

**MINUTES OF THE  
UTAH TAX REVIEW COMMISSION**

Friday, November 14, 2003 – 1:00 p.m. – Room 405 State Capitol

**Members Present:**

Mr. David Crapo, Co-chair  
Sen. Ron Allen  
Sen. Lyle W. Hillyard  
Rep. Judy Ann Buffmire  
Mr. Larry Barusch  
Mr. Mark Buchi  
Ms. Janis Dubno  
Ms. Kathleen Howell  
Commissioner Bruce Johnson  
Mr. Bruce Jones  
Mr. Dixie Leavitt

**Members Absent:**

Mr. Keith Prescott, Chair  
Rep. Greg J. Curtis  
Mr. Gary Cornia

**Staff Present:**

Mr. O. William Asplund, Assistant Director  
Mr. Bryant Howe, Policy Analyst  
Mr. Thad LeVar, Associate General Counsel  
Ms. Rebecca L. Rockwell, 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 Crapo called the meeting to order at 1:13 p.m. He excused Chair Prescott from the meeting.

**MOTION:** Sen. Hillyard moved to approve the minutes of the October 24, 2003 meeting. The motion passed unanimously with Sen. Allen, Rep. Buffmire, and Mr. Jones absent.

**2. Agricultural Related Sales Tax Exemptions**

Ms. Rockwell distributed and reviewed the draft legislation 2004FL-0439/005 "Sales and Use Tax Agricultural Exemptions."

Mr. Wes Quinton, Vice President, Utah Farm Bureau Association, distributed to the TRC (Utah Tax Review Commission) and reviewed the following: "Re: Review of Agricultural Sales Tax Exemptions and Recommendations"; "Utah Code Section 41-1a-1206"; and "Utah Code Section 41-1a-202." He also commented on this agenda item.

**MOTION:** Commissioner Johnson moved to repeal the sales and use tax exemption for certain sprays and insecticides used for agricultural purposes because those sprays and insecticides are already exempt under the sales and use tax exemption for certain tangible personal property consumed primarily and directly in farming operations. He clarified that this repeal does not constitute a substantive change in the exemptions. The motion passed unanimously.

**MOTION:** Mr. Larry Barusch moved to repeal the requirement that seasonal crops be locally grown in order to be exempt from sales and use taxes (lines 1236-1237) and add language providing that no more than \$3,000 of sales may be exempted per year.

**SUBSTITUTE MOTION:** Sen. Hillyard moved to ask the Utah Farm Bureau Association and other interested parties representing agriculture and retail merchants to develop possible legislative solutions to address the constitutional issue that the "locally-grown" requirement creates. The motion passed unanimously.

**MOTION:** Sen. Hillyard moved to ask representatives of the agricultural industry and the Utah State Tax Commission to develop unambiguous language for lines 1231 and 1232. Commissioner Johnson indicated that he understood this to mean that these representatives would develop one proposal with language clearly exempting vehicles used in agriculture from sales and use taxes, and another proposal with language clearly making them subject to the taxes. TRC could then decide between the two proposals. The motion passed unanimously.

**MOTION:** Commissioner Johnson moved to accept the language on lines 1222 and 1223 as drafted, which brackets "including sales of irrigation equipment and supplies used for agricultural production purposes." He also moved to accept the draft legislation's language on lines 1223-1225, which reads "whether or not [~~they become~~] the tangible personal property becomes part of real estate and whether or not the tangible personal property is installed by a farmer, contractor, or subcontractor, . . . ." Sen. Hillyard asked to divide the motion into two votes. The first vote was to accept the language on lines 1222 and 1223 as explained above. The motion passed with Sen. Allen, Sen. Hillyard, Mr. Jones, and Mr. Leavitt voting in opposition. The second vote was to accept the language on lines 1223-1225 as explained above. The motion passed unanimously.

**MOTION:** Commissioner Johnson moved to accept the draft legislation as a committee bill. The motion passed unanimously.

### **3. Income Tax Credits**

Mr. Asplund reviewed "Memorandum from Rep. Sheryl Allen," "Utah Individual Income and Corporate Franchise and Income Tax Credits," "Credits: Utah Individual Income and Corporate Franchise and Income Taxes," and "State Individual and Corporate Tax Systems," which were distributed in the mailing packet.

**MOTION:** Sen. Hillyard moved that the TRC, with input from the Tax Commission, review Utah income tax credits in the upcoming year and begin to develop recommendations for further action. The motion passed unanimously.

### **4. TRC Report to the Legislature on the S.J.R. 6 Study**

Mr. Asplund distributed and reviewed a report on the S.J.R. 6 study.

### **5. Sales Tax Exemptions**

Mr. Asplund distributed and reviewed "Sales Tax Exemption Amounts: Fiscal Year 2001-2002" and "Utah Code 59-12-104."

**MOTION:** Mr. Buchi moved to request TRC members to review the information distributed to the TRC regarding sales and use tax exemptions and e-mail staff ideas for further TRC action. The motion passed unanimously.

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

Chair Crapo asked TRC members to consider meeting on the second Friday of each month starting in April 2004.

**MOTION:** Mr. Barusch moved to thank Sandra Wissa for her dedicated efforts as Legislative Secretary for the TRC over the past several years. The motion passed unanimously.

Chair Crapo adjourned the meeting at 3:45 p.m.