

Norman K Thurston proposes the following substitute bill:

Restaurant Tax Repeal Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor: Lincoln Fillmore

LONG TITLE

General Description:

This bill amends county authority to impose taxes under the Tourism, Recreation, Cultural, Convention, and Airport Facilities Tax Act.

Highlighted Provisions:

This bill:

- repeals the authority for a county to impose the tax, referred to as the restaurant tax, on food items and alcoholic beverage items sold at restaurants and customized prepared foods sold at convenience stores, gas stations, and grocery stores;
- replaces the restaurant tax with a tax on taxable transactions, other than food and food ingredients, at a rate that will generate an equivalent amount of revenue to the restaurant tax; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-12-602, as last amended by Laws of Utah 2025, Chapter 306

59-12-603, as last amended by Laws of Utah 2025, First Special Session, Chapter 17

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

Section 1. Section **59-12-602** is amended to read:

59-12-602 . Definitions.

As used in this part:

(1)(a) "Airport facility" means an airport of regional significance~~[, and includes:]~~ .

- 30 (b) "Airport facility" includes:
- 31 [(a)] (i) an appurtenance to an airport, including a fixed guideway that provides
- 32 transportation service to or from the airport;
- 33 [(b)] (ii) a control tower, including a radar system;
- 34 [(c)] (iii) a public area of an airport; or
- 35 [(d)] (iv) a terminal facility.
- 36 (2) "Airport of regional significance" means the same as that term is defined in Section
- 37 59-12-2202.
- 38 (3) "All-terrain type I vehicle" means the same as that term is defined in Section 41-22-2.
- 39 (4) "All-terrain type II vehicle" means the same as that term is defined in Section 41-22-2.
- 40 (5) "All-terrain type III vehicle" means the same as that term is defined in Section 41-22-2.
- 41 (6) "Convenience store" means a retail establishment described in NAICS Code 445131,
- 42 Convenience Retailers, of the 2022 North American Industry Classification System of
- 43 the federal Executive Office of the President, Office of Management and Budget.
- 44 (7) "Convention facility" means any publicly owned or operated convention center, sports
- 45 arena, or other facility at which conventions, conferences, and other gatherings are held
- 46 and whose primary business or function is to host such conventions, conferences, and
- 47 other gatherings.
- 48 (8) "Cultural facility" means any publicly owned or operated museum, theater, art center,
- 49 music hall, or other cultural or arts facility.
- 50 (9)(a) "Customized" means prepared or heated by a seller for on-premise or immediate
- 51 consumption at the request or specification of the purchaser.
- 52 (b) "Customized" does not include a purchaser specifying the quantity.
- 53 (10)(a) "Eligible transaction" means amounts paid or charged for a transaction described
- 54 in Subsection 59-12-103(1).
- 55 (b) "Eligible transaction" includes amounts paid or charged for food and food
- 56 ingredients if the food and food ingredients are sold as part of a bundled transaction
- 57 attributable to food and food ingredients and tangible personal property other than
- 58 food and food ingredients.
- 59 (c) "Eligible transaction" does not include amounts paid or charged for:
- 60 (i) the sales and uses described in Section 59-12-104 to the extent the sales and uses
- 61 are exempt under Section 59-12-104; or
- 62 (ii) except as provided in Subsection (10)(b), food and food ingredients.
- 63 (11) "Gas station" means a retail establishment at which the primary purpose or function is

64 the sale of fuel.

65 [~~(11)~~] (12) "Grocery store" means a retail establishment at which the primary business or
66 function is the sale of food or food ingredients for off-premise, but not immediate,
67 consumption.

68 [~~(12)~~] (13)(a) "Off-highway vehicle" means any snowmobile, all-terrain type I vehicle,
69 all-terrain type II vehicle, all-terrain type III vehicle, or motorcycle.

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

72 [~~(13)~~] (14) "Motorcycle" means the same as that term is defined in Section 41-22-2.

73 [~~(14)~~] (15) "Recreation facility" or "tourist facility" means any publicly owned or operated
74 park, campground, marina, dock, golf course, water park, historic park, monument,
75 planetarium, zoo, bicycle trails, and other recreation or tourism-related facility.

