



Special Meeting of the Governing Body Monticello City Council

Friday, April 12, 2024 at 10:00 am

Attendees: Mayor Bayley Hedglin, Councilmember Kirk Crowley,
Councilmember Nathan Chamberlain, Councilmember Ron Skinner,
Councilmember Kevin Dunn, Councilmember George Rice, City Manager
Kaeden Kulow, Assistant City Manager Megan Gallegos, City Recorder
Melissa Gill

Meeting Location: 17 N 100 E

1. Call to Order
2. Invocation/Opening Remarks
3. Public Hearing: Revocation of the Monticello City Business License of Sage Stay, LLC doing business as Sage Stay, LLC located at 265 W Abajo Dr., Monticello, UT. (discussion)

Attachments:

- Sage Stay LLC (Sage_Stay_LLC.pdf)

4. Consider for Approval: Revocation of the Monticello City Business License for Sage Stay, LLC doing business as Sage Stay, LLC located at 265 W Abajo Dr. Monticello, UT. (action)

Roll Call Vote

5. Adjournment (action)

Audio File

Notice of Special Accommodations

THE PUBLIC IS INVITED TO ATTEND ALL CITY MEETINGS In accordance with the Americans with Disabilities Act, anyone needing special accommodations to attend a meeting may contact the City Office, 587-2271, at least three working days prior to the meeting. City Council may adjourn to closed session by majority vote, pursuant to Utah Code §52-4-4 & 5

Contact: Melissa Gill, Recorder (melissa@monticelloutah.org 435-587-2271) | Agenda published on 04/09/2024 at 2:57 PM



17 North 100 East [P.O. Box 457] Monticello, UT 84535

Utah

info@monticelloutah.org 435.587.2271 monticelloutah.org

The Land Above the Canyons

March 29, 2024

Remi T Parola, Jessica Blade
Sage Stay, LLC, 265 W Abajo Dr.
PO Box 668
Monticello, UT 84535
Re: Cease and Desist

SCANNED
03/29/24

Mr. Parola and Ms. Blade,

On March 28, 2024, we received a letter from the Utah State Tax Commission stating:

On January 29, 2024, the Utah State Tax Commission issued an Order of Revocation for the Sales Tax license(s) of SAGE STAY LLC doing business as SAGE STAY LLC. Located at 265 W ABAJO DR, MONTICELLO, UT, 84535. The revocation order cancels their legal authority to make sales in the State of Utah.

In addition, we were ordered to revoke your business license and to deliver a cease and desist. According to Monticello City code 3-1-14 (B) the City must hold a Public Hearing before revoking a business license.

3-1-14: REVOCATION OR DENIAL OF LICENSE:

A Failure To Comply; Unlawful Activities: Any license issued pursuant to the provisions of this Code or of any ordinance of the City may be revoked and any application denied by the City Council because of:

- 1 The failure of the licensee or applicant to comply with the conditions and requirements of this Code or any ordinance of the City.
- 2 Unlawful activities conducted or permitted on the premises where the business is conducted.

B Notice To Licensee: Prior to the revocation of a license or denial of an application to renew business license, the licensee or applicant shall be given a notice which shall state in substance that the City Council intends to revoke the business license or deny the application to renew, together with the reason or reasons therefor, at a regular or special meeting of the City Council (which shall be at least 10 days and not more than 30 days from the date notice is sent), and that the licensee or applicant has a right to appear, to be represented by counsel, to hear the evidence against him, to cross-examine witnesses and to present evidence as to why the license should not be revoked or the application denied.

C Not Applicable To Businesses Not Previously Licensed: The preceding subsection 3-1-14B shall not apply to applications for licenses for businesses which have not previously been licensed by the City, and such applicants need only be informed that their application has been denied. (1978 Code § 9-120)

The City Council will hold a Special Meeting on Friday, April 12, 2024, at 10:00 am in the City Office building, 17 N 100 E, Monticello UT 84535. You are invited to plead your case at said meeting.

