



Michael E. Christensen
Director

John L. Fellows
General Counsel

Memorandum

To: Members of the Utah Tax Review Commission

From: Bree A. Frehner, Legislative Assistant

Date: April 6, 2016

Re: Tax Review Commission study Request

Attached you will find a letter from the Senate Revenue and Taxation Standing Committee to the Legislative Management Committee dated March 7, 2016, with the subject "Tax Review Commission Study Request."

The letter requests that the Legislative Management Committee ask the Utah Tax Review Commission to study and provide recommendations on allowing additional NAICS classifications to elect a single sales factor. This study is not yet officially assigned to the Utah Tax Review Commission. The Legislative Management Committee will consider the request at its next meeting.



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Utah State Legislature

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March 7, 2016

Speaker Gregory H. Hughes, Chair
President Wayne L. Niederhauser, Vice-Chair
Legislative Management Committee
Utah State Capitol Complex
Salt Lake City, Utah 84114

Subject: Tax Review Commission Study Request

Members of the Legislative Management Committee:

The Senate Revenue and Taxation Standing Committee recently reviewed legislation that would allow all businesses to use a single sales factor formula to apportion business income for purposes of corporate franchise and income taxes. Due to fiscal impact, the bill was scaled back to allow only businesses with certain NAICS¹ classifications to elect a single sales factor.

We respectfully request that the Legislative Management Committee ask the Utah Tax Review Commission to study and provide recommendations on allowing additional NAICS classifications to elect a single sales factor. As part of its study and recommendations, the commission should consider the extent to which allowing an electable single sales factor for a particular industry would remove barriers to economic development and investment in the state.

Thank you for your consideration. Please contact us with any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Deidre Henderson", written over a horizontal line.

Sen. Deidre M. Henderson, Chair
Senate Revenue and Taxation Standing Committee

¹ NAICS stands for North American Industry Classification System and is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. NAICS classifications are published by the Office of Management and Budget and the United States Census Bureau.