

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**  
Wednesday, October 20, 2010 – 9:00 a.m. – Room 445 State Capitol

**Members Present:**

Sen. J. Stuart Adams, Senate Chair  
Rep. Todd E. Kiser, House Chair  
Sen. Curtis S. Bramble  
Sen. Wayne L. Niederhauser  
Sen. Ross I. Romero  
Sen. Howard A. Stephenson  
Sen. John L. Valentine  
Rep. Joel K. Briscoe  
Rep. Tim M. Cosgrove  
Rep. John Dougall  
Rep. Susan Duckworth  
Rep. Gage Froerer  
Rep. Wayne A. Harper  
Rep. Gregory H. Hughes

Rep. Carol Spackman Moss  
Rep. Stephen E. Sandstrom  
Rep. Dean Sanpei  
Rep. Evan J. Vickers  
Rep. R. Curt Webb

**Members Absent:**

Rep. Francis D. Gibson

**Staff Present:**

Mr. Phillip V. Dean, Policy Analyst  
Mr. Bryant R. Howe, Assistant Director  
Mr. Robert H. Rees, Associate General Counsel  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Ms. Phalin Flowers, Administrative Assistant

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Adams called the meeting to order at 9:12 a.m.

**MOTION:** Rep. Briscoe moved to approve the minutes of the September 15, 2010 meeting. The motion passed unanimously with Sen. Bramble, Sen. Niederhauser, Sen. Stephenson, Rep. Dougall, Rep. Froerer, Rep. Harper, and Rep. Hughes absent for the vote.

Dr. Matthew Lund, Economist, Utah State Tax Commission, discussed "Federal Tax Changes Impacting the State of Utah Tax System," which was mailed prior to the meeting.

Mr. Les Prall, Rural Development, Governor's Office of Economic Development, distributed and discussed "2010 Annual Report and Business Resource Guide."

**2. Property Tax Value Assessment and Eminent Domain**

Sen. Niederhauser discussed 2011 General Session draft legislation, "Eminent Domain Amendments," which was mailed prior to the meeting.

**MOTION:** Rep. Kiser moved to pass 2011 General Session draft legislation, "Eminent Domain Amendments" (2011FL-0184/004) with a favorable recommendation. He later withdrew the motion.

**SUBSTITUTE MOTION:** Sen. Bramble moved to discuss 2011 General Session draft legislation, "Eminent Domain Amendments" (2011FL-0184/004) at the next meeting. The motion passed unanimously with Sen. Stephenson, Rep. Dougall, and Rep. Hughes absent for the vote.

**3. Use of Tax Revenues for Public School Funding**

Sen. Adams introduced this issue. He distributed and discussed "School Funding Equalization Proposal," "Sales Tax Equalization - \$533 million," and "Sales Tax Equalization - \$150 million."

Mr. Dean discussed 2011 General Session draft legislation, "Education Funding Amendments." Sen. Adams and Mr. Dean answered committee questions regarding the draft legislation.

Mr. Peter Cannon, Davis County 9/12 Project, spoke in opposition to raising the statewide sales and use tax rate.

Ms. Linda Hilton and Mr. Art Sutherland, Coalition of Religious Communities, distributed a chart and spoke in opposition to raising the sales and use tax rate on food.

Mr. Kory Holdaway, representing the Utah Education Association, voiced concerns that the proposal may have an effect on bonding ability.

Ms. Lou Anne Stevenson, Coalition of Religious Communities, spoke against raising the sales and use tax rate on food.

Mr. Dave Davis, representing the Utah Food Industry Association and Utah Retail Merchants, voiced concerns about raising the statewide sales tax rate. He said the industry would be supportive of implementing an earned income tax credit. He also explained that if the Legislature chooses to raise the sales tax rate on food, the industry would not be opposed from an administrative standpoint.

#### **4. Income Mobility in Utah**

Mr. Matthew Lund, Economist, Utah State Tax Commission, and Mr. Steve Kroes, President, Utah Foundation, distributed and discussed "Moving up the Economic Ladder." They gave a presentation on economic mobility in Utah.

#### **5. Legislation Requested by the Utah State Tax Commission**

Mr. Bruce Johnson, Commissioner, Utah State Tax Commission, discussed 2011 General Session draft legislation, "Severance Tax Amendments."

**MOTION:** Rep. Vickers moved to adopt 2011 General Session draft legislation, "Severance Tax Amendments" (2011FL-0396/003) as a committee bill. The motion passed unanimously with Sen. Bramble, Sen. Niederhauser, Sen. Romero, Rep. Dougall, Rep. Moss, and Rep. Sandstrom absent for the vote.

Comm. Johnson discussed 2011 General Session draft legislation, "Assessment, Collections, and Refunds Act Amendments."

**MOTION:** Sen. Valentine moved to adopt 2011 General Session draft legislation, "Assessment, Collections, and Refunds Act Amendments" (2011FL-0393/003) as a committee bill. The motion passed unanimously with Sen. Bramble, Sen. Niederhauser, Sen. Romero, and Rep. Moss absent for the vote.

Comm. Johnson discussed 2011 General Session draft legislation, "Determination of State Taxable Income."

**MOTION:** Rep. Vickers moved to adopt 2011 General Session draft legislation, "Determination of State Taxable Income" (2011FL-0394/004) as a committee bill. The motion passed unanimously with Sen. Bramble, Sen. Niederhauser, Sen. Romero, and Rep. Moss absent for the vote.

Mr. Johnson distributed and discussed 2011 General Session draft legislation, "Corporate Franchise and Income Tax Amendments."

**MOTION:** Rep. Kiser moved to adopt 2011 General Session draft legislation, "Corporate Franchise and Income Tax Amendments" (2011FL-0395/004) as a committee bill. The motion passed unanimously with Sen. Bramble, Sen. Niederhauser, Sen. Romero, and Rep. Moss absent for the vote.

## **6. Taxation of Refined Petroleum Products and Refineries**

Mr. Bruce Johnson, Commissioner, Utah State Tax Commission, introduced Mr. John Manning, Audit Manager of Miscellaneous Taxes, Utah State Tax Commission.

Mr. Manning distributed and discussed "Talking Points on Motor Fuels and Special Fuel Taxes." He explained how motor fuels and special fuels are taxed in the state of Utah.

Mr. Howe distributed and discussed "Utah's Oil and Natural Gas Production." He discussed Utah's historical production of oil and natural gas and showed which counties in Utah and which states in the U.S. produce the most oil and natural gas.

Mr. John Baza, Director, Division of Oil, Gas, and Mining, Utah Department of Natural Resources, gave a presentation titled "Utah Oil and Gas Update." He discussed the annual average prices for certain types of oil and natural gas, Utah's historical count of rigs, and the forces driving future oil and natural gas drilling activity.

Sen. Stephenson requested that staff draft legislation removing all sales and use taxes from oil and natural gas refinery equipment and supplies as a way to encourage the expansion of oil and natural gas production.

## **7. Other Items / Adjourn**

**MOTION:** Rep. Dougall moved to adjourn the meeting. The motion passed unanimously with Sen. Bramble, Sen. Niederhauser, Sen. Romero, Rep. Froerer, Rep. Harper, Rep. Hughes, and Rep. Vickers absent for the vote.

Chair Adams adjourned the meeting at 11:43 a.m.