

# Examples of Legislation Authorizing a More Heavily Weighted Sales Factor Apportionment Formula

## Utah Legislature 2005 Through 2016 General Sessions

Year	Bill Number	Bill Highlights - Apportionment Formula	Fiscal Note On Bill <sup>1</sup>	Disposition of Bill
2005	H.B. 78	Allows a taxpayer a five-year non-revocable election to calculate the apportionment formula using a double-weighted sales factor. Took effect for taxable year 2006.	FY 2007: (\$7 million)	Enacted
2005	1st Sub S.B. 195	Contained the same apportionment formula provisions as H.B. 78. The bill also gradually lowered the state corporate income tax rate to zero.	FY 2007: (\$7 million)	Did not pass
2006	H.B. 53	Phased in over three taxable years, beginning with taxable year 2007, a single sales factor apportionment election, with limits on a taxpayer's ability to revoke the election.	FY 2007: (\$7.8 million) FY 2008: (\$16 million)	Did not pass
2008	S.B. 28	Phased in over three taxable years, beginning with taxable year 2009, a single sales factor apportionment election, with limits on a taxpayer's ability to revoke the election.	FY 2009: (\$5 million) FY 2010: (\$22 million)	Did not pass
2009	S.B. 59	Beginning with taxable year 2010, phased in a non-electable single sales factor apportionment formula.	FY 2010: (\$11 million) FY 2011: (\$12 million)	Did not pass
2010	S.B. 165	Enacted current apportionment structure. Hinges on whether taxpayer is "sales tax factor weighted taxpayer." A taxpayer is a sales factor weighted taxpayer unless more than 50% of the taxpayer's economic activities fall within NAICS codes under: <ul style="list-style-type: none"> <li>• Mining (Sector 21)</li> <li>• Natural gas distribution (Industry Group 2212)</li> <li>• Manufacturing (Sectors 31-33)</li> <li>• Transportation and warehousing (Sectors 48-49)</li> <li>• Information (Sector 51 except for Subsector 519)</li> <li>• Finance and insurance (Sector 52)</li> </ul>	FY 2011: \$4,000 FY 2012: \$5,000	Enacted
2016	H.B. 61	Authorized all taxpayers to choose between equally weighted three-factor apportionment, double weighted sales factor apportionment, and single sales factor apportionment.	Ongoing loss to Education Fund. FY 2017: (\$132 million)	Substituted
2016	1st Sub. H.B. 61	Created a category of "optional sales factor weighted taxpayers" that can choose between equal weight, double weight, and single sales. An optional sales factor weighted taxpayer is defined as a taxpayer having more than 50% of the taxpayer's total sales everywhere generated by economic activities classified as Computer and Electronic Product Manufacturing (NAICS Subsector 334).	FY 2017: (\$2,641,000) FY 2018: (\$2,773,000)	Enacted
2016	S. B. 15	Eliminated obsolete phase-in language from 2010 General Session S.B. 165.	\$0	Enacted

Prepared by the Office of Legislative Research and General Counsel August 2009, updated May 2016.

1. The fiscal note estimate may also include the revenue effects of provisions in the legislation other than changes to the apportionment formula.