

**MINUTES OF THE
SALES AND USE TAX SUBCOMMITTEE
TAX REFORM TASK FORCE**

Tuesday, May 24, 2005 – 3:00 p.m. – Room W130 House Building

Subcommittee Members Present:

Pres. John L. Valentine, Senate Chair
Rep. Wayne A. Harper, House Chair
Rep. Todd E. Kiser
Rep. Ralph Becker
Comm. Pam R. Hendrickson

Other Task Force Members Present:

Sen. Curtis S. Bramble
Sen. Howard A. Stephenson

Staff Present:

Mr. Bryant R. Howe, Assistant Director
Ms. Rebecca L. Rockwell, Associate General
Counsel
Ms. Phalin L. Flowers, Legislative Secretary

Note: A list of others present and a copy of related materials can be found at www.leg.utah.gov or by contacting the task force secretary, Phalin Flowers, at 538-1032. A recording of the meeting is available from the task force secretary.

1. Subcommittee Business

Chair Harper called the meeting to order at 3:12 p.m.

Pres. Valentine clarified that members of the Tax Reform Task Force who are present at a subcommittee meeting but are not assigned to that subcommittee are still voting members, and that a majority in the House and Senate is not needed to pass a motion.

2. Structure of Sales and Use Tax Subcommittee Study

Ms. Rockwell distributed and discussed "Exemptions to the Sales and Use Tax: Summary of Reviews Conducted by the TRC (Tax Review Commission) from 1993 through 2004, Legislative Action, and Revenue Effects." She explained that this document contains all the sales and use tax exemptions reviewed by TRC and the actions they have taken on these exemptions. She also distributed and discussed "Appendix D-1 - Sales & Use Tax Authorities Under Title 59 - Taxes that Adopt the State Sales and Use Tax Base and Exemptions," "Appendix D-2 - Sales & Use Tax Authorities Under Title 59 - Taxes That Do Not Adopt the State Sales and Use Tax Base and Exemptions," and "Appendix E - Overview of Selected Taxes" from the *Tax Primer*.

Ms. Rockwell distributed and discussed "Study Topic Worksheet."

The Sales and Use Tax Subcommittee (Subcommittee) discussed what priorities they thought would be the most important and made modifications to the Study Topic Worksheet.

Mr. Mike Jerman, Utah Taxpayers Association, requested that the Subcommittee study private sector competition against government run programs, such as golf courses and recreation centers.

MOTION: Comm. Hendrickson moved to approve the following eight study topics as priorities:

1. Overview of the sales and use tax system, including studying the state and local sales and use tax:
 - base, including whether to tax services;
 - rates; and
 - exemptions, including whether to exempt business inputs.
2. Study the treatment of boutique taxes, including whether to retain, modify, or repeal existing boutique taxes, and whether to shift boutique tax revenues to another revenue source such as property taxes.
3. Study issues relating to the Streamlined Sales and Use Tax Agreement (SST), including studying the enactment of provisions of SST that have been delayed, studying issues relating to the state becoming an associate member of SST, and studying whether to implement a single statewide sales and use tax rate.
4. Study funding social programs on utility bills including whether to retain, modify, or repeal this funding and whether to pay for these programs using a different revenue source.
5. Study the taxation of telecommunications, including the taxation of cable and satellite services.
6. Study earmarking of state and local sales and use taxes.
7. Study repealing the sales and use tax exemption for motor fuels and reducing the excise tax on motor fuels and special fuels.
8. Study establishing competitive sales and use tax rates.

The motion passed unanimously with Rep. Becker absent for the vote.

3. Sales and Use Tax Subcommittee Meeting Schedule

This item was not discussed.

4. Other Items / Adjourn

MOTION: Sen. Bramble moved to adjourn the meeting. The motion passed unanimously with Rep. Becker absent for the vote.

Chair Harper adjourned the meeting at 4:16 p.m.