76 [~~(15)~~] (16)(a) "Recreational vehicle" means a vehicular unit other than a mobile home,
77 primarily designed as a temporary dwelling for travel, recreational, or vacation use,
78 that is pulled by another vehicle.

79 (b) "Recreational vehicle" includes:

80 (i) a travel trailer;

81 (ii) a camping trailer; and

82 (iii) a fifth wheel trailer.

83 (c) "Recreational vehicle" does not include a vehicle that is a motor vehicle under
84 Section 41-1a-102.

85 [~~(16)~~] (17)(a) "Restaurant" means a retail establishment at which the primary business or
86 function is the sale of prepared food for immediate or on-premises consumption.

87 (b) "Restaurant" includes a coffee shop, cafeteria, luncheonette, soda fountain, dinner
88 theater, or fast-food service where food is prepared for immediate consumption.

89 (c) "Restaurant" does not include:

90 (i) a convenience store;

91 (ii) a gas station;

92 (iii) a grocery store; or

93 (iv) a theater that sells food items other than a dinner theater.

94 [~~(17)~~] (18) "Snowmobile" means the same as that term is defined in Section 41-22-2.

95 [~~(18)~~] (19) "Travel trailer," "camping trailer," or "fifth wheel trailer" means a portable
96 vehicle without motive power, designed as a temporary dwelling for travel, recreational,
97 or vacation use that does not require a special highway movement permit when drawn

98 by a self-propelled motor vehicle.

99 Section 2. Section **59-12-603** is amended to read:

100 **59-12-603 . County tax -- Bases -- Rates -- Use of revenue -- Adoption of**
 101 **ordinance required -- Advisory board -- Administration -- Collection -- Administrative**
 102 **charge -- Distribution -- Enactment or repeal of tax or tax rate change -- Effective date --**
 103 **Notice requirements.**

104 (1)(a) In addition to any other taxes, a county legislative body may impose, as provided
 105 in this part, [~~impose~~] a tax as follows:

106 (i)(A) a county legislative body [~~of any county~~] may impose a tax of not to exceed
 107 3% on [~~all~~] short-term rentals of motor vehicles, except for short-term rentals
 108 of motor vehicles made for the purpose of temporarily replacing a person's
 109 motor vehicle that is being repaired [~~pursuant to~~] in accordance with a repair or
 110 an insurance agreement; and

111 (B) a county legislative body [~~of any county~~] imposing a tax under Subsection
 112 (1)(a)(i)(A) may, in addition to imposing the tax under Subsection (1)(a)(i)(A),
 113 impose a tax of not to exceed 4% on [~~all~~] short-term rentals of motor vehicles,
 114 except for short-term rentals of motor vehicles made for the purpose of
 115 temporarily replacing a person's motor vehicle that is being repaired [~~pursuant~~
 116 ~~to~~] in accordance with a repair or an insurance agreement;

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

119 (iii) before October 1, 2026, a county legislative body of any county may impose a
 120 tax of not to exceed 1% [~~of all~~] on sales of:

121 (A) alcoholic beverages, food and food ingredients, or prepared food sold by a
 122 restaurant; and

123 (B) customized prepared food sold by a convenience store, a gas station, or a
 124 grocery store;

125 (iv) on October 1, 2026, the tax described in Subsection (1)(a)(iii) is replaced with a
 126 tax, at the rate calculated in accordance with Subsection (11), on an eligible
 127 transaction;

128 (v) a county legislative body of a county of the first class, as classified in Section
 129 17-60-104, may impose a tax of not to exceed .5% on charges for the
 130 accommodations and services described in Subsection 59-12-103(1)(i); and

131 [~~(v)~~] (vi) if a county legislative body [~~of any county~~] imposes a tax under Subsection

132 (1)(a)(i), a tax at the same rate applies to car sharing of less than 30 days, except
 133 for car sharing for the purpose of temporarily replacing a person's motor vehicle
 134 that is being repaired [~~pursuant to~~] in accordance with a repair or an insurance
 135 agreement.

