

Representative Carl R. Albrecht proposes the following substitute bill:

TRANSIENT ROOM TAX AMENDMENTS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl R. Albrecht

Senate Sponsor: Evan J. Vickers

LONG TITLE

General Description:

This bill modifies provisions related to the transient room sales tax.

Highlighted Provisions:

This bill:

- ▶ modifies the requirements for how a county of the fourth, fifth, or sixth class spends revenue from the transient room tax;
- ▶ authorizes a county auditor to make referrals to assist the State Tax Commission in determining whether to audit a person that is required to collect and remit the transient room tax; and
- ▶ creates a sunset date for provisions relating to expenditure of transient room tax revenue for an economic diversification activity.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17-31-2, as last amended by Laws of Utah 2020, Chapter 315



26 59-12-302, as last amended by Laws of Utah 2020, Chapter 315

27 63I-1-217, as last amended by Laws of Utah 2020, Sixth Special Session, Chapter 18



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

30 Section 1. Section 17-31-2 is amended to read:

31 **17-31-2. Purposes of transient room tax and expenditure of revenue -- Purchase**
32 **or lease of facilities -- Mitigating impacts of recreation, tourism, or conventions --**
33 **Issuance of bonds.**

34 (1) As used in this section:

35 (a) "Aircraft" means the same as that term is defined in Section 72-10-102.

36 (b) "Airport" means the same as that term is defined in Section 72-10-102.

37 (c) "Airport authority" means the same as that term is defined in Section 72-10-102.

38 (d) "Airport operator" means the same as that term is defined in Section 72-10-102.

39 (e) "Base year revenue" means the amount of revenue generated by a transient room tax
40 and collected by a county for fiscal year 2018-19.

41 (f) "Base year promotion expenditure" means the amount of revenue generated by a
42 transient room tax that a county spent for the purpose described in Subsection (2)(a) during
43 fiscal year 2018-19.

44 (g) "Economic diversification activity" means an economic development activity that is
45 reasonably similar to, supplements, or expands any economic program as administered by the
46 state or the Governor's Office of Economic Development.

47 [~~g~~] (h) "Eligible town" means a town that:

48 (i) is located within a county that has a national park within or partially within the
49 county's boundaries; and

50 (ii) imposes a resort communities tax authorized by Section 59-12-401.

51 [~~h~~] (i) "Emergency medical services provider" means an eligible town, a local district,
52 or a special service district.

53 [~~i~~] (j) "Town" means a municipality that is classified as a town in accordance with
54 Section 10-2-301.

55 [~~j~~] (k) "Transient room tax" means a tax at a rate not to exceed 4.25% authorized by
56 Section 59-12-301.

57 (2) Subject to the requirements of this section, a county legislative body may impose
58 the transient room tax for the purposes of:

59 (a) establishing and promoting:

60 (i) recreation, tourism, film production, and conventions; or

61 (ii) an economic diversification activity if:

62 (A) the county is a county of the fourth, fifth, or sixth class;

63 (B) the county has more than one national park within or partially within the county's
64 boundaries; and

65 (C) the county has a base population of 9,000 or more according to current United
66 States census data;

67 (b) acquiring, leasing, constructing, furnishing, maintaining, or operating:

68 (i) convention meeting rooms;

69 (ii) exhibit halls;

70 (iii) visitor information centers;

71 (iv) museums;

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

73 (vi) related facilities;

74 (vii) if a national park is located within or partially within the [~~county~~] county's
75 boundaries, the following on any route designated by the county legislative body:

76 (A) transit service, including shuttle service; and

77 (B) parking infrastructure; and

78 (viii) an airport, if:

79 (A) the county is a county of the fourth, fifth, or sixth class; and

80 (B) the county is the airport operator of the airport;

81 (c) acquiring land, leasing land, or making payments for construction or infrastructure
82 improvements required for or related to the purposes listed in Subsection (2)(b);

83 (d) as required to mitigate the impacts of recreation, tourism, or conventions in
84 counties of the fourth, fifth, and sixth class, paying for:

85 (i) solid waste disposal operations;

86 (ii) emergency medical services;

87 (iii) search and rescue activities;

88 (iv) law enforcement activities; and
89 (v) road repair and upgrade of:
90 (A) class B roads, as defined in Section 72-3-103;
91 (B) class C roads, as defined in Section 72-3-104; or
92 (C) class D roads, as defined in Section 72-3-105; and
93 (e) making the annual payment of principal, interest, premiums, and necessary reserves
94 for any of the aggregate of bonds authorized under Subsection (5).

