

TRANSIENT ROOM TAX REVISIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kera Birkeland

Senate Sponsor: _____

LONG TITLE

General Description:

This bill addresses the imposition and expenditure of transient room taxes.

Highlighted Provisions:

This bill:

- ▶ modifies the rate that may be imposed by a municipality of a certain size;
- ▶ provides the circumstances under which a county may use the revenue collected from a transient room tax based on the size of the county; and
- ▶ makes technical changes.

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 2023, Chapter 15

17-31-5.5, as last amended by Laws of Utah 2023, Chapter 479

59-12-352, as last amended by Laws of Utah 2023, Chapter 263

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

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



28 **17-31-2. Purposes of transient room tax and expenditure of revenue -- Purchase**
29 **or lease of facilities -- Mitigating impacts of recreation, tourism, or conventions --**
30 **Issuance of bonds.**

31 (1) As used in this section:

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

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

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

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

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

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

41 (g) "Eligible town" means a town that:

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

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

45 (h) "Emergency medical services provider" means an eligible town, a special district,
46 or a special service district.

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

50 (j) "Town" means a municipality that is classified as a town in accordance with Section
51 10-2-301.

52 (k) "Transient room tax" means a tax at a rate not to exceed 4.25% authorized by
53 Section 59-12-301.

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

56 (a) establishing and promoting:

57 (i) tourism; or

58 (ii) recreation, film production, and conventions;

- 59 (b) acquiring, leasing, constructing, furnishing, maintaining, or operating:
- 60 (i) convention meeting rooms;
- 61 (ii) exhibit halls;
- 62 (iii) visitor information centers;
- 63 (iv) museums;
- 64 (v) sports and recreation facilities including practice fields, stadiums, and arenas;
- 65 (vi) related facilities;
- 66 (vii) if a national park is located within or partially within the county's boundaries, the
- 67 following on any route designated by the county legislative body:
- 68 (A) transit service, including shuttle service; and
- 69 (B) parking infrastructure; and
- 70 (viii) an airport, if:
- 71 (A) the county is a county of the fourth, fifth, or sixth class; and
- 72 (B) the county is the airport operator of the airport;
- 73 (c) acquiring land, leasing land, or making payments for construction or infrastructure
- 74 improvements required for or related to the purposes listed in Subsection (2)(b);
- 75 (d) as required to mitigate the impacts of recreation, tourism, or conventions in
- 76 counties of the fourth, fifth, and sixth class, paying for:
- 77 (i) solid waste disposal operations;
- 78 (ii) emergency medical services;
- 79 (iii) search and rescue activities;
- 80 (iv) law enforcement activities; and
- 81 (v) road repair and upgrade of:
- 82 (A) class B roads, as defined in Section [72-3-103](#);
- 83 (B) class C roads, as defined in Section [72-3-104](#); or
- 84 (C) class D roads, as defined in Section [72-3-105](#); and
- 85 (e) making the annual payment of principal, interest, premiums, and necessary reserves
- 86 for any of the aggregate of bonds authorized under Subsection (5).
- 87 (3) (a) The county legislative body of a county that imposes a transient room tax at a
- 88 rate of 3% or less may expend the revenue generated as provided in Subsection (4), after
- 89 making any reduction required by Subsection (6).

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

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

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

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

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

98 (4) Subject to Subsections (6) [~~and~~], (7), and (8), a county may not expend more than
99 1/3 of the revenue generated by a rate of transient room tax that does not exceed 3%, for any
100 combination of the purposes described in Subsections (2)(b) through (2)(e).

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

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

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

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

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

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

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

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

121 described in Subsection (4).

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

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

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

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

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

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

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

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

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

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

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

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

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

152 (d) A county legislative body may not expend more than 1/5 of the revenue described
153 in Subsection (7)(b)(i) for a purpose described in Subsection (2)(a)(ii).

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

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

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

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

161 (8) (a) The county legislative body of a county of the third class may expend the
162 revenue from the transient room tax for the purposes listed in Subsections (2)(a), (b), (c), (e)
163 and (5), and as required to manage the impacts of recreation, tourism, or conventions by paying
164 for:

165 (i) solid waste disposal;

166 (ii) emergency medical services;

167 (iii) search and rescue activities; and

168 (iv) law enforcement activities.

