

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**

Wednesday, June 19, 2013 – 2:30 p.m. – Room 445 State  
Capitol

**Members Present:**

Sen. Deidre M. Henderson, Senate  
Chair Rep. Ryan D. Wilcox, House  
Chair Sen. Curtis S. Bramble Sen.  
Howard A. Stephenson Sen. John L.  
Valentine Rep. Stewart Barlow Rep.  
Joel K. Briscoe Rep. Rebecca  
Chavez-Houck Rep. James A.  
Dunnigan Rep. Steve Eliason Rep.  
Francis D. Gibson Rep. Eric K.  
Hutchings Rep. Michael S. Kennedy  
Rep. Jim Nielson Rep. Val L.  
Peterson  
Rep. Dixon M.  
Pitcher Rep. Jon  
E. Stanard Rep.  
Earl D. Tanner

Rep. John R.  
Westwood

**Members**

**Absent:** Sen.  
Gene Davis Rep.  
Tim M. Cosgrove

**Staff Present:**

Mr. Phillip V. Dean, Policy Analyst  
Mr. Bryant R. Howe, Assistant  
Director 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 Wilcox called the meeting to order at 3:13 p.m. Sen. Davis was excused from the meeting.

**MOTION:** Rep. Peterson moved to approve the minutes of the May 15, 2013, meeting. The motion passed unanimously. Sen. Bramble, Sen. Stephenson, Rep. Chavez-Houck, Rep. Dunnigan, Rep. Gibson, Rep. Hutchings, and Rep. Stanard were absent for the vote.

Mr. Dean distributed and summarized "Utah State Tax Commission Revenue Summary: 11 Months FY 2012-13."

**2. Appointment of Tax Commissioners**

Ms. Rockwell briefed the committee on the appointment of tax officials in other states. Ms. Rockwell explained that Utah is one of a handful of states that has a tax commission, whereas many states have a revenue department with a director. She referred to two tables "Dept. of Revenue/Tax Commissioner Officials: Method of Selection" and "Selection of Tax Officials in Selected States with Board or Commission Tax Administration Structure," which were distributed to members of the committee.

Sen. Valentine said that the position of a tax commissioner calls for unique qualifications and expressed that he would like to see the Utah Constitution amended to change the partisan requirement for the appointment of tax commissioners.

**3. Multistate Tax Commission**

Sen. Bramble provided members of the committee with background on the Multistate Tax Commission, which is an organization of state governments that works with taxpayers to administer tax laws that apply

to multistate and multinational businesses. Sen. Bramble briefly reviewed *Gillette Co. v. Franchise Tax Board* and explained that the case highlights a concern pertaining to authority being abdicated by state legislatures to unelected tax officials to determine tax policy.

Commissioner Bruce Johnson, Chair, Utah State Tax Commission, discussed Utah's involvement with the Multistate Tax Commission. Commissioner Johnson said that actions taken or recommendations presented by the Multistate Tax Commission are not binding upon the participating states; rather, each state decides its tax policy.

Mr. Joe Huddleston, Executive Director, Multistate Tax Commission, presented an overview of the purposes and functions of the Multistate Tax Commission. Mr. Huddleston highlighted the Multistate Tax Commission's audit and volunteer disclosure programs.

Sen. Bramble provided a history of the Uniform Division of Income for Tax Purposes Act and explained the reasons why states do not want uniformity in tax law.

Commissioner Johnson and Mr. Huddleston responded to questions from members of the committee regarding the Uniform Division of Income for Tax Purposes Act, Utah's involvement in the Multistate Tax Commission, and on the *Gillette* case.

#### **4. Sales and Use Tax – Remote Sales**

Sen. Bramble provided a history on the taxation of sales by remote sellers to Utah consumers, including a discussion of the history of the Streamlined Sales Tax Project and pending federal legislation related to the taxation of sales by remote sellers.

Mr. Mark Griffin, General Counsel, Overstock.com, described the burden on companies responsible for collecting taxes on remote sales for thousands of tax districts located nationwide. He presented Overstock.com's proposal that each state certify a tax collecting software package that would be available for use by companies and provide immunity for companies that use the software in case the software is faulty.

Members of the committee discussed the burden and complexity of collecting taxes on remote sales.

Mr. Dave Davis, President, Utah Retail Merchants Association, said that there are advantages to being a brick and mortar retailer as well as an online retailer, but that government should not prefer one type of retailer over another. Mr. Davis provided an update on 2013 General Session S.B. 226, "Sales and Use Tax Amendments," and similar legislation being considered by other states.

Commissioner Johnson emphasized the complexity of collecting and distributing taxes on remote sales and spoke in favor of streamlined sales and use taxes.

Members of the committee discussed compensation to offset costs for businesses collecting taxes on remote sales.

Sen. Bramble thanked Commissioner Johnson for the all the time and effort he has put into this issue.

#### **5. Governor's Office of Economic Development (GOED) – Economic Development Related to Federal Aviation Administration**

Mr. Spencer Eccles, Executive Director, Governor's Office of Economic Development, introduced Mr. Vincent Mikolay, Managing Director of Business Outreach and International Trade, and Mr. Marshall Wright, Aerospace and Defense Cluster Director, to members of the committee.

Mr. Mikolay presented "FAA UAS Site Selection Utah Effort" and said that an application has been submitted for Utah to be considered as one of the six FAA UAS test sites. Mr. Mikolay reviewed Utah's focus, the proposed Utah test site locations, and the economic and social impacts if Utah is selected to be a test site.

Mr. Wright said that Utah State University is at the forefront for experimentation on how unmanned systems can be used for civil and commercial activities.

Mr. Wright and Mr. Mikolay responded to questions from the committee regarding air strips, military restricted and general aviation airspaces, range management, and the FAA requirements for a state to be considered as a test site.

Sen. Stephenson commended the Governor's Office of Economic Development staff for their professionalism and quality work.

#### **6. Overview of Utah's Property Tax System**

This item was not discussed due to a lack of time.

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

**MOTION:** Sen. Henderson moved to adjourn the meeting. The motion passed unanimously. Sen. Bramble, Rep. Dunnigan, Rep. Kennedy, and Rep. Nielson absent for the vote.

Chair Wilcox adjourned the meeting at 5:05 p.m.