Kaeden Kulow
Monticello City Manager





The Land Above the Canyons

NOTICE OF PUBLIC HEARING

MONTICELLO CITY COUNCIL

April 12, 2024

Notice is hereby given that the Monticello City Council will hold a Special Meeting of the Governing Body for a Public Hearing, Friday April 12, 2024 at 10:00 am, at the Monticello City Office, 17 N. 100 E., Monticello, Utah 84535.

The purpose of the hearing will be to receive comments from the owners of Sage Stay LLC, concerning Business License revocation due to failure to pay Utah State taxes.

Written comments may be submitted to Kaeden Kulow, City Manager, City of Monticello, P.O. Box 457, Monticello, Utah, 84535, prior to the scheduled hearing.

In accordance with the Americans With Disabilities Act, anyone needing special accommodations to attend this hearing should contact the Monticello City Office, 435-587-2271, at least three days prior to the hearing.

Melissa Gill

City Recorder

March 29, 2024





Date Issued: March 28, 2024
Letter ID: L1511640480

MELISSA
MONTICELLO CITY
PO BOX 457
MONTICELLO UT 84535

**Notice to Locality ~ Tax License Revocation
Of
SAGE STAY LLC**

I am the director of the Taxpayer Services Division for the Utah State Tax Commission. In this capacity, I have the responsibility for the collection of delinquent taxes owed to the State of Utah.

We have filed tax liens in District Court against SAGE STAY LLC in the amount of \$66,563.91 for failure to pay their tax liability. Liens and associated detail are public record. Their failure to pay the tax has affected your locality's tax revenue.

On January 29, 2024, the Utah State Tax Commission issued an Order of Revocation for the Sales Tax license(s) of SAGE STAY LLC doing business as SAGE STAY LLC. Located at 265 W ABAJO DR, MONTICELLO, UT, 84535. The revocation order cancels their legal authority to make sales in the State of Utah. I am enclosing a copy of that order.

This may, in addition, give your locality additional authority to withhold, withdraw or revoke the business license in your jurisdiction.

If you have any questions, please call me at 801-297-6304.

Sincerely,

Electronically Signed

/s/ Mike Lee, CPA, MBA

Mike Lee, CPA, MBA, Director
Taxpayer Services Division

BEFORE THE UTAH STATE TAX COMMISSION

COLLECTIONS DIVISION OF THE
UTAH STATE TAX COMMISSION,

Petitioner,

v.

SAGE STAY LLC,

Respondent.

INITIAL HEARING ORDER

Appeal No. 23-1787

Account Nos. 15574934-002-STC
15574934-002-STR

Tax Type: License Revocation
Sales Tax

Tax Year: 2022-2023

Judge: Nielson-Larios

Presiding:

Aimee Nielson-Larios, Administrative Law Judge

Appearances:

For Petitioner: Bev Moulton, Taxpayer Services Division
Janette Woodhouse, Taxpayer Services Division

For Respondent: Did not appear

STATEMENT OF THE CASE

This matter came before the Utah State Tax Commission on January 18, 2024, for an Initial Hearing in accordance with Utah Code Ann. § 59-1-502.5. On December 21, 2023, Petitioner (“Division”) filed a request for revocation of the tax licenses of Respondent (“Taxpayer”). The issue before the Commission is whether to revoke the Taxpayer’s sales tax license and tax license for sales of transient room accommodations and services.

The Division requests revocation of sales tax license number 15574934-002-STC and tax license number 15574934-002-STR for sales of transient room accommodations and services, pursuant to Utah Code Ann. § 59-12-106 on the grounds that the Taxpayer failed to comply with the requirements of the Sales and Use Tax Act. As of the hearing date, the Taxpayer’s estimated sales tax liability with penalties and interest was \$13,154.32.¹ This amount is based on estimated amounts for the five consecutive quarters of 3rd quarter 2022 through 3rd quarter 2023. Also as of the hearing date, the Taxpayer’s estimated tax

¹ Pursuant to Utah Code Ann. § 59-1-402, interest continues to accrue on any unpaid balance, including for sales tax and for tax on sales of transient room accommodations and services.

