

TRANSIENT ROOM TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Bradley G. Last

Senate Sponsor: Evan J. Vickers

LONG TITLE

General Description:

This bill modifies provisions related to the transient room tax.

Highlighted Provisions:

This bill:

- ▶ authorizes certain counties to use a certain amount of transient room tax revenue for visitor management and destination development if the expenditure is prioritized and recommended by a county's tourism tax advisory board;
- ▶ modifies provisions related to a transient room tax reserve fund;
- ▶ modifies the general powers and duties of a county legislative body related to the transient room tax;
- ▶ modifies provisions related to an annual report by a county legislative body; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

17-31-2, as last amended by Laws of Utah 2021, Chapter 376

17-31-3, as last amended by Laws of Utah 2021, Chapter 376



28 [17-31-5](#), as last amended by Laws of Utah 1996, Chapter 79

29 [17-31-5.5](#), as last amended by Laws of Utah 2021, Chapters 282 and 376

30

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

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

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

36 (1) As used in this section:

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

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

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

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

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

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

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

49 (h) "Eligible town" means a town that:

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

52 (ii) imposes a resort communities tax authorized by Section [59-12-401](#).

53 (i) "Emergency medical services provider" means an eligible town, a local district, or a
54 special service district.

55 (j) "Tourism" means an activity to develop, encourage, solicit, or market tourism that
56 attracts transient guests to the county, including planning, development, and advertising for the
57 purpose described in Subsection (2)(a)(i).

58 (k) "Town" means a municipality that is classified as a town in accordance with

59 Section 10-2-301.

60 (1) "Transient room tax" means a tax at a rate not to exceed 4.25% authorized by

61 Section 59-12-301.

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

64 (a) establishing and promoting:

65 (i) tourism;

66 (ii) recreation, film production, and conventions; or

67 (iii) an economic diversification activity if:

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

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

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

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

74 (i) convention meeting rooms;

75 (ii) exhibit halls;

76 (iii) visitor information centers;

77 (iv) museums;

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

79 (vi) related facilities;

80 (vii) if a national park is located within or partially within the county's boundaries, the
81 following on any route designated by the county legislative body:

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

83 (B) parking infrastructure; and

84 (viii) an airport, if:

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

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

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

89 (d) as required to mitigate the impacts of recreation, tourism, or conventions in

90 counties of the fourth, fifth, and sixth class, paying for:

- 91 (i) solid waste disposal operations;
- 92 (ii) emergency medical services;
- 93 (iii) search and rescue activities;
- 94 (iv) law enforcement activities; and
- 95 (v) road repair and upgrade of:
 - 96 (A) class B roads, as defined in Section 72-3-103;
 - 97 (B) class C roads, as defined in Section 72-3-104; or
 - 98 (C) class D roads, as defined in Section 72-3-105; and
 - 99 (e) making the annual payment of principal, interest, premiums, and necessary reserves

100 for any of the aggregate of bonds authorized under Subsection (5).

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

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

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

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

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

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

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

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

118 (b) If a county legislative body does not need the revenue generated by the transient
119 room tax for payment of principal, interest, premiums, and reserves on bonds issued as
120 provided in Subsection (2)(e), the county legislative body shall expend that revenue for the

121 purposes described in Subsection (2), subject to the limitation of Subsection (4).

122 (6) (a) In addition to the purposes described in Subsection (2), a county legislative
123 body:

124 (i) may expend up to 4% of the total revenue generated by a transient room tax to pay a
125 provider for emergency medical services in one or more eligible towns[-]; and

126 (ii) may expend up to 10% of the total revenue generated by a transient room tax for
127 visitor management and destination development if:

128 (A) a national park is located within or partially within the county's boundaries; and

129 (B) the county's tourism tax advisory board created under Subsection 17-31-8(1)(a) or
130 the substantially similar body as described in Subsection 17-31-8(1)(b) has prioritized and
131 recommended the use of the revenue in accordance with Subsection 17-31-8(4).

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

136 (7) (a) Except as provided in Subsection (7)(b), a county legislative body in a county of
137 the fourth, fifth, or sixth class shall expend the revenue generated by a transient room tax as
138 follows:

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

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

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

145 (B) subject to Subsection (7)(c), 63% of the revenue that exceeds the county's base year
146 revenue for any combination of the purposes described in Subsections (2)(a)(ii) through (e) or
147 to pay an emergency medical services provider for emergency medical services in one or more
148 eligible towns.

149 (b) A county legislative body in a county of the fourth, fifth, or sixth class with one or
150 more national recreation areas administered by the National Park Service or the Forest Service
151 or national parks within or partially within the county's boundaries shall expend the revenue

152 generated by a transient room tax as follows:

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

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

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

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

160 (c) A county legislative body in a county of the fourth, fifth, or sixth class may not:

161 (i) expend more than 4% of the revenue generated by a transient room tax to pay an
162 emergency medical services provider for emergency medical services in one or more eligible
163 towns; or

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

166 (d) A county legislative body may not expend:

167 (i) more than 1/5 of the revenue described in Subsection (7)(b)(i) for a purpose
168 described in Subsection (2)(a)(ii); and

169 (ii) more than 1/3 of the revenue described in Subsection (7)(b)(i) for the purpose
170 described in Subsection (2)(a)(iii).

