive;

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

431 (c) require a [~~tax credit applicant~~] claimant to meet all applicable requirements in order
432 to receive a [~~tax credit certificate~~] distribution from the incentive fund;

433 (d) require that a qualified hotel owner meet the county's requirements to receive an
434 endorsement letter; and

435 (e) provide for the establishment of an independent review committee, in accordance
436 with the requirements of Section [63M-1-3404](#).

437 Section 9. Section **63M-1-3410** is amended to read:

438 **63M-1-3410. Report by office -- Posting of report.**

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

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

445 (b) the estimated amount of [~~tax credit~~] convention incentive commitments and the
446 associated calculation made by the office and the period of time over which [~~tax credits~~]
447 convention incentives are expected to be paid;

448 (c) the economic impact on the state related to generating new state revenue and
449 providing [~~tax credits~~] convention incentives; and

450 (d) the estimated and actual costs and economic benefits of the [~~tax credit~~] convention
451 incentive commitments that the office made.

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

454 (3) Upon the commencement of the construction of a qualified hotel, the office shall
455 send a written notice to the Division of Finance:

456 (a) referring to the two annual deposits required under Subsection [59-12-103\(14\)](#); and

457 (b) notifying the Division of Finance that construction on the qualified hotel has begun.

458 Section 10. Section **63M-1-3411** is amended to read:

459 **63M-1-3411. Stay Another Day and Bounce Back Fund.**

460 (1) As used in this section:

461 (a) "Bounce back fund" means the Stay Another Day and Bounce Back Fund, created

462 in Subsection (2).

463 (b) "Tourism board" means the Board of Tourism Development created in Section
464 63M-1-1401.

465 (2) There is created an expendable special revenue fund known as the Stay Another
466 Day and Bounce Back Fund.

467 (3) The bounce back fund shall:

468 (a) be administered by the tourism board;

469 (b) earn interest; and

470 (c) be funded by:

471 (i) annual payments under Section 17-31-9 from the county in which a qualified hotel
472 is located;

473 (ii) money transferred to the bounce back fund under Section 63M-1-3043.5 or
474 63M-1-3412; and

475 (iii) any money that the Legislature chooses to appropriate to the bounce back fund.

476 (4) Interest earned by the bounce back fund shall be deposited into the bounce back
477 fund.

478 (5) The tourism board may use money in the bounce back fund to pay for a tourism
479 program of advertising, marketing, and branding of the state, taking into consideration the
480 long-term strategic plan, economic trends, and opportunities for tourism development on a
481 statewide basis.

482 Section 11. Section 63M-1-3413 is amended to read:

483 **63M-1-3413. Authorized expenditures of convention incentive.**

484 (1) A ~~[tax credit recipient]~~ qualified hotel owner or host local government may spend
485 money received ~~[as a direct result of]~~ from the state portion of a ~~[tax credit only for the~~
486 ~~purchase of or payment for, or reimbursement of a previous purchase of or payment for:]~~
487 convention incentive only for a purpose described in Subsection 63M-1-3408(2)(a).

488 ~~[(a) tangible personal property used in the construction of convention, exhibit, or~~
489 ~~meeting space on hotel property;]~~

490 ~~[(b) tangible personal property that, upon the construction of hotel property, becomes~~
491 ~~affixed to hotel property as real property; or]~~

492 ~~[(c) any labor and overhead costs associated with the construction described in~~

493 Subsections (1)(a) and (b).]

494 (2) A ~~[tax credit recipient]~~ qualified hotel owner or host local government may spend
495 money received ~~[as a direct result of]~~ from the local portion of a ~~[tax credit]~~ convention
496 incentive only for:

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

498 (b) public infrastructure; and

499 (c) other purposes as ~~[approved by the host agency]~~ specified in the agreement.

500 Section 12. **Repealer.**

501 This bill repeals:

502 Section **59-7-616, Refundable tax credit for certain business entities.**

503 Section **59-10-1110, Refundable tax credit for certain business entities.**

504 Section **63M-1-3406, Effect of tax credit certificate -- Retaining tax credit**

505 **certificate.**

Legislative Review Note
as of 2-24-15 10:30 AM

Office of Legislative Research and General Counsel