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April 20, 2016

Mr. Curtis Trader, Chair
Utah Tax Review Commission

Subject: Study Request

Members of the Tax Review Commission:

During the 2016 General Session, the Legislature passed H.B. 61, which addresses the apportionment of business income to the state for purposes of corporate franchise and income taxes. The original bill would have allowed all businesses to use a single sales factor formula to apportion income. Due to fiscal impact, the bill was scaled back to only allow businesses with certain NAICS¹ classifications to elect a single sales factor.

We respectfully request that the Utah Tax Review Commission 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.

Sincerely,

Speaker Gregory H. Hughes, Chair
Legislative Management Committee

President Wayne L. Niederhauser, Vice-Chair
Legislative Management 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.