



NIGHTLY RENTAL DISPROPORTIONATE COST OF SERVICE BUSINESS LICENSE FEE

Effective August 11, 2021

Brian Head, Utah

On August 10, 2021, the Brian Head Town Council adopted a Disproportionate Cost of Service Business License Fee on all nightly rentals (short term rentals) operating in Brian Head. The Town Council began the discussion in January 2021 and through several meetings, public hearings, and citizen forums, the Council heard the need and adopted the fee beginning August 11, 2021.

Background: The State of Utah allows municipalities to raise revenue by levying and collecting a license fee or tax on a business that causes disproportionate costs of municipal services (UCA §10-1-203(5)). The Council determined that the need for public safety coverage is disproportionately influenced by the existence and operation of nightly rental businesses in town and the fee would go towards funding additional public safety/code enforcement personnel.

A fee analysis was completed based on the following:

1. The community would require at least single-deep public safety coverage 24/7 regardless of the volume of guests created by the nightly rentals.
2. Guests would come to Brian Head for recreational activities during the daytime whether there were nightly rentals or not, meaning two-deep coverage would be needed during the daylight hours at heavy times (weekend/holidays/etc).
3. Two-deep coverage during nighttime hours are required largely due to the nightly rental businesses housing visitors in Brian Head overnight.
4. The public safety manhours were broken down by month and identified as to what would be attributable to nightly rental businesses (1,764 public safety manhours). The FY2022 budgeted levels for compensation rates, equipment, and training amount to \$58.05 per hour which resulted in an estimated total of \$102,391 (\$58.05 x 1,764).
5. There were 444 licensed operating nightly rental units in Brian Head (June 2021). The breakdown between cabin and condo is as follows: 68 cabins and 376 condos.
6. The average maximum occupancy was broken down by cabin / condo: Cabin average 14.7 persons max occupancy and condos average 5.4 persons max occupancy.
7. The fee was proposed at 100%, 80% or 50% and was proposed by either equal across the board or weighted by unit type. The Council adopted the weighted by unit type at the 50% level: \$248 per cabin and \$91 per condo in 2021.

2021

Proposed Fee Table	Full or Partial Fee Levels		
	100%	80%	50%
Equalized Across Units	\$231	\$184	\$115
- or - Weighted by Unit Type			
Cabins:	\$496	\$397	<u>\$248 (adopted in 2021)</u>
Condos:	\$183	\$146	<u>\$91(adopted in 2021)</u>

In 2023, the Disproportionate Cost of Service fee was changed based on the following:

Public Safety Officer Costs			
Average Total Comp/Hr.		\$61.63	
Annual Equip/Training		\$16,345	
Average Annual Costs		\$122,570	
Nightly Rental Unit Data			
Total Units		434	
Cabins		77	
Condos		357	
Max Occupancy		3,057	
Cabins		14.7	
Condos		5.4	
Fee Table			
Equalized Across Units			
100%	80%	50%	
\$282	\$226	\$141	
Or			
Weighted by Unit Type			
Cabins:	\$588	\$470	\$294
Condos:	\$217	\$173	\$108

For Single-Family Residential (Cabins) the 2024 rate is: \$294

For Multi-Family Residential (Condos) the 2024 rate is: \$108

The analysis was based on the cost for a portion of the public safety officers which has increased with inflation and is divided into the number of nightly rental units which decreased since 2022.

The Nightly Rental Disproportionate Cost of Service Fee is in addition to a new or renewal nightly rental business license application fee and is identified as an annual fee that follows the renewal period or when a new application is submitted.

Please note that the Disproportionate Cost of Service Fee is **SEPARATE** from the Enhanced Service Fee which is based on a percentage of taxable sales of 1.5%.

For more information on the Brian Head Disproportionate Cost of Service Business License Fee, please contact the Town offices at 435-677-2029 during normal business hours or visit the Town's website at brianheadtown.utah.gov.