

**MINUTES OF THE
UTAH TAX REVIEW COMMISSION**

Friday, October 10, 2003 – 1:00 p.m. – Room 405 State Capitol

Members Present:

Mr. Keith Prescott, Chair
Sen. Lyle W. Hillyard
Rep. Judy Ann Buffmire
Rep. Greg J. Curtis
Mr. Mark Buchi
Mr. Gary Cornia
Ms. Janis Dubno
Ms. Kathleen Howell
Commissioner Bruce Johnson
Mr. Dixie Leavitt

Members Absent:

Mr. David Crapo, Co-chair
Sen. Ron Allen
Mr. Larry Barusch
Mr. Bruce Jones

Staff Present:

Mr. O. William Asplund, Assistant Director
Mr. Bryant Howe, Policy Analyst
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://le.utah.gov> 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 1:07 p.m. He excused Mr. Crapo, Mr. Barusch, and Mr. Jones from the meeting.

MOTION: Mr. Buchi moved to approve the minutes of the September 12, 2003 meeting as amended. The motion passed unanimously with Sen. Hillyard and Rep. Curtis absent for the vote.

Chair Prescott indicated that Mr. Cornia and Mr. Leavitt resigned from the TRC and that Mr. Cornia has been appointed as a Governor's appointment.

MOTION: Chair Prescott moved to appoint Mr. Leavitt as a TRC appointment. The motion passed unanimously with Sen. Hillyard and Rep. Curtis absent for the vote.

Mr. Asplund distributed "State of Utah Financial Highlights" for the information of the TRC.

2. Recreation Facilities

Mr. Asplund distributed and reviewed "Preliminary Results for Recreational Facilities Study" and "Golf Courses."

Mr. Jan Furner, Utah Association of Special Districts, Mr. Arie Van De Graff, Utah Association of Counties, and Mr. Roger Tew, Utah League of Cities and Towns, spoke to the TRC on this issue.

Ms. Michelle Nekota, Salt Lake County Recreational Department, made a presentation on the Salt Lake County's recreational facilities and services. Ms. Nekota indicated that approximately 60 percent of revenues come from user fees. She also answered questions from the TRC.

Mr. Brent Sheets, Kearns Oquirrh Park Fitness Center, provided information on his facilities for the TRC.

Mr. Stephen Sutherland, South Summit School District, spoke on this issue for the TRC.

Ms. Janet Cassel, Alta Canyon Recreation Center and Sandy City, answered questions from the TRC.

Mr. Doug Hill, Murray City, answered questions from the TRC.

Ms. Nancy Shay, Sandy City, answered questions from the TRC.

Mr. Steve Carpenter, Utah Recreational and Parks Association, spoke to the TRC and distributed "Utah Recreation and Parks Association."

Mr. Gary Nielson, Gold's Gym, spoke to the TRC and distributed and reviewed "Utah Tax Review Commission Recreation Facilities."

MOTION: Sen. Hillyard moved to ask staff for more information including: first, in what geographical areas of the state do private and public recreational facilities currently have conflict; second, what is the scope of competition, in terms of geographic competition and in competition in services provided; and third, how important are the tax exemptions to this competition, and would it be feasible to provide a tax refund to private facilities that are harmed by competition from public facilities?

SUBSTITUTE MOTION: Mr. Leavitt moved to recommend a removal of sales and use tax on fitness equipment. The motion failed with Rep. Curtis and Mr. Leavitt voting in favor of the motion.

The original motion passed unanimously.

3. Hospital and Nursing Homes

Mr. Asplund distributed and reviewed "Appendix 2D Nonprofit Hospital and Nursing Home Charitable Property Tax Exemption Standards" and "Country Assessors Property Values."

Mr. Cornia distributed and reviewed "Proposal."

MOTION: Mr. Buchi moved to approve the "Proposal" document as amended below:

1. The TRC (Tax Review Commission) will form a Committee to explore methods to value the real property, improvements to real property, and personal property of for profit and nonprofit hospitals. The goal is to establish a method that can articulate the ad valorem value of hospitals so that the test implied in the Tax Commission (Utah State Tax Commission) Rules on nonprofit hospitals can be undertaken. The process would also promote uniformity between various hospitals and the counties. The Committee will report to the TRC in the spring of 2004.

2. The Committee will carefully consider the resources required to complete the task and the cost of implementing those procedures. The Committee will pay particular attention to the limited resources of the Utah State Tax Commission and County Assessors
3. It is anticipated that the Committee will first consider the use of published appraisal documents and articles that may offer valuation guidelines. The Committee will also explore the development of additional indicators of value.
4. The Committee will be comprised of Denny Lytle, Tax Commission, Kathleen Howell, Cache County Assessor, Gary Cornia, Brigham Young University, and representatives from county assessors and commissioners. The Committee will analyze input from for profit and nonprofit hospitals prior to reporting to the TRC in the spring of 2004.

The motion passed unanimously.

Mr. Howe reviewed the changes to "Taxation of Hospitals in Utah: A Supplemental Report by the Utah Tax Revision Commission in Response to S.J.R. 6," which were approved in the last meeting.

MOTION: Mr. Cornia moved to adopt the report "Taxation of Hospitals in Utah: A Supplemental Report by the Utah Tax Revision Commission in Response to S.J.R. 6." The motion passed unanimously.

Mr. Asplund reviewed and distributed a draft letter from the TRC to the Tax Commission (Utah State Tax Commission) concerning the charity exemption for nursing homes.

Commissioner Johnson asked to include in the letter a request that the Tax Commission report back their findings and suggestions to the TRC in 6 months.

Mr. John Nielson, Intermountain Healthcare, spoke to the TRC.

4. Municipal Power Systems

Due to lack of time this item is rescheduled for the next meeting. Mr. Asplund distributed "Utah Tax Review Commission Tax Exemption of Municipal Power, Comments of L.R. Barusch" and "Why Utah's Fee-in-Lieu of Property Tax on the Intermountain Power Agency Should not be Replaced with a Property Tax, Prepared by Holme Roberts & Owen LLP."

5. Other Business/Adjourn

The next meeting is October 24, 2003 at 9:00 a.m. and will be an all day meeting.

MOTION: Rep. Curtis moved to adjourn the meeting. The motion passed unanimously with Sen. Hillyard absent for the vote.

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Chair Prescott adjourned the meeting at 4:12 p.m.