

**MINUTES OF THE
SENATE REVENUE AND TAXATION STANDING COMMITTEE
JANUARY 25, 2006, 9:00 A.M.
ROOM W130, WEST OFFICE BUILDING, STATE CAPITOL COMPLEX**

Members Present: Sen. Curtis Bramble, Chair
 Sen. Gregory Bell
 Sen. Mike Dmitrich
 Sen. Brent Goodfellow
 Sen. Lyle Hillyard
 Sen. Darin G. Peterson
 Sen. Howard A. Stephenson
 Sen. John Valentine

Staff Present: Bryant Howe, Assistant Director, OLRGC
 Karen Allred, Committee Secretary

Public Speakers Present: Rod Marrelli, Executive Dir., Utah State Tax Commission
 Lynn Solarczyk, Utah State Tax Commission
 Steve Barth, Utah Private Clubs Association

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

Chair Bramble called the meeting to order at 9:13 a.m.

Approval of Minutes

MOTION: Sen. Goodfellow moved to approve the minutes of January 20, 2006.

The motion passed unanimously with Pres. Valentine absent for the vote.

1. S.B. 139 Reportable Transactions Act (H. Stephenson)

Sen. Stephenson explained the bill.

Rod Marrelli, Executive Dir., Utah State Tax Commission, and Lynn Solarczyk, Utah State Tax Commission clarified the bill and answered questions from the committee.

The following amendments were distributed:

1. *Page 4, Line 94 through Page 5, Line 139:*

94 (2) (a) A taxpayer described in Subsection (1) shall disclose a reportable transaction

to
95 the commission in a manner required by the commission by rule made in accordance with
Title
96 63, Chapter 46a, Utah Administrative Rulemaking Act.
97 (b) If a taxpayer described in Subsection (1) is required to file a disclosure statement
98 under 26 C.F.R. Sec. 1.6011-4, the taxpayer shall provide the commission a copy of that
99 disclosure statement in a manner required by the commission by rule made in accordance
with
100 Title 63, Chapter 46a, Utah Administrative Rulemaking Act.
101 {~~(3)~~ Except as provided in Subsection (4), a taxpayer shall disclose a
reportable
102 transaction to the commission in the manner required by the commission by rule in
accordance
103 with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.}
104 {~~(4)~~ ~~(3)~~ (a) For a listed transaction entered into on or after January 1, 2004,
but on or before
105 December 31, 2006, a disclosure statement required by this section shall be attached to:
106 (i) (A) the taxpayer's income tax return for the taxable year beginning on or after
107 January 1, 2007 but beginning on or before December 31, 2007; and
108 (B) any amended income tax return that the taxpayer files for the taxable year
109 beginning on or after January 1, 2007 but beginning on or before December 31, 2007; and
110 (ii) subject to Subsection ~~{(4)}~~ ~~(3)~~ (b):
111 (A) the taxpayer's income tax return for any taxable year after the taxable year
112 beginning on or after January 1, 2007 but beginning on or before December 31, 2007, for
113 which there is a reduction in income tax as a result of the listed transaction; and
114 (B) any amended income tax return for any taxable year after the taxable year
115 beginning on or after January 1, 2007 but beginning on or before December 31, 2007, for
116 which there is a reduction in income tax as a result of the listed transaction.
117 (b) For purposes of Subsection ~~{(4)}~~ ~~(3)~~ (a)(ii), a reduction in income tax as
a result of a
118 listed transaction includes a loss, credit, or deduction if the loss, credit, or deduction
results
119 from a listed transaction that is carried forward or carried back.
120 {~~(5)~~ ~~(4)~~ For a reportable transaction entered into on or after January 1,
2004, a disclosure

121 statement required by this section shall be attached to an amended income tax return filed
122 on or
123 after January 1, 2007, if the filing of the amended income tax return reflects a
124 determination by
125 the Internal Revenue Service of the federal income tax treatment of the reportable
126 transaction.
127 ~~{(6)}~~ (5) (a) For a reportable transaction entered into on or after January 1,
128 2007, a disclosure
129 statement required by this section shall be attached to:
130 (i) (A) the taxpayer's income tax return for the taxable year during which the
131 transaction was entered into; and
132 (B) any amended income tax return that the taxpayer files for the taxable year during
133 which the transaction was entered into; and
134 (ii) subject to Subsection ~~{(6)}~~ (5) (b):
135 (A) the taxpayer's income tax return for any taxable year after the taxable year during
136 which the transaction was entered into, for which there is a reduction in income tax as a
137 result
138 of the reportable transaction; and
139 (B) any amended income tax return for any taxable year after the taxable year during
140 which the transaction was entered into, for which there is a reduction in income tax as a
141 result
142 of the reportable transaction.
143 (b) For purposes of Subsection ~~{(6)}~~ (5) (a)(ii), a reduction in income tax as
144 a result of a
145 reportable transaction includes a loss, credit, or deduction if the loss, credit, or deduction
146 results from a reportable transaction that is carried forward or carried back.

MOTION: Sen. Stephenson moved to adopt the amendments.

The motion passed unanimously.

MOTION: Sen. Stephenson moved to transmit S.B. 139, as amended, with a favorable recommendation.

The motion passed unanimously.

2. S.B. 154 Sales and Use Tax Exemption for Certain Admissions to or Rights to Use the Premises of a Private Club (M. Dmitrich)

Sen. Dmitrich explained the bill.

Steve Barth, Utah Private Clubs Association, clarified and spoke in support of the bill.

MOTION: Sen. Dmitrich moved to transmit S.B. 154 with a favorable recommendation.

The motion passed unanimously with Sen. Hillyard and Pres. Valentine absent for the vote.

3. H.B. 51 Sales and Use Taxation of Amusement Devices and Cleaning or Washing of Tangible Personal Property (W. Harper)

Rep. Harper explained the bill.

MOTION: Sen. Dmitrich moved to transmit H.B. 51 with a favorable recommendation.

The motion passed unanimously with Sen. Hillyard and Pres. Valentine absent for the vote.

MOTION: Sen. Bell moved to adjourn.

The motion passed unanimously with Sen. Hillyard and Pres. Valentine absent for the vote at 9:35 a.m.

Sen. Curtis Bramble, Committee Chair