136 [~~(b) A tax imposed under Subsection (1)(a) is subject to the reporting provisions of~~
 137 ~~Sections 17-78-704 and 17E-2-406.]~~

138 (b) A county legislative body that imposes a tax under this Subsection (1) shall comply
 139 with the reporting requirements described in Sections 17-78-704 and 17E-2-406.

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

142 (i) financing tourism promotion; and

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

144 (A) an airport facility;

145 (B) a convention facility;

146 (C) a cultural facility;

147 (D) a recreation facility; or

148 (E) a tourist facility.

149 (b)(i) In addition to the uses described in Subsection (2)(a) and subject to Subsection
 150 (2)(b)(ii), a county of the fourth, fifth, or sixth class, as classified in Section
 151 17-60-104, or a county with a population density of fewer than 15 people per
 152 square mile may expend the revenue from the imposition of a tax under
 153 Subsections (1)(a)(i) and (ii) on the following activities to mitigate the impacts of
 154 tourism:

155 (A) solid waste disposal;

156 (B) search and rescue activities;

157 (C) law enforcement activities;

158 (D) emergency medical services; or

159 (E) fire protection services.

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

163 (c) A county of the first class, as classified in Section 17-60-104, shall expend at least
 164 \$450,000 each year of the revenue from the imposition of a tax authorized by
 165 Subsection [~~(1)(a)(iv)] (1)(a)(v) within the county to fund a marketing and ticketing~~

- 166 system designed to:
- 167 (i) promote tourism in ski areas within the county by persons that do not reside within
168 the state; and
- 169 (ii) combine the sale of:
- 170 (A) ski lift tickets; and
- 171 (B) accommodations and services described in Subsection 59-12-103(1)(i).
- 172 (3) A tax imposed under this part may be pledged as security for bonds, notes, or other
173 evidences of indebtedness incurred by a county, city, or town under Title 11, Chapter 14,
174 Local Government Bonding Act, or a community reinvestment agency under Title 17C,
175 Chapter 1, Part 5, Agency Bonds, to finance:
- 176 (a) an airport facility;
- 177 (b) a convention facility;
- 178 (c) a cultural facility;
- 179 (d) a recreation facility; or
- 180 (e) a tourist facility.
- 181 (4)(a) To impose a tax under Subsection (1), the county legislative body shall adopt an
182 ordinance imposing the tax.
- 183 (b) The ordinance under Subsection (4)(a) shall include provisions substantially the
184 same as those contained in Part 1, Tax Collection, except that the tax shall be
185 imposed only on those items and sales described in Subsection (1).
- 186 (c) The name of the county as the taxing agency shall be substituted for that of the state
187 where necessary, and an additional license is not required if one has been or is issued
188 under Section 59-12-106.
- 189 (5) To maintain in effect a tax ordinance adopted under this part, each county legislative
190 body shall adopt, within 30 days of any amendment of any applicable provisions of Part
191 1, Tax Collection, [~~adopt~~] amendments to the county's tax ordinance to conform with the
192 applicable amendments to Part 1, Tax Collection.
- 193 (6)(a) Regardless of whether a county of the first class, as classified in Section 17-60-104,
194 creates a tourism tax advisory board in accordance with Section 17-78-706, the
195 county legislative body [~~of the county of the first class~~] shall create a tax advisory
196 board in accordance with this Subsection (6).
- 197 (b) The tax advisory board shall be composed of nine members appointed as follows:
- 198 (i) four members shall be residents of a county of the first class, as classified in
199 Section 17-60-104, appointed by the county legislative body [~~of the county of the~~

