

LOCAL GOVERNMENT BUSINESS LICENSE AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Heidi Balderree

House Sponsor: Stephanie Gricius

LONG TITLE

General Description:

This bill modifies provisions relating to business licenses issued by a county or municipality.

Highlighted Provisions:

This bill:

► expands a prohibition against a county or municipality requiring a license or permit for an occasionally operated business to apply to an individual who is 18 years old or older and enrolled in a traditional high school.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-1-203, as last amended by Laws of Utah 2022, Chapter 306

17-53-216, as last amended by Laws of Utah 2022, Chapter 306

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

Section 1. Section **10-1-203** is amended to read:

10-1-203. License fees and taxes -- Application information to be transmitted to



28 **the county assessor.**

29 (1) As used in this section:

30 (a) "Business" means any enterprise carried on for the purpose of gain or economic
31 profit, except that the acts of employees rendering services to employers are not included in
32 this definition.

33 (b) "Telecommunications provider" means the same as that term is defined in Section
34 10-1-402.

35 (c) "Telecommunications tax or fee" means the same as that term is defined in Section
36 10-1-402.

37 (2) Except as provided in Subsections (3) through (5) and Subsection (7), the
38 legislative body of a municipality may license for the purpose of regulation any business within
39 the limits of the municipality, may regulate that business by ordinance, and may impose fees on
40 businesses to recover the municipality's costs of regulation.

41 (3) (a) The legislative body of a municipality may raise revenue by levying and
42 collecting a municipal energy sales or use tax as provided in Part 3, Municipal Energy Sales
43 and Use Tax Act, except a municipality may not levy or collect a franchise tax or fee on an
44 energy supplier other than the municipal energy sales and use tax provided in Part 3, Municipal
45 Energy Sales and Use Tax Act.

46 (b) (i) Subsection (3)(a) does not affect the validity of a franchise agreement as defined
47 in Subsection 10-1-303(6), that is in effect on July 1, 1997, or a future franchise.

48 (ii) A franchise agreement as defined in Subsection 10-1-303(6) in effect on January 1,
49 1997, or a future franchise shall remain in full force and effect.

50 (c) A municipality that collects a contractual franchise fee pursuant to a franchise
51 agreement as defined in Subsection 10-1-303(6) with an energy supplier that is in effect on July
52 1, 1997, may continue to collect that fee as provided in Subsection 10-1-310(2).

53 (d) (i) Subject to the requirements of Subsection (3)(d)(ii), a franchise agreement as
54 defined in Subsection 10-1-303(6) between a municipality and an energy supplier may contain
55 a provision that:

56 (A) requires the energy supplier by agreement to pay a contractual franchise fee that is
57 otherwise prohibited under Part 3, Municipal Energy Sales and Use Tax Act; and

58 (B) imposes the contractual franchise fee on or after the day on which Part 3,

59 Municipal Energy Sales and Use Tax Act is:

60 (I) repealed, invalidated, or the maximum allowable rate provided in Section 10-1-305
61 is reduced; and

62 (II) not superseded by a law imposing a substantially equivalent tax.

63 (ii) A municipality may not charge a contractual franchise fee under the provisions
64 permitted by Subsection (3)(b)(i) unless the municipality charges an equal contractual franchise
65 fee or a tax on all energy suppliers.

66 (4) (a) Subject to Subsection (4)(b), beginning July 1, 2004, the legislative body of a
67 municipality may raise revenue by levying and providing for the collection of a municipal
68 telecommunications license tax as provided in Part 4, Municipal Telecommunications License
69 Tax Act.

70 (b) A municipality may not levy or collect a telecommunications tax or fee on a
71 telecommunications provider except as provided in Part 4, Municipal Telecommunications
72 License Tax Act.

73 (5) (a) (i) The legislative body of a municipality may by ordinance raise revenue by
74 levying and collecting a license fee or tax on:

75 (A) a parking service business in an amount that is less than or equal to:

76 (I) \$1 per vehicle that parks at the parking service business; or

77 (II) 2% of the gross receipts of the parking service business;

78 (B) a public assembly or other related facility in an amount that is less than or equal to
79 \$5 per ticket purchased from the public assembly or other related facility; and

80 (C) subject to the limitations of Subsections (5)(c) and (d):

81 (I) a business that causes disproportionate costs of municipal services; or

82 (II) a purchaser from a business for which the municipality provides an enhanced level
83 of municipal services.

84 (ii) Nothing in this Subsection (5)(a) may be construed to authorize a municipality to
85 levy or collect a license fee or tax on a public assembly or other related facility owned and
86 operated by another political subdivision other than a community reinvestment agency without
87 the written consent of the other political subdivision.

88 (b) As used in this Subsection (5):

89 (i) "Municipal services" includes:

- 90 (A) public utilities; and
- 91 (B) services for:
- 92 (I) police;
- 93 (II) fire;
- 94 (III) storm water runoff;
- 95 (IV) traffic control;
- 96 (V) parking;
- 97 (VI) transportation;
- 98 (VII) beautification; or
- 99 (VIII) snow removal.

