

SALES AND USE TAX MODIFICATIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jeffrey D. Stenquist

Senate Sponsor: David P. Hinkins

LONG TITLE

General Description:

This bill authorizes a tax on prepared foods sold by a convenience store.

Highlighted Provisions:

This bill:

- ▶ defines a "rural county" and "convenience store";
- ▶ authorizes a rural county to impose a tax equivalent to the restaurant tax on sales of prepared food by a convenience store;
- ▶ provides for the uses of the revenue generated from a tax on prepared food by a convenience store; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 17-31-5.5**, as last amended by Laws of Utah 2023, Chapter 479
- 59-12-602**, as last amended by Laws of Utah 2023, Chapter 361
- 59-12-603**, as last amended by Laws of Utah 2023, Chapters 361, 471 and 479
- 63N-2-502 (Contingently Superseded 01/01/25)**, as last amended by Laws of Utah



28 2020, Chapter 407

29 **63N-2-502 (Contingently Effective 01/01/25)**, as last amended by Laws of Utah 2023,

30 Chapter 459

31

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

33 Section 1. Section **17-31-5.5** is amended to read:

34 **17-31-5.5. Report by county legislative body -- Content.**

35 (1) The legislative body of each county that imposes a transient room tax under Section
36 **59-12-301** or a tourism, recreation, cultural, convention, and airport facilities tax under Section
37 **59-12-603** shall prepare annually a written report in accordance with Subsection (2).

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

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

41 (i) establishing and promoting:

42 (A) recreation;

43 (B) tourism;

44 (C) film production; and

45 (D) conventions;

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

47 (A) convention meeting rooms;

48 (B) exhibit halls;

49 (C) visitor information centers;

50 (D) museums; and

51 (E) related facilities;

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

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

55 (v) making the annual payment of principal, interest, premiums, and necessary reserves
56 for any or the aggregate of bonds issued to pay for costs referred to in Subsections
57 **17-31-2(2)(e)** and (5)(a); and

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

59 identification of expenditures for:

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

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

- 65 (A) an airport facility;
- 66 (B) a convention facility;
- 67 (C) a cultural facility;
- 68 (D) a recreation facility; and
- 69 (E) a tourist facility;

70 (iii) mitigation costs as identified in ~~[Subsection]~~ Subsections 59-12-603(2)(b) and (d);

71 and

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

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

- 75 (a) whether the expenditure was used for in-state and out-of-state promotion efforts;
- 76 (b) an explanation of how the expenditure targeted a cost created by tourism; and
- 77 (c) an accounting of the expenditure showing that the expenditure was used only for
78 costs directly related to a cost created by tourism.

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

- 81 (a) the Utah Office of Tourism within the Governor's Office of Economic Opportunity;
- 82 (b) the county's tourism tax advisory board; and
- 83 (c) the Office of the Legislative Fiscal Analyst.

84 Section 2. Section 59-12-602 is amended to read:

85 **59-12-602. Definitions.**

86 As used in this part:

87 (1) (a) ~~[Subject to Subsection (1)(b), "airport]~~ "Airport facility" means an airport of
88 regional significance, as defined by the Transportation Commission by rule made in accordance
89 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

90 (b) "Airport facility" includes:

91 (i) an appurtenance to an airport, including a fixed guideway that provides
92 transportation service to or from the airport;

93 (ii) a control tower, including a radar system;

94 (iii) a public area of an airport; or

95 (iv) a terminal facility.

96 (2) "All-terrain type I vehicle" means the same as that term is defined in Section
97 41-22-2.

98 (3) "All-terrain type II vehicle" means the same as that term is defined in Section
99 41-22-2.

100 (4) "All-terrain type III vehicle" means the same as that term is defined in Section
101 41-22-2.

102 (5) "Convenience store" means a retail establishment described in NAICS Code
103 445120, Gasoline Stations without Convenience Stores, or NAICS Code 447110, Gasoline
104 Stations with Convenience Stores, of the 2022 North American Industry Classification System
105 of the federal Executive Office of the President, Office of Management and Budget.

