

Representative Stephanie Gricius proposes the following substitute bill:

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:

- ▶ modifies a prohibition against a county or municipality requiring a license or permit for an occasionally operated business; and
- ▶ provides a limitation on the requirements that may be imposed on a participant at a county or municipal event.

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



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

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

28 **10-1-203. License fees and taxes -- Application information to be transmitted to**
29 **the county assessor.**

30 (1) As used in this section:

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

34 (b) "Telecommunications provider" means the same as that term is defined in Section
35 [10-1-402](#).

36 (c) "Telecommunications tax or fee" means the same as that term is defined in Section
37 [10-1-402](#).

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

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

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

49 (ii) A franchise agreement as defined in Subsection [10-1-303\(6\)](#) in effect on January 1,
50 1997, or a future franchise shall remain in full force and effect.

51 (c) A municipality that collects a contractual franchise fee pursuant to a franchise
52 agreement as defined in Subsection [10-1-303\(6\)](#) with an energy supplier that is in effect on July
53 1, 1997, may continue to collect that fee as provided in Subsection [10-1-310\(2\)](#).

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

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

59 (B) imposes the contractual franchise fee on or after the day on which Part 3,
60 Municipal Energy Sales and Use Tax Act is:

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

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

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

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

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

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

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

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

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

79 (B) a public assembly or other related facility in an amount that is less than or equal to
80 \$5 per ticket purchased from the public assembly or other related facility; and

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

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

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

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

88 the written consent of the other political subdivision.

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

90 (i) "Municipal services" includes:

91 (A) public utilities; and

92 (B) services for:

93 (I) police;

94 (II) fire;

95 (III) storm water runoff;

96 (IV) traffic control;

97 (V) parking;

98 (VI) transportation;

99 (VII) beautification; or

100 (VIII) snow removal.

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

102 (A) that primarily provides off-street parking services for a public facility that is

103 wholly or partially funded by public money;

104 (B) that provides parking for one or more vehicles; and

105 (C) that charges a fee for parking.

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

107 (A) is wholly or partially funded by public money;

108 (B) is operated by a business; and

109 (C) requires a person attending an event at the assembly facility to purchase a ticket.

110 (c) (i) Before the legislative body of a municipality imposes a license fee on a business

111 that causes disproportionate costs of municipal services under Subsection (5)(a)(i)(C)(I), the

112 legislative body of the municipality shall adopt an ordinance defining for purposes of the tax

113 under Subsection (5)(a)(i)(C)(I):

114 (A) the costs that constitute disproportionate costs; and

115 (B) the amounts that are reasonably related to the costs of the municipal services

116 provided by the municipality.

117 (ii) The amount of a fee under Subsection (5)(a)(i)(C)(I) shall be reasonably related to

118 the costs of the municipal services provided by the municipality.

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

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

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

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

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

131 (7) (a) As used in this Subsection (7):

132 (i) (A) "Event requirement" means a requirement a municipality imposes on
133 individuals who participate in a municipal event.

134 (B) "Event requirement" does not include a requirement that is inconsistent with
135 Subsection (7)(b).

136 (ii) "Exempt individual" means an individual who, under Subsection (7)(b), may not be
137 required to have a business license or permit.

138 (iii) "Municipal event" means an event hosted or sponsored by a municipality.

139 (b) A municipality may not~~[:(a)]~~ require a license or permit for a business that is
140 operated:

141 (i) only occasionally; and

142 (ii) by an individual who is under ~~[+8]~~ 19 years old~~[:]~~.

143 (c) Subsection (7)(b) does not prevent a municipality from imposing an event
144 requirement on an exempt individual who participates in a municipal event.

145 (8) A municipality may not:

146 (a) ~~[(b)]~~ charge any fee for a resident of the municipality to operate a home-based
147 business, unless the combined offsite impact of the home-based business and the primary
148 residential use materially exceeds the offsite impact of the primary residential use alone;

149 ~~[(e)]~~ (b) require, as a condition of obtaining or maintaining a license or permit for a

150 business:

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

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

155 ~~[(8)]~~ (9) (a) Notwithstanding Subsection ~~[(7)(b)]~~ (8)(a), a municipality may charge an
156 administrative fee for a license to a home-based business owner who is otherwise exempt under
157 Subsection ~~[(7)(b)]~~ (8)(a) but who requests a license from the municipality.

158 (b) A municipality shall notify the owner of each home-based business of the
159 exemption described in Subsection ~~[(7)(b)]~~ (8)(a) in any communication with the owner.

160 ~~[(9)]~~ (10) The municipality shall transmit the information from each approved business
161 license application to the county assessor within 60 days following the approval of the
162 application.

163 ~~[(10)]~~ (11) If challenged in court, an ordinance enacted by a municipality before
164 January 1, 1994, imposing a business license fee on rental dwellings under this section shall be
165 upheld unless the business license fee is found to impose an unreasonable burden on the fee
166 payer.

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

168 **17-53-216. Business license fees and taxes -- Application information to be**
169 **transmitted to the county assessor.**

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

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

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

179 (4) (a) As used in this Subsection (4):

180 (i) (A) "Event requirement" means a requirement a county imposes on individuals who

181 participate in a county event.

182 (B) "Event requirement" does not include a requirement that is inconsistent with
183 Subsection (4)(b).

184 (ii) "Exempt individual" means an individual who, under Subsection (4)(b), may not be
185 required to have a business license or permit.

186 (iii) "County event" means an event hosted or sponsored by a county.

187 (b) A county may not~~[(a)]~~ require a license or permit for a business that is operated:

188 (i) only occasionally; and

189 (ii) by an individual who is under ~~[+8]~~ 19 years old~~[;]~~.

190 (c) Subsection (4)(b) does not prevent a county from imposing an event requirement on
191 an exempt individual who participates in a county event.

192 ~~[(b)]~~ (5) A county may not:

193 (a) charge a license fee for a home based business unless the combined offsite impact
194 of the home based business and the primary residential use materially exceeds the offsite
195 impact of the primary residential use alone; or

196 ~~[(c)]~~ (b) require, as a condition of obtaining or maintaining a license or permit for a
197 business:

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

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

202 ~~[(5)]~~ (6) The county business licensing agency shall transmit the information from each
203 approved business license application to the county assessor within 60 days following the
204 approval of the application.

205 ~~[(6)]~~ (7) This section may not be construed to enhance, diminish, or otherwise alter the
206 taxing power of counties existing prior to the effective date of Laws of Utah 1988,
207 Chapter 144.

208 **Section 3. Effective date.**

209 This bill takes effect on May 1, 2024.