

**MINUTES OF THE
UTAH TAX REVIEW COMMISSION**
Friday, May 30, 2003 – 2:00 p.m. – Room 405 State Capitol

Members Present:

Mr. Keith Prescott, Chair
Mr. David Crapo, Co-chair
Sen. Ron Allen
Mr. Larry Barusch
Rep. Judy Ann Buffmire
Ms. Anne Clark
Rep. Greg J. Curtis
Sen. Lyle W. Hillyard
Ms. Kathleen Howell
Commissioner Bruce Johnson
Mr. Bruce Jones
Ms. Dorothy P. Owen

Members Excused:

Mr. Mark Buchi

Staff Present:

Mr. O. William Asplund, Assistant Director
Mr. Bryant Howe, Policy Analyst
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Joy Miller, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the committee secretary, Sandra Wissa, at 538-1032.

1. TRC Business

Chair Prescott called the meeting to order at 2:05 p.m.

MOTION: Rep. Buffmire moved to approve the minutes of the September 26, October 25, and November 15, 2002 meetings. The motion passed unanimously. Rep. Curtis, Sen. Hillyard, and Mr. Jones were absent for the vote.

2. Membership

Chair Prescott stated there are two vacancies on the TRC (Utah Tax Review Commission) as a result of his appointment as Chair and the expiration of Ms. Owen's term. He thanked Ms. Owen for her many years of service. He also recognized Sen. Ron Allen as a new member. The members discussed possible appointments to the TRC.

MOTION: Rep. Buffmire moved to appoint Ms. Janice Dubno and Dr. Gary Cornia to serve on the TRC. The motion passed unanimously.

3. Assignments

Mr. Howe presented an overview of Utah's tax system. He distributed a copy of his presentation to the TRC members. Mr. Howe briefly reviewed how tax revenue is used and how Utah's state and local tax burden compares with other states.

Mr. Asplund distributed and reviewed information regarding property, income, and sales tax policies that were adopted during the 1990 General Session. Mr. Asplund also distributed the handouts "Principles of a

High-Quality State Revenue System" and "Tax Policy Handbook for State Legislators" from the National Conference of State Legislatures and a letter from Gary Cornia and Keith Prescott to the Legislature regarding sales and use tax exemptions.

Ms. Rockwell distributed and discussed "TRC S.J.R. 6 Study - 2002 and 2003." She noted that 2002 General Session S.J.R. 6 requires the TRC to conduct this 2-year study to look at specific entities and tax exemptions offered to those entities. The study is required to be completed on or before the November 2003 Revenue and Taxation Interim Committee meeting.

Ms. Rockwell distributed "TRC Property Taxes and the Financing of Water Development and Delivery - 2002" and "TRC Sales and Use Tax Exemption Review - 2002." She explained that the TRC has 5 years remaining to complete its review of all sales and use tax exemptions. She distributed a summary of background information on the three agricultural exemptions that were addressed last year. Ms. Rockwell noted that the TRC still needs to make recommendations on these three sales and use tax exemptions.

4. Sales and Use Tax Exemptions

Chair Prescott stated that the TRC would focus its attention on S.J.R. 6 and then consider the sales and use tax exemptions. However, he said he would like to deal with the exemptions for purchases made under the federal Food Stamp and WIC Programs at the present time.

Ms. Rockwell distributed the handout "TRC Sales and Use Tax Exemption Review - 2003, Purchases Made Under the Federal Food Stamp Program or WIC Program." She explained that federal law provides that in order for a state to participate in either the Food Stamp Program or the WIC Program, the state may not impose state or local sales and use taxes on those purchases.

MOTION: Mr. Jones moved to retain the exemptions for purchases made under the Food Stamp Program and the WIC Program. The motion passed with Mr. Barusch abstaining.

5. S.J.R. 6

Mr. Asplund distributed "Survey of Municipal Power Systems," which summarizes information collected from municipal power companies in the state. The information is provided for FY 2002 and also for a 5-year average. He noted that the information has not yet been analyzed and additional information will be provided in future meetings.

Mr. Roger Tew, Utah Association of Municipal Power Systems/Utah League of Cities and Towns, said that he would like the opportunity to review the information and provide further input.

6. Other Items / Adjourn

Chair Prescott stated that the portion of the S.J.R. 6 study addressing hospitals has not yet been completed. Representatives of both for profit and nonprofit hospitals need to provide to the TRC the value

of charitable services based not on billable charges, but rather on expected collections. Once that data is analyzed, a final recommendation can be made.

Commissioner Johnson requested that staff provide the TRC members with a copy of the recent IHC case decision and information on how much the state pays in taxpayer funds to subsidize the University of Utah hospital.

Chair Prescott indicated he wanted TRC members to be involved with staff in analyzing the information being accumulated for studies the TRC conducts this interim and helping to determine what action the TRC should take on issues relating to these studies. After TRC discussion, the following issues were selected and assigned to the following TRC members:

- Sales and use tax exemption review - Agricultural sales and use tax exemptions - Co-chair
Crapo and Sen. Hillyard
- S.J.R. 6 Study - Recreational facilities - Rep. Curtis and Ms. Howell
- S.J.R. 6 Study - Nursing homes - Rep. Buffmire and Mr. Jones
- S.J.R. 6 Study - Hospitals - Chair Prescott and Dr. Cornia
- S.J.R. 6 Study - Municipal power systems - Mr. Barusch, Ms. Dubno, and Commissioner
Johnson

Future meetings of the TRC were tentatively scheduled as follows: June 20, July 11, August 8, September 12, October 10, October 24, and November 14. Meetings will generally begin at 1:00 p.m.

MOTION: Sen. Hillyard moved to adjourn the meeting. The motion passed unanimously. Chair Prescott adjourned the meeting at 4:10 p.m.