106 ~~[(5)]~~ (6) "Convention facility" means any publicly owned or operated convention
107 center, sports arena, or other facility at which conventions, conferences, and other gatherings
108 are held and whose primary business or function is to host such conventions, conferences, and
109 other gatherings.

110 ~~[(6)]~~ (7) "Cultural facility" means any publicly owned or operated museum, theater, art
111 center, music hall, or other cultural or arts facility.

112 ~~[(7)]~~ (8) (a) ~~[Except as provided in Subsection (7)(b), "off-highway]~~ "Off-highway
113 vehicle" means any snowmobile, all-terrain type I vehicle, all-terrain type II vehicle, all-terrain
114 type III vehicle, or motorcycle.

115 (b) "Off-highway vehicle" does not include a vehicle that is a motor vehicle under
116 Section 41-1a-102.

117 ~~[(8)]~~ (9) "Motorcycle" means the same as that term is defined in Section 41-22-2.

118 ~~[(9)]~~ (10) "Recreation facility" or "tourist facility" means any publicly owned or
119 operated park, campground, marina, dock, golf course, water park, historic park, monument,
120 planetarium, zoo, bicycle trails, and other recreation or tourism-related facility.

121 ~~[(10)]~~ (11) (a) ~~[Except as provided in Subsection (10)(c), "recreational]~~ "Recreational
122 vehicle" means a vehicular unit other than a mobile home, primarily designed as a temporary
123 dwelling for travel, recreational, or vacation use, that is pulled by another vehicle.

124 (b) "Recreational vehicle" includes:

125 (i) a travel trailer;

126 (ii) a camping trailer; and

127 (iii) a fifth wheel trailer.

128 (c) "Recreational vehicle" does not include a vehicle that is a motor vehicle under
129 Section [41-1a-102](#).

130 ~~[(11)]~~ (12) (a) "Restaurant" includes any coffee shop, cafeteria, luncheonette, soda
131 fountain, or fast-food service where food is prepared for immediate consumption.

132 (b) "Restaurant" does not include:

133 (i) ~~[any]~~ a retail establishment ~~[whose]~~ for which the primary business or function is
134 the sale of fuel or food items for off-premise, but not immediate, consumption; and

135 (ii) a theater that sells food items, but not a dinner theater.

136 (13) "Rural county" means:

137 (a) a county of the sixth class;

138 (b) a county of the fifth class;

139 (c) a county of the fourth class; or

140 (d) a county with a population density of fewer than 15 people per square mile.

141 ~~[(12)]~~ (14) (a) "Short-term rental" means a lease or rental that is 30 days or less.

142 (b) "Short-term rental" does not include car sharing as that term is defined in Section
143 [13-48a-101](#).

144 ~~[(13)]~~ (15) "Snowmobile" means the same as that term is defined in Section [41-22-2](#).

145 ~~[(14)]~~ (16) "Travel trailer," "camping trailer," or "fifth wheel trailer" means a portable
146 vehicle without motive power, designed as a temporary dwelling for travel, recreational, or
147 vacation use that does not require a special highway movement permit when drawn by a
148 self-propelled motor vehicle.

149 Section 3. Section **59-12-603** is amended to read:

150 **59-12-603. County tax -- Bases -- Rates -- Use of revenue -- Adoption of ordinance**
151 **required -- Advisory board -- Administration -- Collection -- Administrative charge --**

152 **Distribution -- Enactment or repeal of tax or tax rate change -- Effective date -- Notice**
153 **requirements.**

154 (1) (a) In addition to any other taxes, a county legislative body may, as provided in this
155 part, impose a tax as follows:

156 (i) (A) a county legislative body of any county may impose a tax of not to exceed 3%
157 on all short-term rentals of motor vehicles, except for short-term rentals of motor vehicles
158 made for the purpose of temporarily replacing a person's motor vehicle that is being repaired
159 pursuant to a repair or an insurance agreement; and

160 (B) a county legislative body of any county imposing a tax under Subsection
161 (1)(a)(i)(A) may, in addition to imposing the tax under Subsection (1)(a)(i)(A), impose a tax of
162 not to exceed 4% on all short-term rentals of motor vehicles, except for short-term rentals of
163 motor vehicles made for the purpose of temporarily replacing a person's motor vehicle that is
164 being repaired pursuant to a repair or an insurance agreement;