171 (e) The provisions of this Subsection (7) apply notwithstanding any other provision of
172 this section.

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

175 (i) Subsections (7)(a) through (d) do not apply; and

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

178 Section 2. Section 17-31-3 is amended to read:

179 **17-31-3. Reserve fund authorized -- Use of collected funds -- Limitation on**
180 **surplus in fund.**

181 (1) The county legislative body may create a reserve fund.

182 (2) (a) Subject to [~~Subsection (2)(b)] Subsections (2)(b) and (c), a county legislative~~

183 body shall retain any transient room tax funds collected but not expended during any fiscal year
184 in the reserve fund to be used in accordance with Sections 17-31-2 through 17-31-5.

185 (b) ~~[The]~~ Except as described in Subsection (2)(c), accumulated unappropriated surplus
186 in the reserve fund, as determined before the county's adoption of a tentative budget, may not
187 exceed 50% of the total transient room tax revenue for the current fiscal year.

188 (c) For a fiscal year beginning on or after July 1, 2019, and ending on or before July 1,
189 2023, if a county receives more than 150% of total transient room tax revenue in the fiscal year
190 compared to the total transient room tax revenue received in the previous fiscal year,
191 accumulated unappropriated surplus in the reserve fund, as determined before the county's
192 adoption of a tentative budget, may not exceed 50% of the total transient room tax revenue for
193 the previous fiscal year plus an amount equal to the total transient room tax revenue that is
194 more than 100% of total transient room tax revenue from the previous fiscal year.

195 Section 3. Section 17-31-5 is amended to read:

196 **17-31-5. General powers and duties of a county legislative body related to the**
197 **transient room tax.**

198 ~~[The county legislative body may do and perform any and all other acts and things~~
199 ~~necessary, convenient, desirable, or appropriate to carry out the provisions of Sections 17-31-2~~
200 ~~through 17-31-5.]~~

201 The legislative body of each county that imposes a transient room tax in accordance
202 with Section 17-31-2:

203 (1) shall at least annually consider the priorities and recommendations of the county's
204 tourism tax advisory board created under Subsection 17-31-8(1)(a) or the substantially similar
205 body as described in Subsection 17-31-8(1)(b) in one or more public meetings before finalizing
206 decisions on expenditures of revenue from the transient room tax in each fiscal year;

207 (2) shall prepare and provide the annual written report for each fiscal year as described
208 in Section 17-31-5.5; and

209 (3) may do and perform any and all other acts and things necessary, convenient,
210 desirable, or appropriate to carry out the provisions of Sections 17-31-2 through 17-31-5.5.

211 Section 4. Section 17-31-5.5 is amended to read:

212 **17-31-5.5. Report by county legislative body -- Content.**

213 (1) The legislative body of each county that imposes a transient room tax under Section

214 59-12-301 or a tourism, recreation, cultural, convention, and airport facilities tax under Section
215 59-12-603 shall prepare annually a written report in accordance with Subsection (2).

216 (2) The report described in Subsection (1) shall include a breakdown of expenditures
217 into the following categories:

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

219 (i) establishing and promoting:

220 (A) recreation;

221 (B) tourism;

222 (C) film production;

223 (D) conventions; and

224 (E) economic diversification activity;

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

226 (A) convention meeting rooms;

227 (B) exhibit halls;

228 (C) visitor information centers;

229 (D) museums; and

230 (E) related facilities;

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

232 Subsection (2)(a)(ii);

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

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

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

236 17-31-2(2)(e) and (5)(a); and

237 (b) for the tourism, recreation, cultural, convention, and airport facilities tax,

238 identification of expenditures for:

239 (i) financing tourism promotion, which means an activity to develop, encourage,

240 solicit, or market tourism that attracts transient guests to the county, including planning,

241 product development, and advertising;

242 (ii) the development, operation, and maintenance of the following facilities as defined

243 in Section 59-12-602:

244 (A) an airport facility;

- 245 (B) a convention facility;
- 246 (C) a cultural facility;
- 247 (D) a recreation facility; and
- 248 (E) a tourist facility; and
- 249 (iii) a pledge as security for evidences of indebtedness under Subsection 59-12-603(3).
- 250 (3) For the transient room tax, the report described in Subsection (1) shall include a
- 251 breakdown of each expenditure described in Subsection (2)(a)(i), including:
 - 252 (a) whether the expenditure was used for in-state and out-of-state promotion efforts;
 - 253 (b) an explanation of how the expenditure targeted a cost created by tourism; and
 - 254 (c) an accounting of the expenditure showing that the expenditure was used only for
 - 255 costs directly related to a cost created by tourism.
- 256 (4) [~~A~~] On or before October 1, the county legislative body shall provide a copy of the
- 257 annual written report described in Subsection (1) for the previous fiscal year to:
 - 258 (a) the Utah Office of Tourism within the Governor's Office of Economic Opportunity;
 - 259 (b) the county's tourism tax advisory board; and
 - 260 (c) the Office of the Legislative Fiscal Analyst.
- 261 Section 5. **Effective date.**
- 262 This bill takes effect on July 1, 2022.