- 200 first class]; and
- 201 (ii) subject to Subsections (6)(c) and (d), five members shall be mayors of cities or
 202 towns within the county of the first class, as classified in Section 17-60-104,
 203 appointed by an organization representing all mayors of cities and towns within
 204 the county of the first class, as classified in Section 17-60-104.
- 205 (c) Five members of the tax advisory board constitute a quorum.
- 206 (d) The county legislative body of the county of the first class, as classified in Section
 207 17-60-104, shall determine:
- 208 (i) terms of the members of the tax advisory board;
- 209 (ii) procedures and requirements for removing a member of the tax advisory board;
- 210 (iii) voting requirements, except that action of the tax advisory board shall be by at
 211 least a majority vote of a quorum of the tax advisory board;
- 212 (iv) chairs or other officers of the tax advisory board;
- 213 (v) ~~[how meetings are to be called]~~ the procedures for calling meetings and the
 214 frequency of meetings; and
- 215 (vi) the compensation, if any, of members of the tax advisory board.
- 216 (e) The tax advisory board under this Subsection (6) shall advise the county legislative
 217 body of the county of the first class, as classified in Section 17-60-104, on the
 218 expenditure of revenue collected within the county ~~[of the first class]~~ from the taxes
 219 described in Subsection ~~[(1)(a)]~~ (1).
- 220 (7)(a)~~[(1)]~~ Except as provided in Subsection ~~[(7)(a)(ii)]~~ (7)(b), a tax authorized under
 221 this part shall be administered, collected, enforced, and interpreted in accordance
 222 with:
- 223 ~~[(A)]~~ (i) the same procedures used to administer, collect, enforce, and interpret the tax
 224 under:
- 225 ~~[(1)]~~ (A) Part 1, Tax Collection; or
- 226 ~~[(1)]~~ (B) Part 2, Local Sales and Use Tax Act; and
- 227 ~~[(1)]~~ (ii) Chapter 1, General Taxation Policies.
- 228 ~~[(1)]~~ (b) A tax under this part is not subject to Section 59-12-107.1 or 59-12-123 or
 229 Subsections 59-12-205(2) and (4) through (6).
- 230 ~~[(1)]~~ Except as provided in Subsection (7)(c):
- 231 ~~[(1)]~~ (i) for a tax under this part other than the tax under Subsection (1)(a)(i)(B), the
 232 commission shall distribute the revenue to the county imposing the tax; and
- 233 ~~[(1)]~~ (ii) for a tax under Subsection (1)(a)(i)(B), the commission shall distribute the

- 234 revenue according to the distribution formula provided in Subsection (8).]
- 235 (c) The commission shall retain and deposit an administrative charge in accordance with
236 Section 59-1-306 from the revenue the commission [~~collects~~] receives from a tax
237 under this part.
- 238 (8)(a) The commission shall distribute the revenue for a tax imposed in accordance with
239 Subsection (1), other than in accordance with Subsection (1)(a)(i)(B), to the county
240 imposing the tax.
- 241 (b) The commission shall distribute the revenue generated by the tax [~~under~~] imposed in
242 accordance with Subsection (1)(a)(i)(B) to each county [~~collecting a tax under~~]
243 imposing a tax in accordance with Subsection (1)(a)(i)(B) according to the following
244 formula:
- 245 (i) the commission shall distribute 70% of the revenue based on the percentages
246 generated by dividing the revenue collected by each county under Subsection
247 (1)(a)(i)(B) by the total revenue collected by all counties under Subsection
248 (1)(a)(i)(B); and
- 249 (ii) the commission shall distribute 30% of the revenue based on the percentages
250 generated by dividing the population of each county collecting a tax under
251 Subsection (1)(a)(i)(B) by the total population of all counties collecting a tax
252 under Subsection (1)(a)(i)(B).
- 253 [~~(b)~~] (c) Population for purposes of [~~this~~] Subsection [~~(8)~~] (8)(b) shall be based on, to the
254 extent not otherwise required by federal law:
- 255 (i) the estimate of the Utah Population Committee created in Section 63C-20-103; or
256 (ii) if the Utah Population Committee estimate is not available, the most recent
257 census or census estimate of the United States Bureau of the Census.
- 258 (9)(a) For purposes of this Subsection (9):
- 259 (i) "Annexation" means an annexation to a county under Title 17, Chapter 61, Part 3,
260 County Annexation.
- 261 (ii) "Annexing area" means an area that is annexed into a county.
- 262 (b)(i) Except as provided in Subsection (9)(c), if a county enacts or repeals a tax or
263 changes the rate of a tax under this part, the enactment, repeal, or change shall
264 take effect:
- 265 (A) on the first day of a calendar quarter; and
266 (B) after a 90-day period beginning on the day on which the commission receives
267 notice meeting the requirements of Subsection (9)(b)(ii) from the county.