165 (ii) a county legislative body of any county may impose a tax of not to exceed 7% on
166 all short-term rentals of off-highway vehicles and recreational vehicles;

167 (iii) a county legislative body of any county may impose a tax of not to exceed 1% of
168 all sales of the following that are sold by a restaurant:

169 (A) alcoholic beverages;

170 (B) food and food ingredients; or

171 (C) prepared food;

172 (iv) a county legislative body of a county of the first class may impose a tax of not to
173 exceed .5% on charges for the accommodations and services described in Subsection

174 [59-12-103\(1\)\(i\)](#); and

175 (v) beginning on July 1, 2023, if a county legislative body of any county imposes a tax
176 under Subsection (1)(a)(i), a tax at the same rate applies to car sharing, except for:

177 (A) car sharing for the purpose of temporarily replacing a person's motor vehicle that is
178 being repaired pursuant to a repair or an insurance agreement; and

179 (B) car sharing for more than 30 days.

180 (b) A county legislative body of a rural county may impose a tax of not to exceed 1%
181 on all sales of prepared food that are sold by a convenience store.

182 (c) A tax imposed under this Subsection [~~(1)(a)~~] (1) is subject to the audit provisions of

183 Section 17-31-5.5.

184 (2) (a) Subject to Subsection (2)(c), a county may use revenue from the imposition of a
185 tax under Subsection (1)(a) for:

186 (i) financing tourism promotion; and

187 (ii) the development, operation, and maintenance of:

188 (A) an airport facility;

189 (B) a convention facility;

190 (C) a cultural facility;

191 (D) a recreation facility; or

192 (E) a tourist facility.

193 (b) (i) In addition to the uses described in Subsection (2)(a) and subject to Subsection
194 (2)(b)(ii), a ~~county of the fourth, fifth, or sixth class or a county with a population density of~~
195 ~~fewer than 15 people per square mile~~ rural county may expend the revenue from the
196 imposition of a tax under Subsections (1)(a)(i) and (ii) on the following activities to mitigate
197 the impacts of tourism:

198 (A) solid waste disposal;

199 (B) search and rescue activities;

200 (C) law enforcement activities;

201 (D) emergency medical services; or

202 (E) fire protection services.

203 (ii) A county may only expend the revenue as outlined in Subsection (2)(b)(i) if the
204 county's tourism tax advisory board created under Subsection 17-31-8(1)(a) has prioritized the
205 use of revenue to mitigate the impacts of tourism.

206 (c) A county of the first class shall expend at least \$450,000 each year of the revenue
207 from the imposition of a tax authorized by Subsection (1)(a)(iv) within the county to fund a
208 marketing and ticketing system designed to:

209 (i) promote tourism in ski areas within the county by persons that do not reside within
210 the state; and

211 (ii) combine the sale of:

212 (A) ski lift tickets; and

213 (B) accommodations and services described in Subsection 59-12-103(1)(i).

214 (d) A rural county may use revenue from the imposition of a tax under Subsection
215 (1)(b) on the following activities to mitigate the impact of tourism:

- 216 (i) solid waste disposal;
- 217 (ii) search and rescue activities;
- 218 (iii) law enforcement activities;
- 219 (iv) emergency medical services; or
- 220 (v) fire protection services.

221 (3) A tax imposed under [~~this part may~~] Subsection (1)(a) be pledged as security for
222 bonds, notes, or other evidences of indebtedness incurred by a county, city, or town under Title
223 11, Chapter 14, Local Government Bonding Act, or a community reinvestment agency under
224 Title 17C, Chapter 1, Part 5, Agency Bonds, to finance:

- 225 (a) an airport facility;
- 226 (b) a convention facility;
- 227 (c) a cultural facility;
- 228 (d) a recreation facility; or
- 229 (e) a tourist facility.

230 (4) (a) To impose a tax under Subsection (1), the county legislative body shall adopt an
231 ordinance imposing the tax.

