

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

Wednesday, June 8, 2005 – 2:00 p.m. – Room W130 House Building

**Subcommittee Members Present:**

Rep. Wayne A. Harper, House Chair  
Rep. Todd E. Kiser  
Comm. Pam R. Hendrickson

**Members Absent:**

Pres. John L. Valentine, Senate Chair  
Rep. Ralph Becker

**Other Task Force Members Present:**

**Staff Present:**

Ms. Rebecca L. Rockwell, Associate General  
Counsel  
Mr. Courtlan Erickson, Law Clerk  
Ms. Phalin L. Flowers, Legislative Secretary

**Note:** A list of others present and a copy of related materials can be found at [www.le.utah.gov](http://www.le.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 2:05 p.m.

**2. Overview of State and Local Sales and Use Tax Base, Rates, and Exemptions**

Ms. Rockwell distributed and discussed "Sales Tax Issues for Sub-Committee Discussion, prepared by Rep. Wayne Harper," "Sales Tax Exemptions by Category," "Exemptions to the Sales and Use Tax: Summary of Review Conducted by the TRC from 1993 through 2004, Legislative Action, and Revenue Effects," and "Summary of Sales and Use Tax Exemption Classifications." She gave background information on the state and local sales and use tax base, rates, and exemptions.

Mr. Erickson distributed and discussed the table "Sales and Use Tax Authorities Under Title 59 - Taxes that Adopt the State Sales and Use Tax Base and Exemptions."

Mr. Mike Jerman, Utah Taxpayers Association, commented on "Sales and Use Tax Authorities Under Title 59 - Taxes that Adopt the State Sales and Use Tax Base and Exemptions," noting that amounts earmarked to fund certain programs are subtracted before calculating the revenue amount listed on the table under the state sales and use tax category. He commented that this results in an understatement of state sales and use tax revenues.

The Subcommittee discussed the state and local sales and use tax base, rates, and exemptions.

**3. Introduction to the Sales and Use Taxation of Services**

Ms. Rockwell distributed Utah Code Ann. Section 59-12-103 with portions of that section relating to the sales and use taxation of services highlighted, "Are You Being Served," "Summary of Federation of Tax Administrators Data Sales Taxation of Services 2004 Actual Survey Data for Utah," "General Categories of Services Taxed," "Taxed Services by Category," "Florida's Sales Tax on Services," "State Sales Taxes

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on Services: Massachusetts as a Case Study," and "The Nose-Job Tax." She gave background information on the sales and use taxation of services.

The Subcommittee discussed the sales and use taxation of services and reviewed topics for discussion at future Subcommittee meetings.

#### **4. Other Items / Adjourn**

Chair Harper adjourned the meeting at 3:00 p.m.