

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**  
Wednesday, August 15, 2012 – 9:00 a.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  
Rep. David G. Butterfield  
Rep. Tim M. Cosgrove  
Rep. John Dougall  
Rep. Susan Duckworth  
Rep. Steve Eliason  
Rep. Gage Froerer  
Rep. Francis D. Gibson  
Rep. Wayne A. Harper  
Rep. Eric K. Hutchings

Rep. Michael T. Morley  
Rep. Merlynn T. Newbold  
Rep. Jim Nielson  
Rep. Larry B. Wiley

**Members Absent:**

Sen. John L. Valentine

**Staff Present:**

Mr. Bryant R. Howe, Assistant Director  
Mr. Phillip V. Dean, Policy Analyst  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Ms. Samantha Coombs, 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](http://www.le.utah.gov).

**1. Committee Business**

Chair Bramble called the meeting to order at 9:09 a.m. Sen. Valentine was excused from the meeting.

**MOTION:** Rep. Nielson moved to approve the minutes of the June 20, 2012 meeting. The motion passed unanimously. Sen. Adams, Sen. Niederhauser, Rep. Dougall, Rep. Gibson, Rep. Harper, Rep. Hutchings, Rep. Morley, and Rep. Painter were absent for the vote.

**2. Tax Funding for Roads**

Chair Bramble briefly explained the issue confronting Provo City, and potentially other cities, of using bonding as a source to fund road maintenance. Provo Mayor John R. Curtis made a presentation to the committee on the issue. Sen. Bramble encouraged the committee to move to have legislation drafted to facilitate further discussion.

Mayor Curtis explained the reasoning for Provo City's proposal to move away from bonding as the source of funding for ongoing road maintenance. He suggested using a dedicated property tax for road maintenance as the source for future funding. He asked the committee to consider having a dialogue on increasing the gas tax and the pros and cons of a utility transfer fee.

Sen. Stephenson elaborated on the history of the gas tax and the need to further discuss the issue. He suggested that the committee work with the Transportation Interim Committee to develop a long-term solution for both local and state highway funding challenges.

Rep. Froerer expressed concern about the possibility for double taxation if a city used property taxes to fund road maintenance but later decided to simultaneously issue a bond for road maintenance.

The committee discussed the gas tax, its purpose, the last time it was increased, concerns with the current rate, and its relation to Class B & C road funds.

The committee discussed Mayor Curtis's proposal to allow the city to dedicate the proceeds of a property tax to pay for road maintenance instead of continuing with its current method of using bond proceeds to pay for road maintenance and using property tax proceeds to pay for the interest on the bond.

Mr. Kory Holdaway, Director of Government Relations & Political Action, Utah Education Association, commented that the gas tax was intended to address road funding and maintenance. He asked the committee to consider the challenges presented to government entities that rely on government funding to provide services then face the possibility of receiving reduced funding in future years because the state decides to divert money from the General Fund to address transportation needs.

**MOTION:** Sen. Adams moved to consider a broad range of transportation funding alternatives at a future committee meeting. The motion passed. Rep. Nielson and Rep. Morley voted in opposition. Rep. Dougall was absent for the vote.

**MOTION:** Sen. Stephenson moved to direct staff to draft a letter to the Legislative Management Committee requesting authorization for a joint meeting of the Transportation Interim Committee and the Revenue and Taxation Interim Committee to discuss transportation funding alternatives. The motion passed unanimously. Rep. Cosgrove and Rep. Dougall were absent for the vote.

### **3. Revenue Collection and Economic Update**

Mr. Dean distributed a presentation providing information on recent economic and revenue collection trends. He provided a brief update on FY 2012 preliminary year-end revenue collections, which came in above projections. He stated that corporate income taxes, in particular, were significantly above projections.

### **4. Property Tax Appeals**

Mr. Dean explained 2013 General Session draft legislation "Licensing of Property Appraisers" (2013FL-0154/010), which creates exemptions from appraiser licensing requirements for certain property tax appeal assistance.

Sen. Stephenson and Rep. Froerer agreed to work with staff to bring a revised version of the bill, addressing the concerns, back to the committee for further review and discussion.

### **5. Sales and Use Taxation of Remote Sales**

Rep. Harper provided an update to the committee on the proposal that was discussed by the committee in June and later presented to the American Legislative Exchange Council, National Conference of State Legislatures, and members of the United States Congress. He also provided an update on the ongoing

effort to pass federal legislation addressing the issue, and he presented to the committee 2013 General Session draft legislation “Joint Resolution on Remote Sales” (2013FL-0152/004), which encourages Congress to enact legislation authorizing states to require sellers without a physical presence in the state to collect sales taxes on sales in the state.

#### **6. Time Period for Paying a Tax, Fee, or Charge After a Judicial Decision**

Ms. Rockwell discussed an issue raised by the Utah State Tax Commission regarding a potential inconsistency in the state tax code. The general interest and penalty provisions, Utah Code Ann. Section 59-1-401 (2012), establish a 30-day period for paying a tax, fee, or charge, whereas judicial review provisions, Utah Code Ann. Section 59-1-611 (2012), establish a 45-day period for paying a tax.

Commissioner Bruce Johnson, Utah State Tax Commission, explained that the 45-day period was included in the code due to an oversight, and affirmed the Tax Commission’s position that the time period should be changed to 30 days to be consistent with Utah Code Ann. Section 59-1-401 (2012).

**MOTION:** Rep. Harper moved to open a committee bill file to address the time period for paying a tax after a judicial decision is rendered. The motion passed unanimously. Sen. Niederhauser, Rep. Butterfield, Rep. Dougall, and Rep. Newbold were absent for the vote.

**MOTION:** Rep. Harper moved to adopt as a committee bill 2013 General Session draft legislation “Joint Resolution on Remote Sales” (2013FL-0152/004). The motion passed unanimously. Sen. Niederhauser, Rep. Butterfield, Rep. Dougall, Rep. Morley, and Rep. Newbold were absent for the vote.

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

**MOTION:** Rep. Eliason moved to open a committee bill file providing incentives for remote sellers to collect sales and use taxes. The motion passed unanimously. Sen. Adams, Sen. Stephenson, Rep. Dougall, Rep. Morley, and Rep. Newbold were absent for the vote.

**MOTION:** Rep. Painter moved to open a committee bill file addressing the use of sales and use tax revenues for water projects. The motion passed unanimously. Sen. Adams, Sen. Stephenson, Rep. Dougall, Rep. Morley, and Rep. Newbold were absent for the vote.

**MOTION:** Rep. Painter moved to open a committee bill file regarding property taxation of business personal property. The motion passed unanimously. Sen. Stephenson, Rep. Dougall, and Rep. Newbold were absent for the vote.

**MOTION:** Rep. Wiley moved to adjourn the meeting. The motion passed unanimously. Sen. Niederhauser, Sen. Stephenson, Rep. Dougall, Rep. Morley, and Rep. Newbold were absent for the vote.

Chair Bramble adjourned the meeting at 10:48 a.m.