95 (3) (a) The county legislative body of a county that imposes a transient room tax at a
96 rate of 3% or less may expend the revenue generated as provided in Subsection (4), after
97 making any reduction required by Subsection (6).

98 (b) The county legislative body of a county that imposes a transient room tax at a rate
99 that exceeds 3% or increases the rate of transient room tax above 3% may expend:

100 (i) the revenue generated from the transient room tax at a rate of 3% as provided in
101 Subsection (4), after making any reduction required by Subsection (6); and

102 (ii) the revenue generated from the portion of the rate that exceeds 3%:

103 (A) for any combination of the purposes described in Subsections (2) and (5); and

104 (B) regardless of the limitation on expenditures for the purposes described in
105 Subsection (4).

106 (4) Subject to [~~Subsection~~] Subsections (6) and (7), a county may not expend more than
107 1/3 of the revenue generated by a rate of transient room tax that does not exceed 3%, for any
108 combination of the purposes described in Subsections (2)(b) through (2)(e).

109 (5) (a) The county legislative body may issue bonds or cause bonds to be issued, as
110 permitted by law, to pay all or part of any costs incurred for the purposes set forth in
111 Subsections (2)(b) through (2)(d) that are permitted to be paid from bond proceeds.

112 (b) If a county legislative body does not need the revenue generated by the transient
113 room tax for payment of principal, interest, premiums, and reserves on bonds issued as
114 provided in Subsection (2)(e), the county legislative body shall expend that revenue for the
115 purposes described in Subsection (2), subject to the limitation of Subsection (4).

116 (6) (a) In addition to the purposes described in Subsection (2), a county legislative
117 body may expend up to 4% of the total revenue generated by a transient room tax to pay a
118 provider for emergency medical services in one or more eligible towns.

119 (b) A county legislative body shall reduce the amount that the county is authorized to
 120 expend for the purposes described in Subsection (4) by subtracting the amount of transient
 121 room tax revenue expended in accordance with Subsection (6)(a) from the amount of revenue
 122 described in Subsection (4).

123 (7) (a) [~~A~~] Except as provided in Subsection (7)(b), a county legislative body in a
 124 county of the fourth, fifth, or sixth class shall expend the revenue generated by a transient room
 125 tax as follows:

126 (i) an amount equal to the county's base year promotion expenditure for the purpose
 127 described in Subsection (2)(a)(i);

128 (ii) an amount equal to the difference between the county's base year revenue and the
 129 county's base year promotion expenditure in accordance with Subsections (3) through (6); and

130 (iii) (A) 37% of the revenue that exceeds the county's base year revenue for the purpose
 131 described in Subsection (2)(a)(i); and

132 (B) subject to Subsection [~~(7)(b)~~] (7)(c), 63% of the revenue that exceeds the county's
 133 base year revenue for any combination of the purposes described in Subsections [~~(2)(b)~~]
 134 (2)(a)(ii) through (e) or to pay an emergency medical services provider for emergency medical
 135 services in one or more eligible towns.

136 (b) A county legislative body in a county of the fourth, fifth, or sixth class with one or
 137 more national recreation areas administered by the National Park Service or the Forest Service
 138 or national parks within or partially within the county's boundaries shall expend the revenue
 139 generated by a transient room tax as follows:

140 (i) for a purpose described in Subsection (2)(a) and subject to the limitations described
 141 in Subsection (7)(d), the greater of:

142 (A) an amount equal to the county's base year promotion expenditure; or

143 (B) 37% of the transient room tax revenue; and

144 (ii) the remainder of the transient room tax not expended in accordance with
 145 Subsection (7)(b)(i) for any combination of the purposes described in Subsection (2) and,
 146 subject to the limitation described in Subsection (7)(c), Subsection (6).

