

TOURISM FUND AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tim Jimenez

Senate Sponsor: Daniel W. Thatcher

LONG TITLE

Committee Note:

The Government Operations Interim Committee recommended this bill.

Legislative Vote: 8 voting for 3 voting against 3 absent

General Description:

This bill addresses the transient room tax.

Highlighted Provisions:

This bill:

- ▶ defines terms; and
- ▶ authorizes counties of the third class to expend revenue generated by the transient room tax to pay for on-site emergency medical services in certain areas of the county.

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 2022, Chapter 360
- 17-31-5.5**, as last amended by Laws of Utah 2022, Chapter 360
- 63I-1-217**, as last amended by Laws of Utah 2021, Chapters 91, 376



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

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

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

(1) As used in this section:

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

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

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

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

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

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

(g) "City" means a municipality that is classified as a city in accordance with Section [10-2-301](#).

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

~~(h)~~ (i) "Eligible town" means a town that:

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

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

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

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

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

59 Section 10-2-301.

60 [~~(+)~~ (m) "Transient room tax" means a tax at a rate not to exceed 4.25% authorized by

61 Section 59-12-301.

62 (n) "Unincorporated" means not within a city or town.

63 (o) "Vehicle recreation area" means an area of land principally used by a motor vehicle
64 designed for, or capable of travel over, unimproved terrain.

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

67 (a) establishing and promoting:

68 (i) tourism;

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

70 (iii) an economic diversification activity if:

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

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

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

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

77 (i) convention meeting rooms;

78 (ii) exhibit halls;

79 (iii) visitor information centers;

80 (iv) museums;

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

82 (vi) related facilities;

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

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

86 (B) parking infrastructure; and

87 (viii) an airport, if:

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

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

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

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

94 (i) solid waste disposal operations;

95 (ii) emergency medical services;

96 (iii) search and rescue activities;

97 (iv) law enforcement activities; and

98 (v) road repair and upgrade of:

99 (A) class B roads, as defined in Section 72-3-103;

100 (B) class C roads, as defined in Section 72-3-104; or

101 (C) class D roads, as defined in Section 72-3-105; [~~and~~]

102 (e) making the annual payment of principal, interest, premiums, and necessary reserves
103 for any of the aggregate of bonds authorized under Subsection (5)~~[-]; and~~

104 (f) paying to provide for on-site emergency medical services on a holiday or weekend
105 in a vehicle recreation area of a county of the third class, if the vehicle recreation area is:

106 (i) located in an area of the county that is unincorporated; and

107 (ii) more than five miles from a city of the first, second, or third class.

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

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

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

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

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

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

119 (4) Subject to Subsections (6) and (7), a county may not expend more than 1/3 of the
120 revenue generated by a rate of transient room tax that does not exceed 3%, for any combination

121 of the purposes described in Subsections (2)(b) through (2)(e).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 162 (A) an amount equal to the county's base year promotion expenditure; or
- 163 (B) 37% of the transient room tax revenue; and

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

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

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

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

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

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

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

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

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

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

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

185 Section 2. Section 17-31-5.5 is amended to read:

186 **17-31-5.5. Report by county legislative body -- Content.**

187 (1) The legislative body of each county that imposes a transient room tax under Section
188 59-12-301 or a tourism, recreation, cultural, convention, and airport facilities tax under Section
189 59-12-603 shall prepare annually a written report in accordance with Subsection (2).

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

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

193 (i) establishing and promoting:

194 (A) recreation;

195 (B) tourism;

196 (C) film production;

197 (D) conventions; and

198 (E) economic diversification activity;

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

200 (A) convention meeting rooms;

201 (B) exhibit halls;

202 (C) visitor information centers;

203 (D) museums; and

204 (E) related facilities;

205 (iii) acquiring or leasing land required for or related to the purposes listed in
206 Subsection (2)(a)(ii);

207 (iv) mitigation costs as identified in Subsection 17-31-2(2)(d); [~~and~~]

208 (v) making the annual payment of principal, interest, premiums, and necessary reserves
209 for any or the aggregate of bonds issued to pay for costs referred to in Subsections
210 17-31-2(2)(e) and (5)(a); and

211 (vi) paying to provide for on-site emergency medical services as described in
212 Subsection 17-31-2(2)(f); and

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

214 identification of expenditures for:

215 (i) financing tourism promotion, which means an activity to develop, encourage,
216 solicit, or market tourism that attracts transient guests to the county, including planning,
217 product development, and advertising;

218 (ii) the development, operation, and maintenance of the following facilities as defined
219 in Section 59-12-602:

220 (A) an airport facility;

221 (B) a convention facility;

222 (C) a cultural facility;

223 (D) a recreation facility; and

224 (E) a tourist facility; and

225 (iii) a pledge as security for evidences of indebtedness under Subsection 59-12-603(3).

226 (3) For the transient room tax, the report described in Subsection (1) shall include a
227 breakdown of each expenditure described in Subsection (2)(a)(i), including:

228 (a) whether the expenditure was used for in-state and out-of-state promotion efforts;

229 (b) an explanation of how the expenditure targeted a cost created by tourism; and

230 (c) an accounting of the expenditure showing that the expenditure was used only for
231 costs directly related to a cost created by tourism.

232 (4) On or before October 1, the county legislative body shall provide a copy of the
233 annual written report described in Subsection (1) for the previous fiscal year to:

234 (a) the Utah Office of Tourism within the Governor's Office of Economic Opportunity;

235 (b) the county's tourism tax advisory board; and

236 (c) the Office of the Legislative Fiscal Analyst.

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

238 **63I-1-217. Repeal dates: Title 17.**

239 [~~(1) Title 17, Chapter 21a, Part 3, Administration and Standards, which creates the~~
240 ~~Utah Electronic Recording Commission, is repealed July 1, 2022.~~]

241 [~~(2)~~] (1) In relation to Section 17-31-2, on July 1, 2026:

242 (a) Subsection 17-31-2(1)(g), which defines "economic diversification activity," is
243 repealed;

244 (b) Subsection 17-31-2(2)(a)(iii), relating to establishing and promoting an economic

245 diversification activity, is repealed;

246 (c) Subsection 17-31-2(7)(b)(i) is amended to read:

247 "(i) for a purpose described in Subsection (2)(a) and subject to the limitation described
248 in Subsection (7)(d), the greater of:"; and

249 (d) Subsection 17-31-2(7)(d)(ii), relating to a limitation on the expenditure of revenue
250 for an economic diversification activity, is repealed.

251 [~~3~~] (2) Subsection 17-31-5.5(2)(a)(i)(E), relating to economic diversification activity,
252 is repealed July 1, 2026.