

**MINUTES OF THE  
UTAH TAX REVIEW COMMISSION**

Friday, September 12, 2003 – 1:00 p.m. – Room 405 State Capitol

**Members Present:**

Mr. Keith Prescott, Chair  
Mr. David Crapo, Co-chair  
Sen. Ron Allen  
Sen. Lyle W. Hillyard  
Rep. Judy Ann Buffmire  
Rep. Greg J. Curtis  
Mr. Larry Barusch  
Mr. Mark Buchi  
Ms. Kathleen Howell  
Mr. Bruce Jones  
Mr. Dixie Leavitt

**Members Absent:**

Mr. Gary Cornia  
Ms. Janis Dubno  
Commissioner Bruce Johnson

**Staff Present:**

Mr. O. William Asplund, Assistant Director  
Mr. Thad LeVar, Associate General Counsel  
Ms. Sandra Wissa, 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 at 538-1032. A recording of the meeting is also available from the Office of Legislative Research and General Counsel.

**1. TRC Business**

Chair Prescott called the meeting to order at 1:08 p.m. He excused Mr. Cornia and Commissioner Johnson from the meeting.

**MOTION:** Mr. Leavitt moved to approve the minutes of the August 8, 2003 meeting. The motion passed unanimously with Rep. Buffmire absent for the vote.

Chair Prescott relinquished the chair to Mr. Crapo.

**2. Taxation of Hospitals in Utah**

Mr. Prescott distributed and reviewed "Gary Cornia Proposal" and reviewed the document prepared by Commissioner Johnson, which was distributed in the mailing packet.

TRC (Tax Review Commission) discussion followed.

Mr. Doug Hammer, Vice President, IHC (Intermountain Health Care), spoke to the TRC concerning the report by Commissioner Johnson.

Mr. Roger Tew, former commissioner from the Utah State Tax Commission, commented on this issue.

Mr. Prescott also distributed a letter from Intermountain Health Care and a letter from MountainStar Healthcare on this issue.

**MOTION:** Mr. Prescott moved to adopt the policy statement and addendum drafted by Gary Cornia, with the modifications as he specified, and to direct staff to draft legislation to implement the policy statement.

Mr. Jones asked the future role of the TRC in this issue. Chair Prescott noted that the TRC should reserve the right to remain involved.

Mr. Jones recommended that the TRC ask the Tax Commission (Utah State Tax Commission) to develop the standards, and that this be overseen by the TRC. The TRC should work with the Tax Commission to develop these standards.

Sen. Hillyard asked that Dr. Cornia, Kathleen Howell, and Bruce Johnson be asked to further study the process to be used to determine the value of charity care and to assess the market value of IHC hospitals.

**SUBSTITUTE MOTION:** Rep. Buffmire moved to adopt the original motion with the following changes: delete the second paragraph of Mr. Cornia's proposal, delete the second to last sentence of paragraph one which states "This procedure should be in place by January 31, 2003.", and amend the first portion of step one to include a small group to work with the Tax Commission to determine what needs to be developed.

Sen. Hillyard requested that the motion be divided into two parts

The first part of the motion is to adopt Commission Johnson document with the changes as proposed by Mr. Prescott. The motion passed with Mr. Barusch voting in opposition. Rep. Curtis was absent for the vote.

The second part of the motion is to adopt Mr. Cornia's proposal with the changes as proposed by Mr. Prescott and Rep. Buffmire. The motion failed with Rep. Buffmire, Mr. Prescott, Mr. Barusch, and Mr. Jones voting in favor. Rep. Curtis was absent for the vote.

**SUBSTITUTE MOTION:** Sen. Hillyard moved that a working group of Mr. Cornia, Commissioner Johnson, and Ms. Howell review Mr. Cornia's recommendation and report back at the next meeting. Also Sen. Hillyard moved that this working group look into how a tax exemption could be provided to a for profit hospital that can provide the same services. The motion passed unanimously with Rep. Curtis absent for the vote.

Chair Crapo returned the chair to Mr. Prescott.

### **3. Nursing Homes**

Mr. Jones distributed and reviewed "S.J.R. 6 Study Requirements, Sales and Use Tax, Property Tax, and Corporate Franchise and Income Tax Exemptions, Nursing Home Worksheet, Preliminary Findings."

Mr. Dirk Anjewierden, Executive Director, Utah HealthCare Association, distributed and reviewed "Straight Facts About the Profit Margin in Utah's Long-Term Care Facilities."

Mr. Craig Peterson, Utah Healthcare Association, spoke to the TRC on this issue.

**MOTION:** Mr. Jones moved to propose no new legislation, but to ask the counties and the state to enforce existing laws.

**SUBSTITUTE MOTION:** Sen. Hillyard moved that the chair send a letter to the counties that have nonprofit nursing homes indicating that the TRC has received data that suggests some nonprofit nursing homes are not meeting the state requirements for nonprofit status. The motion passed unanimously with Sen. Allen and Rep. Curtis absent for the vote.

#### **4. Municipal Power Systems**

Ms. Carol Hunter, Vice President, Community and Economic Development, PacifiCorp, provided comments to TRC on the competition issue with municipal power.

Mr. Tew, UAMPS (Utah Association of Municipal Power Systems) and Utah League of Cities and Towns, and Mr. Rampton, UAMPS, answered questions from TRC.

Mr. LeVar distributed and reviewed "Recent Changes to Utah Code Ann. § 11-13-302, S.B. 21, Amendments to the Interlocal Cooperation Act (2003 General Session)."

**MOTION:** Mr. Crapo moved that after reviewing the issue that the exemption should continue and that there is no competition involved.

Mr. Crapo withdrew the motion due to the lack of members for a vote.

Chair Prescott asked Mr. Barusch, Mr. Leavitt, and Mr. Buchi to work as a committee and return to the TRC with information on the municipal exemption.

#### **5. Update on Survey of Recreational Facilities**

Mr. Asplund distributed "Preliminary Results for Recreational Facilities Study."

#### **6. Other Business/Adjourn**

Chair Prescott asked that the October 24, 2003 meeting be an all day meeting starting at 9:00 a.m.

Chair Prescott adjourned the meeting at 4:49 p.m.

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