232 (b) The ordinance under Subsection (4)(a) shall include provisions substantially the
233 same as those contained in Part 1, Tax Collection, except that the tax shall be imposed only on
234 those items and sales described in Subsection (1).

235 (c) The name of the county as the taxing agency shall be substituted for that of the state
236 where necessary, and an additional license is not required if one has been or is issued under
237 Section [59-12-106](#).

238 (5) To maintain in effect a tax ordinance adopted under this part, each county
239 legislative body shall, within 30 days of any amendment of any applicable provisions of Part 1,
240 Tax Collection, adopt amendments to the county's tax ordinance to conform with the applicable
241 amendments to Part 1, Tax Collection.

242 (6) (a) Regardless of whether a county of the first class creates a tourism tax advisory
243 board in accordance with Section [17-31-8](#), the county legislative body of the county of the first
244 class shall create a tax advisory board in accordance with this Subsection (6).

245 (b) The tax advisory board shall be composed of nine members appointed as follows:

246 (i) four members shall be residents of a county of the first class appointed by the
247 county legislative body of the county of the first class; and

248 (ii) subject to Subsections (6)(c) and (d), five members shall be mayors of cities or
249 towns within the county of the first class appointed by an organization representing all mayors
250 of cities and towns within the county of the first class.

251 (c) Five members of the tax advisory board constitute a quorum.

252 (d) The county legislative body of the county of the first class shall determine:

253 (i) terms of the members of the tax advisory board;

254 (ii) procedures and requirements for removing a member of the tax advisory board;

255 (iii) voting requirements, except that action of the tax advisory board shall be by at
256 least a majority vote of a quorum of the tax advisory board;

257 (iv) chairs or other officers of the tax advisory board;

258 (v) how meetings are to be called and the frequency of meetings; and

259 (vi) the compensation, if any, of members of the tax advisory board.

260 (e) The tax advisory board under this Subsection (6) shall advise the county legislative
261 body of the county of the first class on the expenditure of revenue collected within the county
262 of the first class from the taxes described in Subsection (1)(a).

263 (7) (a) (i) Except as provided in Subsection (7)(a)(ii), a tax authorized under this part
264 shall be administered, collected, and enforced in accordance with:

265 (A) the same procedures used to administer, collect, and enforce the tax under:

266 (I) Part 1, Tax Collection; or

267 (II) Part 2, Local Sales and Use Tax Act; and

268 (B) Chapter 1, General Taxation Policies.

269 (ii) A tax under this part is not subject to Section [59-12-107.1](#) or [59-12-123](#) or
270 Subsections [59-12-205](#)(2) through (5).

271 (b) Except as provided in Subsection (7)(c):

272 (i) for a tax under this part other than the tax under Subsection (1)(a)(i)(B), the
273 commission shall distribute the revenue to the county imposing the tax; and

274 (ii) for a tax under Subsection (1)(a)(i)(B), the commission shall distribute the revenue
275 according to the distribution formula provided in Subsection (8).

276 (c) The commission shall retain and deposit an administrative charge in accordance
277 with Section 59-1-306 from the revenue the commission collects from a tax under this part.

278 (8) The commission shall distribute the revenue generated by the tax under Subsection
279 (1)(a)(i)(B) to each county collecting a tax under Subsection (1)(a)(i)(B) according to the
280 following formula:

281 (a) the commission shall distribute 70% of the revenue based on the percentages
282 generated by dividing the revenue collected by each county under Subsection (1)(a)(i)(B) by
283 the total revenue collected by all counties under Subsection (1)(a)(i)(B); and

284 (b) the commission shall distribute 30% of the revenue based on the percentages
285 generated by dividing the population of each county collecting a tax under Subsection
286 (1)(a)(i)(B) by the total population of all counties collecting a tax under Subsection (1)(a)(i)(B).

287 (9) (a) For purposes of this Subsection (9):

288 (i) "Annexation" means an annexation to a county under Title 17, Chapter 2, Part 2,
289 County Annexation.

290 (ii) "Annexing area" means an area that is annexed into a county.

