

**MINUTES OF THE
TAX REVIEW COMMISSION**

Tuesday, November 23, 1999 - 12:00 p.m. -- Room 405 State Capitol

Members Present:

Mr. James B. Lee, Vice-chair
Rep. Judy Ann Buffmire
Rep. Greg J. Curtis
Mr. Robert M. Graham
Sen. Lyle W. Hillyard
Comm. Rich McKeown
Judge Jon Memmott
Ms. Dorothy P. Owen
Sen. Millie M. Peterson
Mr. Keith Prescott

Members Excused:

Mr. Gary Cornia, Chair
Mr. Mark Buchi
Ms. Anne Clark
Ms. Bonnie Miller

Staff Present:

Mr. Bill Asplund
Assistant Director
Ms. Rebecca L. Rockwell
Associate General Counsel
Ms. L. Kaye Clark
Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Call to Order and Approval of the November 8, 1999 Minutes

Sen. Hillyard called the meeting to order at 12:20 p.m. He welcomed members of the Tax Review Commission ("TRC") and the Revenue and Taxation Interim Committee.

MOTION: Sen. Peterson moved to approve the minutes of the November 8, 1999 meeting, subject to revisions to Doug Macdonald's presentation to the TRC if requested. The motion passed unanimously. Vice-chair Lee and Ms. Owen were absent for the vote.

2. Sales and Use Tax Simplification

Sen. Hillyard explained his draft legislation "Sales and Use Tax Modifications." Ms. Rockwell reviewed information from the handout "Draft Legislation 'Sales and Use Tax Modifications' Overview and Issues," including an overview: (1) of the legislation; (2) legal issues; and (3) drafting issues. She discussed the provisions in the legislation that clarify and modify sales and use tax collection duties for: (1) vendors with nexus; (2) individuals and businesses using, consuming, or storing property within the state if the vendor does not collect the tax; and (3) vendors that do not currently have sufficient nexus with the state to be required to collect sales or use taxes. Ms. Rockwell also reviewed certain legal issues relating to the legislation including: (1) equal protection/uniform operation of the laws; and (2) the commerce clause of the United States Constitution. The TRC discussed the proposed legislation.

Ms. Rockwell then reviewed draft legislation "Sales and Use Tax Amendments." The TRC discussed issues relating to the legislation including calculating a statewide rate, distribution, and drafting issues.

As requested during a previous meeting, Doug Macdonald, Utah State Tax Commission ("Tax Commission"), provided additional information on a single rate system in the handout "FY 1997-98 and 1998-99 Local Tax Distributed and Single Statewide Rate Calculation." He stated that taxpayers in some cities would pay less under the legislation "Sales and Use Tax Amendments," and the state would make up the difference.

MOTION: Sen. Peterson moved to support the draft legislation "Sales and Use Tax Modifications." The motion passed with Vice-chair Lee and Mr. Graham voting in opposition. Judge Memmott was absent for the vote.

Mr. Asplund reviewed a proposed policy statement from the TRC titled "Sales and Use Tax Policy Statement for Remote Sales." The TRC discussed the statement.

MOTION: Vice-chair Lee moved to adopt the policy statement.

SUBSTITUTE MOTION: Sen. Peterson moved to adopt the policy statement with the addition of the following language: "Whereas individuals infrequently pay use tax and so it would be fairer to have vendors collect the use tax;". The motion passed unanimously. Sen. Hillyard and Judge Memmott were absent for the vote.

3. Ad Hoc Task Force on Tax Burden Report to Tax Review Commission

The TRC received a revised version of the report "Ad Hoc Task Force on Tax Burden." Rep. Buffmire explained that during the November 8 meeting she requested this item be placed on the agenda so that the TRC could decide on a course of action.

Ms. Owen suggested that the TRC place this item on the agenda of the first TRC meeting in 2000. The TRC discussed options for addressing this item and agreed to meet in January without staff present.

4. Other Business

The TRC scheduled the next meeting for January 14, 2000, at 1:00 p.m.

5. Adjournment

MOTION: Mr. Graham moved to adjourn the meeting at 2:45 p.m. The motion passed unanimously.