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liability for sales of transient room accommodations and services with penalties and interest was \$53,409.59. This amount is based on estimated amounts for the five consecutive quarters of 3rd quarter 2022 through 3rd quarter 2023.

On January 3, 2024, the Tax Appeals Unit issued a Notice of Expedited Initial Hearing, to the Taxpayer, at the following address:

Sage Stay LLC
1150 12th St NE Apt 304
Salem, OR 97301

The Notice of Expedited Initial Hearing provided that the Expedited Initial Hearing was scheduled for January 18, 2024, at 11:15 a.m. No representative for the Taxpayer appeared at the Initial Hearing on January 18, 2024. At the hearing, attempts were made to contact Jessica Blade, a representative of the Taxpayer, by telephone, but these attempts were unsuccessful. The Initial Hearing was held without a representative of the Taxpayer being present.

APPLICABLE LAW

Section 59-12-103 of the Utah Code imposes a sales tax on certain transactions, in pertinent part as follows:

- (1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:
 -
 - (i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations and services that are regularly rented for less than 30 consecutive days. . .
 -

Sellers are required to collect and remit sales tax pursuant to Utah Code Ann. § 59-12-107, as follows in pertinent part:

- (2) (a) Except as provided in Subsection (2)(f), Section 59-12-107.1, or Section 59-12-123, and subject to Subsection (2)(g), each seller shall pay or collect and remit the sales and use taxes imposed by this chapter if within this state the seller:
 - (i) has or utilizes:
 - (A) an office;
 - (B) a distribution house;
 - (C) a sales house;
 - (D) a warehouse;
 - (E) a service enterprise; or
 - (F) a place of business similar to Subsections (2)(a)(i)(A) through (E) . . .
 -

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The Commission is mandated to revoke a sales tax license for violation of any of the provisions of the Sales and Use Tax Act, under Utah Code Ann. § 59-12-106(2)(j), set forth below:

- (i) The commission shall, on a reasonable notice and after a hearing, revoke the license of any licensee violating any provisions of this chapter.
- (ii) A license may not be issued to a licensee described in Subsection (2)(j)(i) until the licensee has complied with the requirements of this chapter, including:
 - (A) paying any:
 - (I) tax due under this chapter;
 - (II) penalty as provided in Section 59-1-401; or
 - (III) interest as provided in Section 59-1-402; and
 - (B) posting a bond in accordance with Subsections (2)(e) and (f).

A person who operates a business required to collect and remit sales tax that does so without a sales tax license is subject to the following provisions in Utah Code Ann. § 59-12-106(2)(k), as follows:

Any person required to collect a tax under this chapter within this state without having secured a license to do so is guilty of a criminal violation as provided in Section 59-1-401.

DISCUSSION

Before the Initial Hearing of January 18, 2024, the Division submitted a Notice of Balance Due dated January 16, 2024, showing outstanding tax balances. The estimated sales tax balance totaled \$13,154.32 and was for the five consecutive quarters of 3rd quarter 2022 through 3rd quarter 2023. The estimated sales tax balance of \$13,154.32 was based only on estimated amounts. The estimated tax balance for sales of transient room accommodations and services totaled \$53,409.59 and was for the five consecutive quarters of 3rd quarter 2022 through 3rd quarter 2023. The estimated tax balance for sales of transient room accommodations and services of \$53,409.59 was based only on estimated amounts.

According to the Division, the Taxpayer is a single member LLC that rents out to customers a house in Monticello, Utah, as a short-term rental. The Division explained that it has seen the house advertised as a short-term rental on multiple websites. The Division said that the Taxpayer is registered with the Utah Department of Commerce and has a business license with San Juan County, Utah. The Division also explained that the Taxpayer applied online for a sales tax license on August 1, 2022. The Division explained it believes the Taxpayer is renting out the Monticello, Utah house and not paying the required sales tax and tax for sales of transient room accommodations and services.

The Division explained that the Division's collection efforts started on April 17, 2023. The Division explained that between April 17, 2023, and the hearing date, it made multiple phone calls to the Taxpayer and sent multiple letters and emails to the Taxpayer, but the Taxpayer has never responded.

