

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**  
Wednesday, July 18, 2001 – 2:00 p.m. – Room 129 State Capitol

**Members Present:**

Rep. Wayne A. Harper, House Chair  
Sen. Ron Allen  
Sen. Lyle W. Hillyard  
Sen. Howard A. Stephenson  
Rep. Ralph Becker  
Rep. Afton Bradshaw  
Rep. Judy Ann Buffmire  
Rep. David Clark  
Rep. Bryan D. Holladay  
Rep. Carol Spackman Moss  
Rep. LaWanna Shurtliff  
Rep. Gordon E. Snow  
Rep. John E. Swallow

**Members Excused:**

Sen. Curtis S. Bramble, Senate Chair  
Rep. Kevin S. Garn

**Staff Present:**

Mr. Bryant R. Howe,  
Research Analyst  
Ms. Rebecca L. Rockwell,  
Associate General Counsel  
Ms. Sandra Wissa,  
Legislative 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. Committee Business**

Chair Harper called the meeting to order at 2:24 p.m.

**MOTION:** Sen. Hillyard moved to approve the minutes of the June 20, 2001 meeting. The motion passed unanimously. Rep. Becker, Rep. Bradshaw, and Rep. Swallow were absent for the vote.

**2. Revenue Update**

Mr. Douglas Macdonald, Chief Economist, Utah State Tax Commission (Tax Commission), distributed and reviewed the handout "TC-23 Monthly Revenue Summary." He stated that growth is not meeting the forecasted growth. Mr. Macdonald also distributed the handout "Percent Change in Income Tax Collections" and noted that the 3.9% increase in 2001 is the lowest increase since 1979. He stated that employment is continuing to slow, new car and truck sales are down, and nonresidential construction is also down, but residential construction and sales tax are both up.

**3. Study of Telecommunications Taxes and Fees by the Utah League of Cities and Towns Telecommunications Task Force (task force)**

Mr. Roger Tew, Utah League of Cities and Towns (League), explained that the League has had its task force in place for about five years. He stated that the task force was established to

discuss the telecommunications tax issues that affect cities. Mr. Tew indicated that the task force is in the early stages but is progressing.

Mr. Robin Riggs, Qwest, stated that Qwest is committed to finding solutions to telecommunications taxation issues by working through the process set by the League. He stated that Qwest does not have a proposal at this time but would like to bring a proposal to the committee at a future date.

Mr. Joe Hansen, AT&T Wireless, stated that when the cities implemented a \$1 business license monthly tax on wireless phones, he was under the impression that there was to be a study of: whether this tax is appropriate; and other tax simplification issues. He indicated that this committee should examine the \$1 business license tax in light of the minimal impact to cities by wireless companies.

Mr. John Cmelak, Director, Tax Policy, Verizon Wireless, distributed and reviewed the handout "Testimony Before the Utah Joint Revenue and Taxation Committee." He highlighted that Verizon Wireless is expanding within the state with a new customer service call center. Mr. Cmelak noted that Verizon Wireless would like the industry-specific taxes to be looked into, especially the \$1 monthly tax on wireless phones.

Mr. Wes Quinton, Utah Taxpayers Association, stated that the \$1 monthly tax on wireless phones was authorized as a study item for the Revenue and Taxation Interim Committee. He asked that the committee study this item.

Sen. Stephenson recommended discussing telecommunications taxes and fees at another meeting.

Sen. Allen recommended that an ad hoc subcommittee be established with members of the committee and industry representatives to come up with solutions to telecommunications taxation issues.

Chair Harper said he and Sen. Bramble will review the issues and make a decision on how the committee should best address these issues.

#### **4. State Implementation of the Federal Telecommunications Mobile Sourcing Act**

Commissioner Bruce Johnson, Tax Commission, distributed and reviewed the handout "State Implementation of the Federal Telecommunications Mobile Sourcing Act." He explained the need to draft legislation to update state statutes to comply with the federal law. Commissioner Johnson highlighted provisions of the federal law, including provisions that establish that taxes will be sourced to the primary use area. He explained that instead of looking at telecommunications

services as a collection of individual calls the federal law treats the services as a monthly service provided to a user in a particular area.

Mr. Cmelak stated that the wireless community is willing to work with the Tax Commission and the Legislature to pass legislation that will conform to the federal law.

**MOTION:** Rep. Shurtliff moved to request staff to draft legislation to bring state statutes into conformance with the Federal Telecommunications Mobile Sourcing Act. The motion passed unanimously with Sen. Allen, Rep. Becker, Rep. Bradshaw, and Rep. Swallow absent for the vote.

## **5. Individual Income Tax Checkoffs: Implementation of Section 59-10-551**

Ms. Rockwell distributed and explained the handouts "Individual Income Tax Checkoffs: Implementation of Utah Code Ann. §59-10-551" and "2000 TC-40 Utah Individual Income Tax Return." She explained that in 1997 Sen. Hillyard sponsored S.B. 10. S.B. 10 requires that beginning on January 1, 1998, for certain checkoffs listed on the state individual income tax return, if a checkoff generates less than \$30,000 per year for three consecutive years, the Tax Commission is required to remove the designation for that checkoff from the individual income tax return and may not collect any contributions for that checkoff beginning two taxable years after the three-year period.

Commissioner Johnson distributed and reviewed "Utah State Tax Commission Calendar Year Contributions for Income Tax Checkoffs Data for Income Tax System Reporting 17-Jul-01." He stated that preliminary Tax Commission data suggests that the state colleges and universities libraries checkoff did not generate \$30,000 per year for three consecutive years and will likely be dropped from the individual income tax form.

Sen. Hillyard explained that the checkoffs reduce a taxpayer's refund or increase a taxpayer's tax liability and are not funded by state funds. He also suggested that the committee look at tax credits and develop legislation to repeal credits that are no longer effective.

## **6. Taxation of High Level Nuclear Waste**

Mr. Bryant Howe stated the Legislative Management Committee assigned to this committee a study item regarding the feasibility of taxing high level nuclear waste. He indicated that state statute provides that high level nuclear waste means spent reactor fuel assemblies, dismantled nuclear reactor components, and solid and liquid waste from fuel reprocessing and defense-related waste.

Mr. Steve Erickson, Citizens Education Project, explained that Iowa has established a fee on nuclear waste traveling through Iowa. He stated that revenues generated by this fee were used for training emergency personnel. Mr. Erickson also stated that there would be more nuclear waste being transported through Utah in the future.

Sen. Hillyard indicated that the Governor has asked Mr. Dan Berman to be involved in the state's efforts to oppose the storage of high level nuclear waste and Mr. Berman should be asked to report to the committee at a future date.

**MOTION:** Rep. Buffmire moved to request staff to look at other states' fees for transporting nuclear waste and bring this information to a future meeting. The motion passed unanimously with Sen. Allen, Rep. Becker, and Rep. Swallow absent for the vote.

## **7. Other Business**

**MOTION:** Rep. Bradshaw moved to adjourn the meeting. The motion passed unanimously with Sen. Allen, Rep. Becker, and Rep. Swallow absent for the vote.

Chair Harper adjourned the meeting at 4:12 p.m.