291 (b) (i) Except as provided in Subsection (9)(c), if a county enacts or repeals a tax or
292 changes the rate of a tax under this part, the enactment, repeal, or change shall take effect:

293 (A) on the first day of a calendar quarter; and

294 (B) after a 90-day period beginning on the day on which the commission receives
295 notice meeting the requirements of Subsection (9)(b)(ii) from the county.

296 (ii) The notice described in Subsection (9)(b)(i)(B) shall state:

297 (A) that the county will enact or repeal a tax or change the rate of a tax under this part;

298 (B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);

299 (C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and

300 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
301 (9)(b)(ii)(A), the rate of the tax.

302 (c) (i) If the billing period for a transaction begins before the effective date of the
303 enactment of the tax or the tax rate increase imposed under Subsection (1), the enactment of
304 the tax or the tax rate increase shall take effect on the first day of the first billing period that
305 begins after the effective date of the enactment of the tax or the tax rate increase.

306 (ii) If the billing period for a transaction begins before the effective date of the repeal

307 of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the tax or the tax
 308 rate decrease shall take effect on the first day of the last billing period that began before the
 309 effective date of the repeal of the tax or the tax rate decrease.

310 (d) (i) Except as provided in Subsection (9)(e), if the annexation will result in the
 311 enactment, repeal, or change in the rate of a tax under this part for an annexing area, the
 312 enactment, repeal, or change shall take effect:

313 (A) on the first day of a calendar quarter; and

314 (B) after a 90-day period beginning on the day on which the commission receives
 315 notice meeting the requirements of Subsection (9)(d)(ii) from the county that annexes the
 316 annexing area.

317 (ii) The notice described in Subsection (9)(d)(i)(B) shall state:

318 (A) that the annexation described in Subsection (9)(d)(i) will result in an enactment,
 319 repeal, or change in the rate of a tax under this part for the annexing area;

320 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);

321 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and

322 (D) if the county enacts the tax or changes the rate of the tax described in Subsection
 323 (9)(d)(ii)(A), the rate of the tax.

324 (e) (i) If the billing period for a transaction begins before the effective date of the
 325 enactment of the tax or the tax rate increase imposed under Subsection (1), the enactment of
 326 the tax or the tax rate increase shall take effect on the first day of the first billing period that
 327 begins after the effective date of the enactment of the tax or the tax rate increase.

328 (ii) If the billing period for a transaction begins before the effective date of the repeal
 329 of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the tax or the tax
 330 rate decrease shall take effect on the first day of the last billing period that began before the
 331 effective date of the repeal of the tax or the tax rate decrease.

332 Section 4. Section **63N-2-502 (Contingently Superseded 01/01/25)** is amended to
 333 read:

334 **63N-2-502 (Contingently Superseded 01/01/25). Definitions.**

335 As used in this part:

336 (1) "Agreement" means an agreement described in Section [63N-2-503](#).

337 (2) "Base taxable value" means the value of hotel property before the construction on a

338 qualified hotel begins, as that value is established by the county in which the hotel property is
339 located, using a reasonable valuation method that may include the value of the hotel property
340 on the county assessment rolls the year before the year during which construction on the
341 qualified hotel begins.

342 (3) "Certified claim" means a claim that the office has approved and certified as
343 provided in Section [63N-2-505](#).

344 (4) "Claim" means a written document submitted by a qualified hotel owner or host
345 local government to request a convention incentive.

346 (5) "Claimant" means the qualified hotel owner or host local government that submits a
347 claim under Subsection [63N-2-505\(1\)\(a\)](#) for a convention incentive.

348 (6) "Commission" means the Utah State Tax Commission.

349 (7) "Community reinvestment agency" means the same as that term is defined in
350 Section [17C-1-102](#).

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

354 (9) "Convention incentive" means an incentive for the development of a qualified
355 hotel, in the form of payment from the incentive fund as provided in this part, as authorized in
356 an agreement.

357 (10) "Eligibility period" means:

358 (a) the period that:

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

360 (ii) ends:

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

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

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

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

368 (ii) is shorter than the period described in Subsection (10)(a).

