

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, November 19, 2003 – 10:30 a.m. – Room 403 State Capitol

Members Present:

Sen. Curtis S. Bramble, Senate Chair
Rep. Wayne A. Harper, House Chair
Sen. Ron Allen
Sen. Leonard M. Blackham
Sen. Mike Dmitrich
Sen. Lyle W. Hillyard
Sen. Howard A. Stephenson
Rep. Sheryl L. Allen
Rep. Ralph Becker
Rep. Judy Ann Buffmire
Rep. Stephen D. Clark
Rep. Greg J. Curtis
Rep. Carl W. Duckworth
Rep. Craig Frank
Rep. Ann W. Hardy
Rep. Kory M. Holdaway

Rep. Bradley G. Last
Rep. Carol Spackman Moss
Rep. Merlynn T. Newbold
Rep. Jack A. Seitz
Rep. Gordon E. Snow

Staff Present:

Mr. Bryant R. Howe, Policy Analyst
Mr. Thad LeVar, Associate General Counsel
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary
Ms. Sandra Wissa, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.le.state.gov> or by contacting the committee secretary at 538-1032.

1. Committee Business

Chair Bramble called the meeting to order at 10:40 a.m.

MOTION: Rep. Clark moved to approve the minutes of the October 15, 2003 meeting. The motion passed unanimously with Rep. Curtis and Rep. Newbold absent for the vote.

2. Annual Reports Required by Statute from the Utah State Tax Commission

Mr. Howe distributed and reviewed two documents submitted by the Tax Commission (Utah State Tax Commission): "Calendar Year Contributions for Income Tax Checkoffs" and "The Total Value of Sales Tax Exemptions Claimed Under Subsection 59-12-104 (51)." He explained that these two reports are required by statute.

Erv Logan, Fairchild Semiconductor, distributed and reviewed "Sales and Use Tax Exemption for Semiconductor Fabricating or Processing Materials."

Mr. Stan Lockhart, Micron, told the committee that Micron views the sales and use tax exemption for sales of semiconductor fabrication and processing materials to be an important part of its future investment plans.

3. Tax Commission Collection Processes

Chair Bramble relinquished the chair to Rep. Harper.

Ms. Lynn Solarczyk, Tax Commission, provided testimony on this issue. She explained that the Tax Commission is reviewing its statutes, rules, and procedures on when and how it imposes liens as a means of collecting on a tax liability. She said that the Tax Commission recognizes that more uniformity is needed and that the Tax Commission will return next year to the Legislature with a recommendation.

Mr. Bruce Anderson distributed "Revised Section 59-10-513" and "Revised Section 59-2-1301" and spoke to the Committee on this issue.

Chair Harper returned the chair to Sen. Bramble.

4. Delinking the Utah Individual Income Tax From the Federal Individual Income Tax

Rep. Harper distributed and reviewed draft legislation "Individual Income Tax Amendments."

Mr. LeVar reviewed the draft legislation. The Committee decided that further revision was necessary on the legislation. Mr. LeVar also distributed "Before You Fill In Form 1040."

MOTION: Sen. Hillyard moved that the draft legislation be approved as a committee bill. The motion passed unanimously with Sen. Blackham and Rep. Curtis absent for the vote.

5. Resort Community Sales and Use Tax

Sen. Hillyard distributed and reviewed draft legislation "Resort Communities Tax Amendments."

Mr. Roger Tew, Utah League of Cities and Towns, addressed the Committee.

MOTION: Sen. Hillyard moved to amend the bill as follows: Page 9, line 262, delete "two" and insert "three". The motion passed unanimously with Sen. Blackham, Sen. Dmitrich, and Rep. Curtis absent for the vote.

Ms. Pam Hendrickson, Chair, Tax Commission, spoke to the Committee on this issue.

MOTION: Sen. Hillyard moved that the draft legislation be approved as a committee bill. The motion passed with Sen. Dmitrich voting in opposition and Sen. Blackham absent for the vote.

6. Property Tax - Protection of Certain Information

Sen. Stephenson and Rep. Ferrin distributed and reviewed draft legislation "Property Tax - Confidentiality of Certain Information." They also distributed language to amend the legislation.

Ms. Rockwell reviewed the draft legislation and noted that the language to amend the legislation may need to be run as a floor amendment because the bill was already numbered.

Mr. Lee Gardner, Assessor, Salt Lake County, and Mr. Brent Gardner, Utah Association of Counties, spoke to the Committee.

MOTION: Rep. Clark moved that the draft legislation be approved as a committee bill for the Second Special Session of the 55th Legislature. The motion passed with Rep. Buffmire voting in opposition, and Sen. Blackham and Rep. Curtis absent for the vote.

7. Amendments to SB 147 Streamlined Sales Tax Project Amendments (2003 General Session) and the Sales and Use Tax Act

Rep. Harper introduced the issue and distributed draft legislation "Amendments to Sales and Use Tax and Certain Taxes or Charges Imposed By a County or Municipality."

Ms. Rockwell reviewed the major features of the draft legislation.

8. Interim Report of the Hazardous Waste Regulation and Tax Policy Task Force

Chair Bramble relinquished the chair to Rep. Harper.

Sen. Bramble introduced the issue and distributed "Hazardous Waste Regulation and Tax Policy Task Force." He explained that this is a two-year task force that will continue meeting next year. Sen. Bramble noted that the task force recommends that the Legislature adopt draft legislation "Hazardous Waste and Nonhazardous Solid Waste Fee and Tax Amendments." He explained that the task force also recommends that: (1) no action be taken by the Legislature on waste policy issues until the task force has completed its work; (2) legislation be enacted to require approval of the Governor and Legislature before radioactive waste that exceeds a certain radioactive concentration can be disposed of in the state; and (3) the federal Nuclear Regulatory Commission delay Envirocare's request to modify its license and allow a final decision to be made by the Utah Department of Environmental Quality after the department achieves regulatory primacy.

Chair Harper returned the chair to Sen. Bramble.

9. Report of the Tax Review Commission

Mr. Keith Prescott, Chair, TRC (Utah Tax Review Commission), distributed and reviewed the report "S.J.R. 6 Joint Resolution Urging a Study of Certain Exemptions" and draft legislation "Sales and Use Tax Agricultural Exemptions." He explained that with regards to the study required under S.J.R. 6, that the TRC reviewed the tax-exempt status of nonprofit hospitals and nursing homes, municipal power systems, and publically-owned golf courses and recreation centers. He said that while there are some issues that the Legislature may want to consider, the TRC recommends no changes in tax policy at this time.

Mr. Prescott also explained that as part of its regular review of sales and use tax exemptions as required by Utah Code Ann. § 59-12-104.5, the TRC recommended changes to the agricultural exemptions as noted in the draft legislation. The TRC also recommended to retain sales and use tax exemptions for purchases made under the federal WIC and food stamps programs.

10. Property Tax Limitation

This item was not discussed.

11. Apportionment of Taxable Income Under the Utah Corporate Income Tax

This item was not discussed.

12. Other Items / Adjourn

Chair Bramble adjourned the meeting at 12:56 p.m.