100 (ii) "Parking service business" means a business:

- 101 (A) that primarily provides off-street parking services for a public facility that is
- 102 wholly or partially funded by public money;
- 103 (B) that provides parking for one or more vehicles; and
- 104 (C) that charges a fee for parking.

105 (iii) "Public assembly or other related facility" means an assembly facility that:

- 106 (A) is wholly or partially funded by public money;
- 107 (B) is operated by a business; and
- 108 (C) requires a person attending an event at the assembly facility to purchase a ticket.

109 (c) (i) Before the legislative body of a municipality imposes a license fee on a business
110 that causes disproportionate costs of municipal services under Subsection (5)(a)(i)(C)(I), the
111 legislative body of the municipality shall adopt an ordinance defining for purposes of the tax
112 under Subsection (5)(a)(i)(C)(I):

- 113 (A) the costs that constitute disproportionate costs; and
- 114 (B) the amounts that are reasonably related to the costs of the municipal services
115 provided by the municipality.

116 (ii) The amount of a fee under Subsection (5)(a)(i)(C)(I) shall be reasonably related to
117 the costs of the municipal services provided by the municipality.

118 (d) (i) Before the legislative body of a municipality imposes a license fee on a
119 purchaser from a business for which it provides an enhanced level of municipal services under
120 Subsection (5)(a)(i)(C)(II), the legislative body of the municipality shall adopt an ordinance

121 defining for purposes of the fee under Subsection (5)(a)(i)(C)(II):

122 (A) the level of municipal services that constitutes the basic level of municipal services
123 in the municipality; and

124 (B) the amounts that are reasonably related to the costs of providing an enhanced level
125 of municipal services in the municipality.

126 (ii) The amount of a fee under Subsection (5)(a)(i)(C)(II) shall be reasonably related to
127 the costs of providing an enhanced level of the municipal services.

128 (6) All license fees and taxes shall be uniform in respect to the class upon which they
129 are imposed.

130 (7) A municipality may not:

131 (a) require a license or permit for a business that is operated:

132 (i) only occasionally; and

133 (ii) by an individual who is:

134 (A) under 18 years old; or

135 (B) 18 years old or older and enrolled in a traditional high school;

136 (b) charge any fee for a resident of the municipality to operate a home-based business,
137 unless the combined offsite impact of the home-based business and the primary residential use
138 materially exceeds the offsite impact of the primary residential use alone;

139 (c) require, as a condition of obtaining or maintaining a license or permit for a
140 business:

141 (i) that an employee or agent of a business complete education, continuing education,
142 or training that is in addition to requirements under state law or state licensing requirements; or

143 (ii) that a business disclose financial information, inventory amounts, or proprietary
144 business information, except as specifically authorized under state or federal law.

145 (8) (a) Notwithstanding Subsection (7)(b), a municipality may charge an administrative
146 fee for a license to a home-based business owner who is otherwise exempt under Subsection
147 (7)(b) but who requests a license from the municipality.

148 (b) A municipality shall notify the owner of each home-based business of the
149 exemption described in Subsection (7)(b) in any communication with the owner.

150 (9) The municipality shall transmit the information from each approved business
151 license application to the county assessor within 60 days following the approval of the

152 application.

153 (10) If challenged in court, an ordinance enacted by a municipality before January 1,
154 1994, imposing a business license fee on rental dwellings under this section shall be upheld
155 unless the business license fee is found to impose an unreasonable burden on the fee payer.

156 Section 2. Section **17-53-216** is amended to read:

157 **17-53-216. Business license fees and taxes -- Application information to be**
158 **transmitted to the county assessor.**

159 (1) As used in this section, "business" means any enterprise carried on for the purpose
160 of gain or economic profit, except that the acts of employees rendering services to employers
161 are not included in this definition.

162 (2) Except as provided in Subsection (4), the legislative body of a county may by
163 ordinance provide for the licensing of businesses within the unincorporated areas of the county
164 for the purpose of regulation, and may impose fees on businesses to recover the county's costs
165 of regulation.

166 (3) All license fees and taxes shall be uniform in respect to the class upon which they
167 are imposed.

168 (4) A county may not:

169 (a) require a license or permit for a business that is operated:

170 (i) only occasionally; and

171 (ii) by an individual who is:

172 (A) under 18 years old; or

173 (B) 18 years old or older and enrolled in a traditional high school;

174 (b) charge a license fee for a home based business unless the combined offsite impact
175 of the home based business and the primary residential use materially exceeds the offsite
176 impact of the primary residential use alone; or

177 (c) require, as a condition of obtaining or maintaining a license or permit for a
178 business:

179 (i) that an employee or agent of a business complete education, continuing education,
180 or training that is in addition to requirements under state law or state licensing requirements; or

181 (ii) that a business disclose financial information, inventory amounts, or proprietary
182 business information except as specifically authorized under state or federal law.

183 (5) The county business licensing agency shall transmit the information from each
184 approved business license application to the county assessor within 60 days following the
185 approval of the application.

186 (6) This section may not be construed to enhance, diminish, or otherwise alter the
187 taxing power of counties existing prior to the effective date of Laws of Utah 1988, Chapter
188 144.

189 Section 3. **Effective date.**

190 This bill takes effect on May 1, 2024.