- 268 (ii) The notice described in Subsection (9)(b)(i)(B) shall state:
- 269 (A) that the county will enact or repeal a tax or change the rate of a tax under this
- 270 part;
- 271 (B) the statutory authority for the tax described in Subsection (9)(b)(ii)(A);
- 272 (C) the effective date of the tax described in Subsection (9)(b)(ii)(A); and
- 273 (D) if the county enacts the tax or changes the rate of the tax described in
- 274 Subsection (9)(b)(ii)(A), the rate of the tax.
- 275 (c)(i) If the billing period for a transaction begins before the effective date of the
- 276 enactment of the tax or the tax rate increase imposed under Subsection (1), the
- 277 enactment of the tax or the tax rate increase shall take effect on the first day of the
- 278 first billing period that begins after the effective date of the enactment of the tax
- 279 or the tax rate increase.
- 280 (ii) If the billing period for a transaction begins before the effective date of the repeal
- 281 of the tax or the tax rate decrease imposed under Subsection (1), the repeal of the
- 282 tax or the tax rate decrease shall take effect on the first day of the last billing
- 283 period that began before the effective date of the repeal of the tax or the tax rate
- 284 decrease.
- 285 (d)(i) Except as provided in Subsection (9)(e), if the annexation will result in the
- 286 enactment, repeal, or change in the rate of a tax under this part for an annexing
- 287 area, the enactment, repeal, or change shall take effect:
- 288 (A) on the first day of a calendar quarter; and
- 289 (B) after a 90-day period beginning on the day on which the commission receives
- 290 notice meeting the requirements of Subsection (9)(d)(ii) from the county that
- 291 annexes the annexing area.
- 292 (ii) The notice described in Subsection (9)(d)(i)(B) shall state:
- 293 (A) that the annexation described in Subsection (9)(d)(i) will result in an
- 294 enactment, repeal, or change in the rate of a tax under this part for the annexing
- 295 area;
- 296 (B) the statutory authority for the tax described in Subsection (9)(d)(ii)(A);
- 297 (C) the effective date of the tax described in Subsection (9)(d)(ii)(A); and
- 298 (D) if the county enacts the tax or changes the rate of the tax described in
- 299 Subsection (9)(d)(ii)(A), the rate of the tax.
- 300 (e)(i) If the billing period for a transaction begins before the effective date of the
- 301 enactment of the tax or the tax rate increase imposed under Subsection (1), the

302 enactment of the tax or the tax rate increase shall take effect on the first day of the
303 first billing period that begins after the effective date of the enactment of the tax
304 or the tax rate increase.

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

310 (10)(a) A county may not impose the tax described in Subsection (1)(a)(iii) on or after
311 October 1, 2026.

312 (b) Notwithstanding Subsection (9)(b), a county does not need to provide notice of the
313 repeal of the tax described in Subsection (1)(a)(iii).

314 (11)(a)(i) The rate of the tax described in Subsection (1)(a)(iv) is equal to the rate the
315 commission estimates to generate the same amount of revenue distributed to the
316 county from the tax described in Subsection (1)(a)(iii) between January 1, 2025,
317 and December 31, 2025.

318 (ii) The commission shall round the estimated rate, expressed as a percentage, up to
319 the second decimal place.

320 (12)(a)(i) Notwithstanding Subsection (4), a county does not need to adopt an
321 ordinance imposing the tax described in Subsection (1)(a)(iv).

322 (ii) A county shall amend the county's ordinance to reflect the replacement of the tax
323 described in Subsection (1)(a)(iii) with the tax described in Subsection (1)(a)(iv).

324 (b) Notwithstanding Subsection (9)(b), a county does not need to provide notice of the
325 enactment of the tax described in Subsection (1)(a)(iv).

326 (13) A county may repeal or reduce the amount of tax imposed by Subsection (1)(a)(iv) in
327 accordance with this section.

328 **Section 3. Effective Date.**

329 This bill takes effect on May 6, 2026.