The Division further explained that the Taxpayer's last known address on the records of the Tax Commission had been the address of the Monticello, Utah rental house, until the Division found a Salem, Oregon address using a TLO report. According to the Division, the TLO report was available through the

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Tax Commission and that report indicated that mail addressed to Jessica Blade, the Taxpayer's representative, was sent to the Salem, Oregon address, as of September 29, 2023. The Division explained that it changed the Taxpayer's last-known address on the records of the Tax Commission to the Salem, Oregon address in October 2023. The Division commented that the Division mailed multiple communications to both the Monticello, Utah address and later to the Salem, Oregon address without any response from the Taxpayer.

After reviewing the information presented, the Taxpayer has had a sales tax license since August 1, 2022, and should have filed sales tax returns, but did not do so. Because the Taxpayer did not file returns, the Division estimated amounts owing for sales tax and for the tax for sales of transient room accommodations and services. The Taxpayer has not paid these estimated amounts or responded to the Division's communications. Thus, the Taxpayer's sales tax account and tax account for sales of transient room accommodations and services are substantially delinquent. Revocations of the sales tax license and of the tax license for sales of transient room accommodations and services are required based on the provisions of Utah law.²

Aimee Nielson-Larios

Aimee Nielson-Larios
Administrative Law Judge

² The Taxpayer may file returns and request that the Collections Division replace the nonfiling estimated amounts with the amounts reported on the filed returns. A taxpayer's filing of missing returns will not reverse a revocation of a tax license. If a taxpayer needs a tax license reinstated after it has been revoked, they may contact the Collections Division at 801-297-2200 for more information.

When preparing returns, the Taxpayer could research whether some of its short-term rentals were facilitated by a marketplace facilitator through an online marketplace. For some short-term rentals of houses, a taxpayer may be a marketplace seller that has an unrelated marketplace facilitator renting out the taxpayer's house on the taxpayer's behalf. A marketplace facilitator's collection and remittance requirements are found in Utah Code Ann. § 59-12-107.6. More information about marketplace facilitators is currently found on the Utah State Tax Commission's webpage, <https://tax.utah.gov/sales/marketplace-facilitators>. According to that webpage, "[a] marketplace seller with a Utah sales tax license must file sales tax returns but does not report sales made through a marketplace. Marketplace sellers are not liable for taxes a facilitator is required to collect. . . ."

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DECISION AND ORDER

Based on the foregoing, the Utah State Tax Commission hereby revokes sales tax license number 15574934-002-STC and the tax license number of 15574934-002-STR for sales of transient room accommodations and services. It is so ordered.

This decision does not limit a party's right to a Formal Hearing. However, this Decision and Order will become the Final Decision and Order of the Commission unless any party to this case files a written request within thirty (30) days of the date of this decision to proceed to a Formal Hearing. Such a request shall be mailed, or emailed, to the address listed below and must include the Petitioner's name, address, and appeal number:

Utah State Tax Commission
Appeals Division
210 North 1950 West
Salt Lake City, Utah 84134

or emailed to:
taxappeals@utah.gov

Failure to request a Formal Hearing will preclude any further appeal rights in this matter.

DATED this 29th day of January, 2024.

EXCUSED

John L. Valentine
Commission Chair

[Handwritten signature of John L. Valentine]

Rebecca L. Rockwell
Commissioner



[Handwritten signature of Michael J. Cragun]
Michael J. Cragun
Commissioner

[Handwritten signature of Jennifer N. Fresques]
Jennifer N. Fresques
Commissioner

USTC – Appeal
Certificate of Mailing
Utah State Tax Commission

Collections Division (Petitioner) vs Sage Stay LLC (Respondent)

23-1787

Collections Division
collectionsappeals@utah.gov

Petitioner

Sage Stay LLC
1150 12th St NE Apt 304
Salem, OR 97301

Respondent

****** CERTIFICATION ******

I certify on this date I mailed a copy of the foregoing document addressed to each of the above named parties.

01/29/2024

Date

Signature