

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, November 16, 2011 – 2:00 p.m. – Room 445 State Capitol

Members Present:

Sen. Curtis S. Bramble, Senate Chair
Rep. Patrick Painter, House Chair
Sen. J. Stuart Adams
Sen. Benjamin M. McAdams
Sen. Wayne L. Niederhauser
Sen. Howard A. Stephenson
Sen. John L. Valentine
Rep. David G. Butterfield
Rep. David Clark
Rep. Tim M. Cosgrove
Rep. Susan Duckworth
Rep. Gage Froerer
Rep. Eric K. Hutchings

Rep. Jim Nielson
Rep. Larry B. Wiley

Members Absent:

Rep. John Dougall
Rep. Wayne A. Harper
Rep. Michael T. Morley
Rep. Carl Wimmer

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Chelsea B. Lloyd, Legislative Secretary

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.

1. Committee Business

Chair Bramble called the meeting to order at 2:32 p.m.

MOTION: Sen. Niederhauser moved to approve the minutes of the October 19, 2011 meeting with the correction that Rep. Cosgrove was present for the votes on 2012 General Session draft legislation, "Sales and Use Tax Act Revisions," "Sales and Use Tax - Computer Software and Other Tangible Personal Property Amendments," and "Extension of Recycling Market Development Zone Tax Credits." The motion passed unanimously. Sen. McAdams and Rep. Froerer were absent for the vote.

Mr. Dean distributed "Utah State Tax Commission -- Contribution and Check-off Report," which is a report required by statute to be submitted to the Committee. He also reviewed "Utah State Tax Commission -- Collections" and "Utah State Tax Commission -- Revenue Summary Four Months FY 2011-12." He explained that revenue collections are coming in slightly higher than projected.

2. Ivory Homes v. Utah State Tax Commission

Ms. Rockwell distributed and reviewed 2012 General Session draft legislation, "Amendments to Revenue and Taxation Title" (2012FL-0480/008) and "Amendment to Bill File 0480."

MOTION: Sen. Stephenson moved the following amendment:

1. Page 69, Line 2128: Delete "July 1, 2012" and insert "May 8, 2012"
2. Page 69, Line 2129: Delete "The amendments to the following sections apply" and insert "This bill applies"
3. Page 69, Line 2130: At the end of Line 2130 delete the colon and insert a period
4. Page 69, Lines 2131-2133: Delete Lines 2131-2133

The motion passed unanimously. Sen. Adams, Sen. Niederhauser, Sen. McAdams, and Rep. Painter were absent for the vote.

Comm. Bruce Johnson, Utah State Tax Commission, commented on the proposed legislation and explained that the Tax Commission has no formal opinion on the issue.

Mr. David Crapo, Crapo Smith PLLC, commented on circumstances under which a person may receive a refund with respect to certain transactions. He encouraged the Committee to pass the legislation.

MOTION: Sen. Stephenson moved to approve 2012 General Session draft legislation, "Amendments to Revenue and Taxation Title" (2012FL-0480/008), as amended, as a committee bill. The motion passed unanimously. Sen. Niederhauser, Sen. McAdams, and Rep. Froerer were absent for the vote.

3. Income Tax Credits

Ms. Rockwell distributed 2012 General Session draft legislation, "Research Tax Credit Amendments" (2012FL-0325/002). She reviewed the retrospective operation language in the bill and the draft legislation's proposed immediate effective date.

MOTION: Sen. Valentine moved to approve 2012 General Session draft legislation, "Research Tax Credit Amendments" (2012FL-0325/002) as a committee bill. The motion passed unanimously. Sen. Adams, Sen. Niederhauser, Sen. McAdams, and Rep. Froerer were absent for the vote.

Mr. Dean distributed and reviewed 2012 General Session draft legislation, "Life Science and Technology Tax Credit Amendments" (2012FL-0548/006).

MOTION: Sen. Valentine moved to approve 2012 General Session draft legislation, "Life Science and Technology Tax Credit Amendments" (2012FL-0548/006) as a committee bill. The motion passed unanimously. Sen. Adams, Sen. Niederhauser, Sen. McAdams, and Rep. Froerer were absent for the vote.

4. Currency and Legal Tender

Rep. Brad Galvez and Mr. Thomas Selgas, Mr. Bernard Lietaer, and Mr. Larry Hilton, citizens, distributed "Utah Legal Tender." They encouraged the Committee to consider allowing alternative forms of currency, including using gold and silver coins issued by the U.S. government and other entities, for payment of taxes and for other purposes.

The Committee discussed the presentation.

5. Property Tax & Registration Fees on Medical Aircraft

Mr. Dean distributed 2012 General Session draft legislation, "Taxes and Fees on Emergency Medical Aircraft" (2012FL-0271/004). He explained that the bill reduces the registration fee on certain helicopters used for emergency medical transport.

MOTION: Rep. Painter moved to approve 2012 General Session draft legislation, "Taxes and Fees on Emergency Medical Aircraft" (2012FL-0271/004) as a committee bill. The motion passed unanimously. Sen. Niederhauser and Rep. Froerer were absent for the vote.

6. Property Tax - Personal Property

Mr. Dean distributed "Business Personal Property and Estimated Impacts of \$25K Personal Property Exemption" and "Business Personal Property in Selected Counties."

Rep. Painter explained 2012 General Session draft legislation, "Property Taxation of Business Personal Property" (2012FL-0549/004). He explained that the draft legislation expands and increases a property tax exemption for certain personal property.

Mr. Lee Ryan, Salt Lake County District Attorney's Office, commented on the draft legislation.

Ms. Candace Daly, State Director, Utah National Federation of Independent Business, commented on the possible effects the draft legislation could have on small businesses.

MOTION: Rep. Painter moved to approve 2012 General Session draft legislation, "Property Taxation of Business Personal Property" (2012FL-0549/004) as a committee bill. The motion passed. Rep. Cosgrove and Rep. Wiley voted in opposition. Sen. McAdams, Sen. Valentine, and Rep. Froerer were absent for the vote.

7. Community Impact Board

Rep. Painter distributed 2012 General Session draft legislation, "Permanent Community Impact Fund Board Grants" (2012FL-0550/008). He explained that the draft legislation would authorize the Permanent Community Impact Fund Board to make grants to certain entities affected by sales and use tax reductions. He noted that the bill also makes related sales and use tax changes.

MOTION: Rep. Cosgrove moved to approve 2012 General Session draft legislation, "Permanent Community Impact Fund Board Grants" (2012FL-0550/008) as a committee bill. The motion passed. Rep. Butterfield voted in opposition. Sen. McAdams, Sen. Valentine, and Rep. Froerer were absent for the vote.

8. Pass-through Entity Taxation

Sen. Niederhauser provided an update to the Committee on a study of certain issues related to pass-through entities, as required by statute.

MOTION: Sen. Niederhauser moved to recommend allowing the entity-level tax on S corporations to expire at the end of the taxable year 2012, per current statute. The motion passed unanimously. Rep. Froerer was absent for the vote.

9. Income Tax Return - "Checkoff" Contributions

The Committee did not address this item.

10. Municipal Finance

The Committee did not address this item.

11. Other Items / Adjourn

MOTION: Sen. Valentine moved to adjourn the meeting. The motion passed unanimously. Rep. Butterfield, Rep. Clark, and Rep. Froerer were absent for the vote.

Chair Bramble adjourned the meeting at 5:11 p.m.