

Midway City Council
25 January 2024
Strategic Planning Meeting

Resort Tax /
Consultant



Memo

Date: 22 January 2024
To: Mayor, City Council and Staff
Cc: File
From: Brad Wilson, City Recorder
RE: Resort Communities Tax / Consultant

State law allows a municipality to levy the Resort Communities Tax if its transient rental capacity is greater than or equal to 66% of its census population ([UCA 59-12-401](#)). Transient rental capacity is based on the number of bedrooms or campsites, rented for less than 30 days, multiplied by a number set by the State ([UCA 59-12-405](#)). A hotel room (Standard lodging unit) with two bedrooms would have a transient rental capacity of six (2 bedrooms multiplied by three). The following chart shows the multiplier based on the type of rental property.

Type of Rental Unit	Multiplier
High Occupancy Lodging Unit (Ex: Hostel)	4
Recreation Lodging Unit (Ex: Camp space with utilities)	4
Special Lodging Unit	TBD
Standard Lodging Unit (Ex: Hotel room, Airbnb)	3

Once a municipality no longer meets the 66% requirement, then it has three years to return to compliance or it can no longer levy the tax. Midway City was notified by the State in 2022 that it no longer qualified and could no longer levy the tax after 1 July 2025.

On 1 June 2023, Midway City had a transient rental capacity of 3,848 with a 2022 estimated census population of 6,217 (66% is 4,103.22). The Census Bureau has not yet estimated the population for 2023. This leaves a deficit of 255 or 85 standard lodging bedrooms.

Midway City collected \$1,198,725.87 in fiscal year 2023 (1 July 2022 – 30 June 2023) because of the Resort Communities Tax. This was 23% of all tax revenue and 17% of all general fund revenue.

An attorney, who represents several other municipalities, suggested that Midway City base its transient rental capacity on beds and any other furniture where guests can sleep. The attorney also suggested that each lodging unit be physically inspected to count such furniture. It has been suggested that Midway City hire this attorney to help determine the capacity annually.

Please contact me if you have any questions.