147 [~~(b)~~] (c) A county legislative body in a county of the fourth, fifth, or sixth class may
 148 not:

149 (i) expend more than 4% of the revenue generated by a transient room tax to pay an

150 emergency medical services provider for emergency medical services in one or more eligible
151 towns; or

152 (ii) expend revenue generated by a transient room tax for the purpose described in
153 Subsection (2)(e) in an amount that exceeds the county's base year promotion expenditure.

154 (d) A county legislative body may not expend more than 1/3 of the revenue described
155 in Subsection (7)(b)(i) for the purpose described in Subsection (2)(a)(ii).

156 ~~[(e)]~~ (e) The provisions of this Subsection (7) apply notwithstanding any other
157 provision of this section.

158 ~~[(f)]~~ (f) If the total amount of revenue generated by a transient room tax in a county of
159 the fourth, fifth, or sixth class is less than the county's base year promotion expenditure:

160 (i) Subsections (7)(a) through ~~[(e)]~~ (d) do not apply; and

161 (ii) the county legislative body shall expend the revenue generated by the transient
162 room tax in accordance with Subsections (3) through (6).

163 Section 2. Section **59-12-302** is amended to read:

164 **59-12-302. Collection of tax -- Administrative charge.**

165 (1) Except as provided in Subsections (2), (3), ~~[and] (4), and (5)~~, the tax authorized
166 under this part shall be administered, collected, and enforced in accordance with:

167 (a) the same procedures used to administer, collect, and enforce the tax under:

168 (i) Part 1, Tax Collection; or

169 (ii) Part 2, Local Sales and Use Tax Act; and

170 (b) Chapter 1, General Taxation Policies.

171 (2) The location of a transaction shall be determined in accordance with Sections
172 [59-12-211](#) through [59-12-215](#).

173 (3) A tax under this part is not subject to Section [59-12-107.1](#) or [59-12-123](#) or
174 Subsections [59-12-205](#)(2) through (6).

175 ~~[(4) A county auditor may coordinate with the commission in determining whether to
176 require an audit of any person that is required to remit a tax authorized under this part.]~~

177 (4) A county auditor may make referrals to the commission to assist the commission in
178 determining whether to require an audit of any person that is required to remit a tax authorized
179 under this part.

180 (5) The commission:

181 (a) shall distribute the revenue collected from the tax to the county within which the
182 revenue was collected; and

183 (b) shall retain and deposit an administrative charge in accordance with Section
184 [59-1-306](#) from revenue the commission collects from a tax under this part.

185 Section 3. Section **63I-1-217** is amended to read:

186 **63I-1-217. Repeal dates, Title 17.**

187 (1) In relation to Section [17-31-2](#), on July 1, 2026:

188 (a) Subsection [17-31-2\(1\)\(g\)](#), which defines "economic diversification activity," is
189 repealed;

190 (b) Subsection [17-31-2\(2\)\(a\)\(ii\)](#), relating to establishing and promoting an economic
191 diversification activity, is repealed;

192 (c) the reference in Subsection (7)(a)(iii)(B) to Subsection (2)(a)(ii) is changed to
193 Subsection (2)(b);

194 (d) Subsection [17-31-2\(7\)\(b\)\(i\)](#) is amended to read:

195 "(i) for a purpose described in Subsection (2)(a), the greater of:"; and

196 (e) Subsection [17-31-2\(7\)\(d\)](#), relating to a limitation on the expenditure of revenue for
197 an economic diversification activity, is repealed.

198 ~~(1)~~ (2) Subsection [17-16-21\(2\)\(d\)](#) is repealed July 1, 2023.

199 ~~(2)~~ (3) Title 17, Chapter 21a, Part 3, Administration and Standards, which creates the
200 Utah Electronic Recording Commission, is repealed July 1, 2022.