

**MINUTES OF THE  
HOUSE REVENUE AND TAXATION  
STANDING COMMITTEE  
Room 129 - State Capitol Building**

**February 20, 2004**

MEMBERS PRESENT:      Rep. Wayne A. Harper, Chair  
                                 Rep. Stephen D. Clark, Vice Chair  
                                 Rep. Sheryl L. Allen  
                                 Rep. Eli H. Anderson  
                                 Rep. Judy Ann Buffmire  
                                 Rep. Scott Daniels  
                                 Rep. Craig Frank  
                                 Rep. Brad Last  
                                 Rep. Susan Lawrence  
                                 Rep. Carol Spackman Moss  
                                 Rep. Darin G. Peterson  
                                 Rep. Gordon E. Snow

MEMBERS ABSENT:      Rep. J. Morgan Philpot  
                                 Rep. Jack A. Seitz

STAFF:                      Bryant Howe, Policy Analyst  
                                 Michelle Teerlink, Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Vice Chair Clark called the meeting to order at 8:09 a.m.

**MOTION:** Rep. Buffmire moved to approve the minutes of February 16, 2004 and February 18, 2004. The motion passed unanimously with Reps. Allen, Anderson, and Harper absent for the vote.

**SB0139      Individual Income Tax - Nonresident Income Amendments (Sen. C. Bramble)**

Sen. Bramble introduced the bill and explained it to the committee.

**MOTION:** Rep. Frank moved to transmit the bill out favorably. The motion passed unanimously with Reps. Allen, Harper, and Anderson absent for the vote.

**HB0331      Choice in Health Care (Rep. K. Bryson)**

Rep. Bryson introduced the bill and explained it to the committee with the assistance of Dr. Windel Gibby. Clark Newhall, Utah Association Alliance spoke in favor of the bill. John T.

Nelson, Legal Affairs for IHC, Doug Black, Region Centers for IHC, and Greg Paulson, Vice President of IHC spoke in opposition.

Rep. Clark turned the chair over to Rep. Harper.

**MOTION:** Rep. Snow moved to proceed to the next item on the agenda. The motion passed unanimously.

**HB0352 Inheritance Tax Act Amendments (Rep. B. Goodfellow)**

**MOTION:** Rep. Anderson moved to approve the amendment as follows:

1. Page 1, Line 24:

24 ~~[[None]]~~ This bill has retrospective operation to January 1, 2004.

2. Page 3, Line 77:

77 estate tax imposed by Section 2001, Internal Revenue Code.

Section 3. Effective date.

This bill has retrospective operation to January 1, 2004.

The motion passed unanimously.

Rep. Goodfellow introduced the bill and explained it to the committee. Ron Casper, National Independent Business Association, Wes Quinton, Utah Farm Bureau, and Mike Jerman, Utah Taxpayers Association spoke in opposition. Richard Ellis, Governor's Office of Planning Budget spoke in favor of the bill.

**MOTION:** Rep. Peterson moved to move on to the next item on the agenda.

**SUBSTITUTE MOTION:** Rep. Daniels moved to pass the bill out favorably. The substitute motion failed with Reps. Buffmire, Daniels, and Moss voting in favor and Reps. Allen, Anderson, Frank, Last, Lawrence, Snow, Harper, and Clark voting in opposition. The original motion passed with Rep. Daniels voting in opposition.

Rep. Harper turned the chair over to Rep. Clark.

**HB0260 Tobacco Fund Allocation Amendments (Rep. J. Seitz)**

Rep. Harper introduced the bill and explained it to the committee. Dr. Scott Williams, Department of Health spoke in favor of the bill.

**MOTION:** Rep. Clark moved to pass the bill out favorably. The motion passed with Rep. Lawrence voting in opposition.

**HB0345 Earned Income Tax Credit (Rep. J. Biskupski)**

**MOTION:** Rep. Daniels moved to approve the amendment as follows:

1. Page 2, Line 28:

28 **59-10-136. Definitions -- State earned income tax credit.**

2. Page 2, Lines 29 through 34:

29 (1) As used in this section:

30 (a) "federal adjusted gross income" is as defined in Section 62, Internal Revenue Code;

31 ~~[[— and ]]~~

32 (b) "federal earned income tax credit" means the amount of the federal earned income

33 tax credit an individual is allowed for the taxable year in accordance with Section 32, Internal

34 Revenue Code ~~[[—]] ; and~~

**(c) notwithstanding Section 59-10-103, "nonresident individual" means an individual who:**

**(i) is not a resident of this state; and**

**(ii) has federal adjusted gross income derived from Utah sources as calculated under Section 59-10-117.**

3. Page 2, Lines 35 through 37:

35 (2) ~~[[—For—]]~~ **Subject to Subsection (4), for** taxable years beginning on or  
after January 1, 2005, a resident or nonresident

36 individual may claim as provided in this section a refundable earned income tax credit as  
37 follows:

4. Page 3, Lines 69 through 80:

69 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

= **(4) The tax credit for a nonresident individual is limited to an amount equal to the product of:**

**(a) the tax credit calculated under Subsection (2); and**

(b) a percentage calculated by dividing the nonresident individual's federal adjusted gross income derived from Utah sources for the taxable year, as calculated under Section 59-10-117, by the nonresident individual's total federal adjusted gross income for that same taxable year.

- 70        ~~[(4)]~~ (5) A resident or nonresident individual may not claim a tax credit  
under this section if
- 71 the resident or nonresident individual's federal adjusted gross income is greater than the  
72 greatest amount of federal adjusted gross income for which a tax credit is allowed under  
73 Subsection (2)(c).
- 74        ~~[(5)]~~ (6) A resident or nonresident individual may not carry forward or  
carry back the tax  
75 credit provided for under this section.
- 76        ~~[(6)]~~ (7) In accordance with Title 63, Chapter 46a, Utah Administrative  
Rulemaking Act, the  
77 commission may make rules providing procedures for issuing a refund to a resident or  
78 nonresident individual for the tax credit provided for under this section if the tax credit  
exceeds  
79 the resident or nonresident individual's tax liability under this chapter for the taxable year  
for  
80 which the resident or nonresident individual claims the tax credit.

The motion passed unanimously.

Rep. Biskupski introduced the bill and explained it to the committee.

**MOTION:** Rep. Buffmire moved to pass the bill out favorably. The motion passed unanimously.

**MOTION:** Rep. Allen moved to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 9:51 a.m. The last two items were not discussed in the meeting.

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Rep. Wayne A. Harper, Chair

House Revenue and Taxation Standing Committee  
January 24, 2004  
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