



Michael E. Christensen
Director

John L. Fellows
General Counsel

To: Utah Tax Review Commission
From: TRC Staff
Date: October 29, 2015
Re: Summary of Adopted Motions and Other Direction from the October 22, 2015, Meeting Regarding Earmarks to the Sales and Use Tax

We thought it would be useful for you to see a summary of the motions you adopted and the direction you gave to staff at your last meeting. These actions are also recorded in more detail in the minutes of the meeting.

1. The TRC opposes earmarks to the state sales and use tax.
2. In reviewing a proposed or existing earmark, decision makers should consider whether or not the government activity funded by the earmark is of such importance that revenue certainty and budget predictability outweigh all other considerations (Phil Dean suggested adding "such as budget transparency and accountability").
3. The TRC recommends amendment of legislative rules:
 - a. to require the House and Senate rules committees to assign to their respective Revenue and Taxation Standing Committees any bill:
 - i. proposing a new earmark; or
 - ii. modifying an existing earmark, including a repeal date for an existing earmark; and
 - b. to direct the Legislative Fiscal Analyst, when preparing revenue estimates for a new fiscal year, to not consider the revenue from an earmark that is scheduled to be repealed during that new fiscal year to be available as unrestricted revenue and as such available for appropriation by the Legislature.
4. Staff was asked to review options on how more than one standing committee could review or hold hearings on a bill creating a new earmark or modifying or repealing an existing earmark. Some TRC members expressed concern that while the Revenue and Taxation Standing Committees are the appropriate committees to consider whether or not an earmark is the appropriate way to fund a given program, those committees do not necessarily have the programmatic expertise to determine if the proposed or existing program is needed or if it is being administered appropriately.
5. At its next meeting, the TRC will review all existing earmarks to determine which, if any, should be repealed and when they should be repealed.