- 369 (11) "Endorsement letter" means a letter:
370 (a) from the county in which a qualified hotel is located or is proposed to be located;
371 (b) signed by the county executive; and
372 (c) expressing the county's endorsement of a developer of a qualified hotel as meeting
373 all the county's criteria for receiving the county's endorsement.
- 374 (12) "Host agency" means the community reinvestment agency of the host local
375 government.
- 376 (13) "Host local government" means:
377 (a) a county that enters into an agreement with the office for the construction of a
378 qualified hotel within the unincorporated area of the county; or
379 (b) a city or town that enters into an agreement with the office for the construction of a
380 qualified hotel within the boundary of the city or town.
- 381 (14) "Hotel property" means a qualified hotel and any property that is included in the
382 same development as the qualified hotel, including convention, exhibit, and meeting space,
383 retail shops, restaurants, parking, and other ancillary facilities and amenities.
- 384 (15) "Incentive fund" means the Convention Incentive Fund created in Section
385 [63N-2-503.5](#).
- 386 (16) "Incremental property tax revenue" means the amount of property tax revenue
387 generated from hotel property that equals the difference between:
388 (a) the amount of property tax revenue generated in any tax year by all taxing entities
389 from hotel property, using the current assessed value of the hotel property; and
390 (b) the amount of property tax revenue that would be generated that tax year by all
391 taxing entities from hotel property, using the hotel property's base taxable value.
- 392 (17) "Local portion" means the portion of new tax revenue that is generated by local
393 taxes.
- 394 (18) "Local taxes" means a tax imposed under:
395 (a) Section [59-12-204](#);
396 (b) Section [59-12-301](#);
397 (c) Sections [59-12-352](#) and [59-12-353](#);
398 (d) Subsection [~~[59-12-603\(1\)\(a\)](#)~~] [59-12-603\(1\)](#); or
399 (e) Section [59-12-1102](#).

400 (19) "New tax revenue" means construction revenue, offsite revenue, and onsite
401 revenue.

402 (20) "Offsite revenue" means revenue generated from state taxes and local taxes
403 imposed on transactions by a third-party seller occurring other than on hotel property during the
404 eligibility period, if:

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

407 (b) the third-party seller voluntarily consents to the disclosure of information to the
408 office, as provided in Subsection [63N-2-505\(2\)\(b\)\(i\)\(E\)](#).

409 (21) "Onsite revenue" means revenue generated from state taxes and local taxes
410 imposed on transactions occurring on hotel property during the eligibility period.

411 (22) "Public infrastructure" means:

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

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

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

417 (23) "Qualified hotel" means a full-service hotel development constructed in the state
418 on or after July 1, 2014 that:

419 (a) requires a significant capital investment;

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

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

424 (24) "Qualified hotel owner" means a person who owns a qualified hotel.

425 (25) "Review committee" means the independent review committee established under
426 Section [63N-2-504](#).

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

428 (27) "State portion" means the portion of new tax revenue that is generated by state
429 taxes.

430 (28) "State taxes" means a tax imposed under Subsection [59-12-103\(2\)\(a\)\(i\)](#), [\(2\)\(b\)\(i\)](#),

431 (2)(c)(i), or (2)(e)(i)(A).

432 (29) "Third-party seller" means a person who is a seller in a transaction:

433 (a) occurring other than on hotel property;

434 (b) that is:

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

437 (ii) the sale of tangible personal property or a service that is part of a bundled
438 transaction, as defined in Section 59-12-102, with a sale, rental, or lease described in
439 Subsection (29)(b)(i); and

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

441 Section 5. Section 63N-2-502 (Contingently Effective 01/01/25) is amended to read:

442 **63N-2-502 (Contingently Effective 01/01/25). Definitions.**

443 As used in this part:

444 (1) "Agreement" means an agreement described in Section 63N-2-503.

445 (2) "Base taxable value" means the value of hotel property before the construction on a
446 qualified hotel begins, as that value is established by the county in which the hotel property is
447 located, using a reasonable valuation method that may include the value of the hotel property
448 on the county assessment rolls the year before the year during which construction on the
449 qualified hotel begins.

