



House of Representatives *State of Utah*

W030 STATE CAPITOL COMPLEX • P.O. BOX 145030
SALT LAKE CITY, UTAH 84114-5030 • (801) 538-1029

February 8, 2006

Mr. Speaker:

The Revenue and Taxation Committee reports a favorable recommendation on **S.B. 139**, REPORTABLE TRANSACTIONS ACT, by Senator H. Stephenson, with the following amendments:

1. Page 3, Lines 64 through 80:

- 64 ~~{(6) "Noneconomic substance transaction" means a transaction or~~
~~arrangement:~~
65 ~~—(a) that lacks economic substance, as defined by state or federal law; or~~
66 ~~—(b) in which an entity is disregarded because the entity lacks a valid nontax state~~
67 ~~business purpose.}~~
68 ~~{(7)}~~ (6) "Reportable transaction" means a transaction or arrangement that:
69 (a) is carried out through or invested in by one or more entities that:
70 (i) are organized in this state;
71 (ii) do business in this state;
72 (iii) derive gross income from sources within this state;
73 (iv) are subject to income tax; or
74 (v) are otherwise subject to the jurisdiction of this state; and
75 (b) is:
76 ~~{(i) a noneconomic substance transaction;}~~
77 ~~{(ii)}~~ (A) a transaction or arrangement described in 26 C.F.R. Sec.
1.6011-4(b)(2) through
78 (7); or
79 ~~{(iii)}~~ (B) a reportable transaction as described by the commission by rule
made in
80 accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

Respectfully,

Wayne A. Harper
Committee Chair

Voting: 11-0-4

3 SB0139.HCI.WPD 2/8/06 10:02 am bhove/BRH RLR/BRH

Bill Number



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Action Class



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Action Code



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