

# HB0558S01 compared with HB0558

~~text~~ shows text that was in HB0558 but was deleted in HB0558S01.

inserted text shows text that was not in HB0558 but was inserted into HB0558S01.

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Representative Michael L. Kohler proposes the following substitute bill:

## TRANSIENT ROOM TAX REVISIONS

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor:** {}Kera Birkeland

**Senate Sponsor:** {}\_\_\_\_\_

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### 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;
- ▶ addresses reporting: and
- ▶ makes technical changes.

#### Money Appropriated in this Bill:

None

#### Other Special Clauses:

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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

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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) "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.

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

(i) "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).

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

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

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

(a) establishing and promoting:

(i) tourism; or

(ii) recreation, film production, and conventions;

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

(i) convention meeting rooms;

(ii) exhibit halls;

(iii) visitor information centers;

(iv) museums;

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

(vi) related facilities;

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

(A) transit service, including shuttle service; and

(B) parking infrastructure; and

(viii) an airport, if:

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

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

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

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

(i) solid waste disposal operations;

(ii) emergency medical services;

(iii) search and rescue activities;

(iv) law enforcement activities; and

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(v) road repair and upgrade of:

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

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

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

(e) making the annual payment of principal, interest, premiums, and necessary reserves for any of the aggregate of bonds authorized under Subsection (5).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) solid waste disposal;

(ii) emergency medical services;

(iii) search and rescue activities; and

(iv) law enforcement activities.

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

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

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may not expend more than ~~{25%}~~ 1/3 of the 1/3 that may be expended under Subsection (4) for purposes under Subsection (2)(b); and

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

(A) the revenue generated from the transient room tax at a rate of 3% as provided in Subsection (4), after making any reduction required by Subsection (6), except that the county legislative body may not expend more than ~~{25%}~~ 1/3 of the amount that may be expended under Subsection (4) for purposes under Subsection (2)(b); and

(B) the revenue generated from the portion of the rate that exceeds 3%, for any combination of the purposes described in Subsections (2) and (5) regardless of the limitation on expenditures for the purposes described in Subsection (4), except that the county legislative body may not expend more than ~~{25%}~~ 1/3 of the revenue that exceeds 3% for purposes under Subsection (2)(b).

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

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

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

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

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

(i) establishing and promoting:

(A) recreation;

(B) tourism;

(C) film production; and

(D) conventions;

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

(A) convention meeting rooms;

(B) exhibit halls;

(C) visitor information centers;

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(D) museums; and

(E) related facilities;

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

Subsection (2)(a)(ii);

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

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

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

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

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

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

(A) an airport facility;

(B) a convention facility;

(C) a cultural facility;

(D) a recreation facility; and

(E) a tourist facility;

(iii) mitigation costs as identified in Subsection 59-12-603(2)(b); and

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

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

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

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

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

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



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

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

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

(1) (a) Except as provided in Subsection (5), the governing body of a municipality may impose a tax [~~of not to exceed 1%~~] on charges for the accommodations and services described in Subsection 59-12-103(1)(i)[~~:-~~] of not to exceed:

- (i) 1% for a city of the first, second, third, or fourth class or a town; and
- (ii) 2% for a city of the fifth ~~for sixth~~ class.

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

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

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

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

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

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

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

- (i) "Authority" means the Point of the Mountain State Land Authority, created in

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Section 11-59-201.

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

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

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

(d) The authority shall use all revenue from a tax imposed under this Subsection (6) to provide affordable housing, consistent with the manner that a community reinvestment agency uses funds for affordable housing under Section 17C-1-412.

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

Section 4. **Effective date.**

This bill takes effect on May 1, 2024.