450 (3) "Certified claim" means a claim that the office has approved and certified as
451 provided in Section 63N-2-505.

452 (4) "Claim" means a written document submitted by a qualified hotel owner or host
453 local government to request a convention incentive.

454 (5) "Claimant" means the qualified hotel owner or host local government that submits a
455 claim under Subsection 63N-2-505(1)(a) for a convention incentive.

456 (6) "Commission" means the Utah State Tax Commission.

457 (7) "Community reinvestment agency" means the same as that term is defined in
458 Section 17C-1-102.

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

462 (9) "Convention incentive" means an incentive for the development of a qualified
463 hotel, in the form of payment from the incentive fund as provided in this part, as authorized in
464 an agreement.

465 (10) "Eligibility period" means:

466 (a) the period that:

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

468 (ii) ends:

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

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

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

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

476 (ii) is shorter than the period described in Subsection (10)(a).

477 (11) "Endorsement letter" means a letter:

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

479 (b) signed by the county executive; and

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

482 (12) "Host agency" means the community reinvestment agency of the host local
483 government.

484 (13) "Host local government" means:

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

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

489 (14) "Hotel property" means a qualified hotel and any property that is included in the
490 same development as the qualified hotel, including convention, exhibit, and meeting space,
491 retail shops, restaurants, parking, and other ancillary facilities and amenities.

492 (15) "Incentive fund" means the Convention Incentive Fund created in Section

493 [63N-2-503.5](#).

494 (16) "Incremental property tax revenue" means the amount of property tax revenue
495 generated from hotel property that equals the difference between:

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

498 (b) the amount of property tax revenue that would be generated that tax year by all
499 taxing entities from hotel property, using the hotel property's base taxable value.

500 (17) "Local portion" means the portion of new tax revenue that is generated by local
501 taxes.

502 (18) "Local taxes" means a tax imposed under:

503 (a) Section [59-12-204](#);

504 (b) Section [59-12-301](#);

505 (c) Sections [59-12-352](#) and [59-12-353](#);

506 (d) Subsection [~~59-12-603(1)(a)~~] [59-12-603\(1\)](#); or

507 (e) Section [59-12-1102](#).

508 (19) "New tax revenue" means construction revenue, offsite revenue, and onsite
509 revenue.

510 (20) "Offsite revenue" means revenue generated from state taxes and local taxes
511 imposed on transactions by a third-party seller occurring other than on hotel property during the
512 eligibility period, if:

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

515 (b) the third-party seller voluntarily consents to the disclosure of information to the
516 office, as provided in Subsection [63N-2-505\(2\)\(b\)\(i\)\(E\)](#).

517 (21) "Onsite revenue" means revenue generated from state taxes and local taxes
518 imposed on transactions occurring on hotel property during the eligibility period.

519 (22) "Public infrastructure" means:

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

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

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

525 (23) "Qualified hotel" means a full-service hotel development constructed in the state
526 on or after July 1, 2014 that:

527 (a) requires a significant capital investment;

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

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

532 (24) "Qualified hotel owner" means a person who owns a qualified hotel.

533 (25) "Review committee" means the independent review committee established under
534 Section [63N-2-504](#).

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

536 (27) "State portion" means the portion of new tax revenue that is generated by state
537 taxes.

538 (28) "State taxes" means a tax imposed under Subsection [59-12-103\(2\)\(a\)\(i\)](#), [\(2\)\(b\)\(i\)](#),
539 or [\(2\)\(e\)\(i\)\(A\)](#).

540 (29) "Third-party seller" means a person who is a seller in a transaction:

541 (a) occurring other than on hotel property;

542 (b) that is:

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

545 (ii) the sale of tangible personal property or a service that is part of a bundled
546 transaction, as defined in Section [59-12-102](#), with a sale, rental, or lease described in
547 Subsection [\(29\)\(b\)\(i\)](#); and

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

549 Section 6. **Effective date.**

550 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2024.

551 (2) The actions affecting Section [63N-2-502](#) (Contingently Effective 01/01/25)
552 contingently take effect on January 1, 2025.