

Midway City Council  
21 July 2020  
Work Meeting

Transient Rental Capacity /  
Resort Tax



# Memo

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**Date:** 16 July 2020  
**To:** Mayor, City Council and Staff  
**Cc:** File  
**From:** Brad Wilson, City Recorder/Financial Officer  
**RE:** Transient Rental Capacity / Resort Tax

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In 2006 the Midway City Council levied the Resort Communities Sales and Use Tax. This allows Midway City to collect an additional 1% on many purchases made within its boundaries. A community can levy the tax if its transient rental capacity is at least 66% of its census population. The transient rental capacity is determined by multiplying the number of hotel bedrooms, campsites, etc. by a number determined by the State. For example, standard lodging units (hotel bedrooms) are multiplied by three and recreational lodging units (campsites with utilities) are multiplied by four.

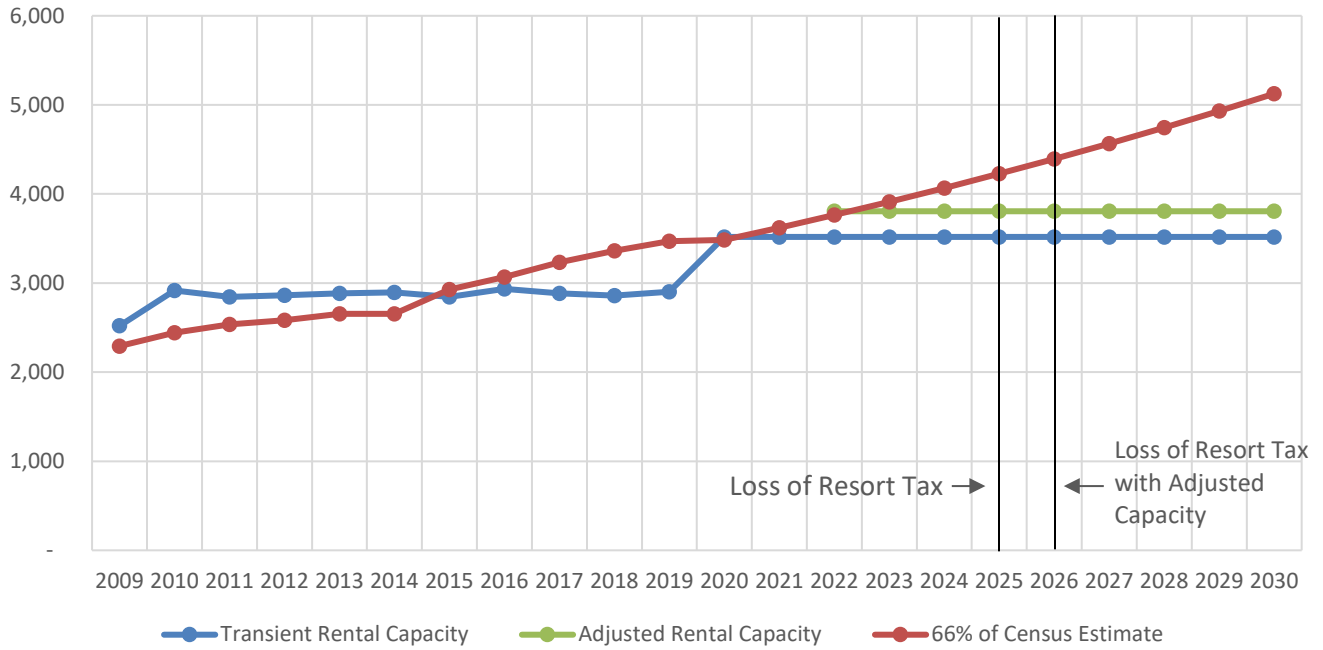
In recent years, Midway City's population has grown significantly while its transient rental capacity has remained flat. The City has not met the requirements to levy the Resort Tax since 2014. The Utah State Tax Commission informed the City that it could no longer levy the Tax after 30 June 2019. The City successfully lobbied the State Legislature to change the State Code to allow it one more year to come into compliance. Because of annexing several of the campgrounds in the Wasatch Mountain State Park, the City now complies with just 14 extra bedrooms or an additional transient rental capacity of 42.

The attached chart and spreadsheet show the City's transient rental capacity, adjusted rental capacity (Adding 96 hotel bedrooms from the proposed expansion of the Homestead Resort), and 66% of its census or estimated census population. They anticipate an average population growth rate of 3.93% after 2020. This rate is a seven-year average from 2011 to 2017. The two black vertical lines indicate when the City would no longer be able to levy the Tax. This allows for the three-year grace period allowed by the State Code and assumes no significant changes in any of the data.

Retaining the resort tax in the future will be a significant challenge and could significantly reduce revenue received by the City. Almost \$700,000 was collected in FY 2019 because of the tax.

Please contact me if you have any questions.

## Midway City Transient Rental Capacity vs Census Population



Year	Transient Rental Capacity	Additional Capacity	Adjusted Rental Capacity	Census Estimate	66% of Census Estimate	Difference in Capacity	Difference in Standard Bedrooms
2006	2,514	-	-	2,529	1,669	845	282
2007	2,514	-	-	2,529	1,669	845	282
2008	2,514	-	-	2,529	1,669	845	282
2009	2,520	-	-	3,474	2,293	227	76
2010	2,916	-	-	3,701	2,443	473	158
2011	2,844	-	-	3,845	2,538	306	102
2012	2,862	-	-	3,911	2,581	281	94
2013	2,883	-	-	4,023	2,655	228	76
2014	2,895	-	-	4,023	2,655	240	80
2015	2,844	-	-	4,436	2,928	(84)	(28)
2016	2,934	-	-	4,646	3,066	(132)	(44)
2017	2,883	-	-	4,898	3,233	(350)	(117)
2018	2,859	-	-	5,093	3,361	(502)	(167)
2019	2,901	-	-	5,257	3,470	(569)	(190)
2020	3,518	-	-	5,280	3,485	33	11
2021	3,518	-	-	5,488	3,622	(104)	(35)
2022	3,518	288	3,806	5,704	3,764	42	14
2023	3,518	288	3,806	5,928	3,912	(106)	(35)
2024	3,518	288	3,806	6,161	4,066	(260)	(87)
2025	3,518	288	3,806	6,403	4,226	(420)	(140)
2026	3,518	288	3,806	6,655	4,392	(586)	(195)
2027	3,518	288	3,806	6,917	4,565	(759)	(253)
2028	3,518	288	3,806	7,189	4,745	(939)	(313)
2029	3,518	288	3,806	7,472	4,931	(1,125)	(375)
2030	3,518	288	3,806	7,766	5,125	(1,319)	(440)