169 (b) The county legislative body in a county of the third class shall expend the revenue
170 generated by a transient room tax as follows:

171 (i) if the county legislative body imposes a transient room tax at a rate of 3% or less,
172 the county legislative body may expend the revenue generated as provided in Subsection (4),
173 after making any reduction required by Subsection (6), except that the county legislative body
174 may not expend more than 25% of the 1/3 that may be expended under Subsection (4) for
175 purposes under Subsection (2)(b); and

176 (ii) if the county legislative body of a county that imposes a transient room tax at a rate
177 that exceeds 3% or increases the rate of transient room tax above 3%, the county legislative
178 body may expend:

179 (A) the revenue generated from the transient room tax at a rate of 3% as provided in
180 Subsection (4), after making any reduction required by Subsection (6), except that the county
181 legislative body may not expend more than 25% of the amount that may be expended under
182 Subsection (4) for purposes under Subsection (2)(b); and

183 (B) the revenue generated from the portion of the rate that exceeds 3%, for any
184 combination of the purposes described in Subsections (2) and (5) regardless of the limitation on
185 expenditures for the purposes described in Subsection (4), except that the county legislative
186 body may not expend more than 25% of the revenue that exceeds 3% for purposes under
187 Subsection (2)(b).

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

189 **17-31-5.5. Report by county legislative body -- Content.**

190 (1) The legislative body of each county that imposes a transient room tax under Section
191 59-12-301 or a tourism, recreation, cultural, convention, and airport facilities tax under Section
192 59-12-603 shall prepare annually a written report in accordance with Subsection (2).

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

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

196 (i) establishing and promoting:

197 (A) recreation;

198 (B) tourism;

199 (C) film production; and

200 (D) conventions;

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

202 (A) convention meeting rooms;

203 (B) exhibit halls;

204 (C) visitor information centers;

205 (D) museums; and

206 (E) related facilities;

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

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

210 (v) management costs as identified in Subsection 17-31-2(8)(a); and

211 [~~(v)~~] (vi) making the annual payment of principal, interest, premiums, and necessary
212 reserves for any or the aggregate of bonds issued to pay for costs referred to in Subsections
213 17-31-2(2)(e) and (5)(a); and

214 (b) for the tourism, recreation, cultural, convention, and airport facilities tax,
215 identification of expenditures for:

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

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

221 (A) an airport facility;
222 (B) a convention facility;
223 (C) a cultural facility;
224 (D) a recreation facility; and
225 (E) a tourist facility;

226 (iii) mitigation costs as identified in Subsection 59-12-603(2)(b); and
227 (iv) a pledge as security for evidences of indebtedness under Subsection 59-12-603(3).

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

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

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

236 (a) the Utah Office of Tourism within the Governor's Office of Economic Opportunity;
237 (b) the county's tourism tax advisory board; and
238 (c) the Office of the Legislative Fiscal Analyst.

239 Section 3. Section 59-12-352 is amended to read:

240 **59-12-352. Transient room tax authority for municipalities, military installation**
241 **development authority, and Point of the Mountain State Land Authority -- Purposes for**
242 **which revenues may be used.**

243 (1) (a) Except as provided in Subsection (5), the governing body of a municipality may
244 impose a tax [~~of not to exceed 1%~~] on charges for the accommodations and services described

245 in Subsection 59-12-103(1)(i)[-] of not to exceed:

246 (i) 1% for a city of the first, second, third, or fourth class or a town; and

247 (ii) 2% for a city of the fifth or sixth class.

248 (b) Subject to Section 63H-1-203, the military installation development authority
249 created in Section 63H-1-201 may impose a tax under this section for accommodations and
250 services described in Subsection 59-12-103(1)(i) within a project area described in a project
251 area plan adopted by the authority under Title 63H, Chapter 1, Military Installation
252 Development Authority Act, as though the authority were a municipality.

253 (2) Subject to the limitations of Subsection (1), a governing body of a municipality
254 may, by ordinance, increase or decrease the tax under this part.

255 (3) A governing body of a municipality shall regulate the tax under this part by
256 ordinance.

257 (4) A municipality may use revenues generated by the tax under this part for general
258 fund purposes.

259 (5) (a) A municipality may not impose a tax under this section for accommodations and
260 services described in Subsection 59-12-103(1)(i) within a project area described in a project
261 area plan adopted by the authority under Title 63H, Chapter 1, Military Installation
262 Development Authority Act.

263 (b) Subsection (5)(a) does not apply to the military installation development authority's
264 imposition of a tax under this section.

265 (6) (a) As used in this Subsection (6):

266 (i) "Authority" means the Point of the Mountain State Land Authority, created in
267 Section 11-59-201.

268 (ii) "Authority board" means the board referred to in Section 11-59-301.

269 (b) The authority may, by a resolution adopted by the authority board, impose a tax of
270 not to exceed 5% on charges for the accommodations and services described in Subsection
271 59-12-103(1)(i) for transactions that occur on point of the mountain state land, as defined in
272 Section 11-59-102.

273 (c) The authority board, by resolution, shall regulate the tax under this Subsection (6).

274 (d) The authority shall use all revenue from a tax imposed under this Subsection (6) to
275 provide affordable housing, consistent with the manner that a community reinvestment agency

276 uses funds for affordable housing under Section [17C-1-412](#).

277 (e) A tax under this Subsection (6) is in addition to any other tax that may be imposed
278 under this part.

279 Section 4. **Effective date.**

280 This bill takes effect on May 1, 2024.