

TRANSIENT ROOM TAX AMENDMENTS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl R. Albrecht

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to the transient room sales tax.

Highlighted Provisions:

This bill:

► modifies the requirements for how a county of the fourth, fifth, or sixth class spends revenue from the transient room tax;

► authorizes a county of the fifth or sixth class, after advising the State Tax Commission, to audit a person that is required to collect and remit the transient room tax and to pursue collection of unpaid transient room tax;

► directs a county and the State Tax Commission to coordinate who will be responsible for conducting the audit or pursuing collection to avoid unnecessary duplication in auditing and collection; and

► imposes reporting requirements on a county that chooses to audit or pursue collection of unpaid transient room tax.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



28 17-31-2, as last amended by Laws of Utah 2020, Chapter 315

29 59-12-302, as last amended by Laws of Utah 2020, Chapter 315



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

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

33 **17-31-2. Purposes of transient room tax and expenditure of revenue -- Purchase**
34 **or lease of facilities -- Mitigating impacts of recreation, tourism, or conventions --**
35 **Issuance of bonds.**

36 (1) As used in this section:

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

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

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

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

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

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

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

49 [~~g~~] (h) "Eligible town" means a town that:

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

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

53 [~~h~~] (i) "Emergency medical services provider" means an eligible town, a local district,
54 or a special service district.

55 [~~i~~] (j) "Town" means a municipality that is classified as a town in accordance with
56 Section 10-2-301.

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

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

61 (a) establishing and promoting:

62 (i) recreation, tourism, film production, and conventions; or

63 (ii) an economic diversification activity if:

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

65 (B) the county has more than one national park within or partially within the county's
66 boundaries;

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

68 (i) convention meeting rooms;

69 (ii) exhibit halls;

70 (iii) visitor information centers;

71 (iv) museums;

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

73 (vi) related facilities;

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

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

77 (B) parking infrastructure; and

78 (viii) an airport, if:

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

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

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

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

85 (i) solid waste disposal operations;

86 (ii) emergency medical services;

87 (iii) search and rescue activities;

88 (iv) law enforcement activities; and

89 (v) road repair and upgrade of:

90 (A) class B roads, as defined in Section 72-3-103;
91 (B) class C roads, as defined in Section 72-3-104; or
92 (C) class D roads, as defined in Section 72-3-105; and
93 (e) making the annual payment of principal, interest, premiums, and necessary reserves
94 for any of the aggregate of bonds authorized under Subsection (5).

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

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

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

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

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

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

106 (4) Subject to ~~[Subsection]~~ Subsections (6) and (7), a county may not expend more than
107 1/3 of the revenue generated by a rate of transient room tax that does not exceed 3%, for any
108 combination of the purposes described in Subsections (2)(b) through (2)(e).

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

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

116 (6) (a) In addition to the purposes described in Subsection (2), a county legislative
117 body may expend up to 4% of the total revenue generated by a transient room tax to pay a
118 provider for emergency medical services in one or more eligible towns.

119 (b) A county legislative body shall reduce the amount that the county is authorized to
120 expend for the purposes described in Subsection (4) by subtracting the amount of transient

121 room tax revenue expended in accordance with Subsection (6)(a) from the amount of revenue
122 described in Subsection (4).

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

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

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

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

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

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

140 (i) for a purpose described in Subsection (2)(a)(i), 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 [~~(b)~~] (c) A county legislative body in a county of the fourth, fifth, or sixth class may
147 not:

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

151 (ii) expend revenue generated by a transient room tax for the purpose described in

152 Subsection (2)(e) in an amount that exceeds the county's base year promotion expenditure.

153 ~~[(e)]~~ (d) The provisions of this Subsection (7) apply notwithstanding any other
154 provision of this section.

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

157 (i) Subsections (7)(a) through ~~[(e)]~~ (d) do not apply; and

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

160 Section 2. Section **59-12-302** is amended to read:

161 **59-12-302. Collection of tax -- Administrative charge.**

162 (1) Except as provided in Subsections (2), (3), ~~[and]~~ (4), and (5), the tax authorized
163 under this part shall be administered, collected, and enforced in accordance with:

164 (a) the same procedures used to administer, collect, and enforce the tax under:

165 (i) Part 1, Tax Collection; or

166 (ii) Part 2, Local Sales and Use Tax Act; and

167 (b) Chapter 1, General Taxation Policies.

168 (2) The location of a transaction shall be determined in accordance with Sections
169 [59-12-211](#) through [59-12-215](#).

170 (3) A tax under this part is not subject to Section [59-12-107.1](#) or [59-12-123](#) or
171 Subsections [59-12-205](#)(2) through (6).

172 (4) (a) A county auditor may coordinate with the commission in determining whether
173 to require an audit of any person that is required to remit a tax authorized under this part.

174 (b) (i) After advising the commission, a county auditor in a county of the fifth or sixth
175 class may audit any person that is required to collect and remit a tax authorized under this part.

176 (ii) To avoid unnecessary duplication in auditing, the county auditor and the
177 commission shall coordinate whether the county or the commission will conduct the audit
178 under this Subsection (4)(b).

179 (iii) A county auditor that conducts an audit in accordance with this Subsection (4)(b)
180 shall provide the findings of any audit to the commission for coordinated enforcement.

181 (5) (a) After advising the commission, a county auditor, a county treasurer, or a county
182 attorney in a county of a first class may pursue collection against a person that has not remitted

183 a tax authorized under this part for more than 90 days after the conclusion of the audit
184 described in Subsection (4).

185 (b) To avoid unnecessary duplication in collection measures, the county auditor, the
186 county treasurer, or the county attorney and the commission shall coordinate whether the
187 county or the commission will pursue collection.

188 (c) A county auditor, a county treasurer, or a county attorney that pursues collection in
189 accordance with this Subsection (5) shall report to the commission on the results of the
190 collection measures:

191 (i) quarterly; or

192 (ii) at the commission's direction.

193 [~~5~~] (6) The commission:

194 (a) shall distribute the revenue collected from the tax to the county within which the
195 revenue was collected; and

196 (b) shall retain and deposit an administrative charge in accordance with Section
197 59-1-306 from revenue the commission collects from a tax under this part.