

**MINUTES OF THE
HOUSE REVENUE AND TAXATION
STANDING COMMITTEE
Room 445 - State Capitol, State Capitol Complex**

February 19, 2008

MEMBERS PRESENT: Rep. John Dougall, Chair
Rep. Craig A. Frank, Vice Chair
Rep. Roger Barrus
Rep. Tim M. Cosgrove
Rep. Wayne A. Harper
Rep. Gregory H. Hughes
Rep. Christine Johnson
Rep. Bradley G. Last
Rep. Roz McGee
Rep. Merlynn T. Newbold
Rep. Aaron Tilton
Rep. Carl Wimmer

MEMBERS ABSENT: Rep. Carol Spackman Moss
Rep. Gordon E. Snow

STAFF: Bryant Howe, Assistant Director
Rosemary Young, Secretary

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

Rep. Dougall called the meeting to order at 8:05 a.m.

MOTION: Rep. Johnson moved to approve the minutes of the February 14, 2008 meeting. The motion passed unanimously with Rep. Hughes and Rep. Newbold absent for the vote.

H.B. 183 Sales and Use Tax Amendments (*Rep. W. Harper*)

H.B. 183 was not heard at this meeting.

S.B. 136 Apportionment of Business Income Amendments (*Sen. W. Niederhauser*) (Rep. J. Dougall**)**

Sen. Niederhauser introduced S.B. 136 and explained it to the committee. Bruce Johnson, Utah Tax Commission, spoke to the bill.

MOTION: Rep. Harper moved to transmit S.B. 136 with a favorable recommendation. The motion passed unanimously with Rep. Hughes, Rep. Johnson, and Rep. last absent for the vote.

1st Sub. S.B. 29 Truth in Taxation Amendments (Sen. W. Niederhauser) (Rep. J. Dougall)

Sen. Niederhauser introduced S.B. 29 1st Substitute and explained it to the committee. Ron Mortensen, Citizens Coalition for Tax Fairness, spoke in favor of the bill.

MOTION: Rep. Wimmer moved to transmit 1st Sub. S.B. 29 with a favorable recommendation. The motion passed unanimously with Rep. Hughes absent for the vote.

S.B. 28 Apportionment of Business Income, Attributing Sales to the State, and Deduction of Net Losses by a Unitary Group (Sen. H. Stephenson) (Rep. W. Harper)

Sen. Stephenson introduced S.B. 28 and explained it to the committee. Jim Olsen, Utah Retail Merchants Association and Utah Food Industry Association, spoke against removing the taxpayer election option of the bill. Clint Ensign, The Sinclair Company, spoke in favor of the bill.

MOTION: Rep. Wimmer moved to transmit S.B. 28 with a favorable recommendation. The motion passed with Rep. Cosgrove and Rep. McGee voting in opposition and Rep. Hughes and Rep. Johnson absent for the vote.

1st Sub. S.B. 45 Inventory for Competitive Activities of Local Entities (Sen. H. Stephenson) (Rep. C. Frank)

MOTION: Rep. Frank moved to amend 1st Sub. S.B. 45 as follows:

1. *Page 2, Lines 30 through 40:*

- 30 (1) As used in this section:
31 (a) "Competitive activity" means an activity engaged in by a city or an entity created
 by
32 the city {~~;~~
33 ~~—(i) that is not a core governmental activity; and~~
34 ~~—(ii)—~~} by which the city or an entity created by the city provides a good or service
 that is
35 substantially similar to a good or service that is provided by a person:
36 {~~(A)~~ (i) who is not an entity of the federal government, state government,
 or a political
37 subdivision of the state; and
38 {~~(B)~~ (ii) within the boundary of the county in which the city is located.
39 (b) (i) Subject to Subsection (1)(b)(ii), "entity created by the city" includes:

40 (A) an entity created by an interlocal agreement under Title 11, Chapter 13, Interlocal

2. *Page 2, Lines 46 through 52:*

46 (2) The governing body of a city of the first or second class shall by no later than
47 June
48 30, 2009, create an inventory of activities of the city or an entity created by the city to :
49 (a) classify
50 whether an activity is {
51 —(a)—} a competitive activity; {or
52 —(b) an inherently governmental activity—} and
53 (b) identify efforts that have been made to privatize aspects of the activity .
54 (3) The governing body of a city of the first or second class shall update the
55 inventory
56 created under this section at least every two years.

3. *Page 3, Lines 59 through 68:*

59 (1) As used in this section:
60 (a) "Competitive activity" means an activity engaged in by a county or an entity
61 created
62 by the county {
63 —(i) that is not a core governmental activity; and
64 —(ii)—} by which the county or an entity created by the county provides a good or
65 service
66 that is substantially similar to a good or service that is provided by a person:
67 {(A)} (i) who is not an entity of the federal government, state government,
68 or a political
69 subdivision of the state; and
70 {(B)} (ii) within the boundary of the county.
71 (b) (i) Subject to Subsection (1)(b)(ii), "entity created by the county" includes:

4. *Page 3, Lines 75 through 81:*

75 (2) The governing body of a county of the first or second class shall by no later than
76 June 30, 2009, create an inventory of activities of the county or an entity created by the
77 county
78 to :

78 (a) classify whether an activity is ~~{~~
79 ~~(a)}~~ a competitive activity; ~~{~~
80 ~~(b) an inherently governmental activity}~~ and
81 (b) identify efforts that have been made to privatize aspects of the activity .
80 (3) The governing body of a county of the first or second class shall update the
81 inventory created under this section at least every two years.

The motion to amend passed unanimously with Rep. Hughes and Rep. Johnson absent for the vote.

Sen. Stephenson introduced amended 1st Sub. S.B. 45 and explained it to the committee. Lincoln Shurtz, Utah League of Cities and Towns, spoke in favor of the bill.

MOTION: Rep. Last moved to transmit 1st Sub. S.B. 45 as amended with a favorable recommendation. The motion passed unanimously with Rep. Hughes and Rep. Tilton absent for the vote.

H.B. 391 Public School Funding (Rep. W. Harper)

MOTION: Rep. Harper moved to adopt 1st Substitute H.B. 391. The motion passed unanimously with Rep. Tilton absent for the vote.

Rep. Harper introduced 1st Sub. H.B. 391 and explained it to the committee using handouts. The following individuals spoke in opposition to the bill:

Allison Rowland	Voices for Utah Children
Royce Van Tassell	Utah Taxpayers Association
Jim Olsen	Utah Retail Merchants Association
	Utah Food Industry Association
Steve Peterson	Utah School Boards Association

The following individuals spoke in favor of the bill:

Ron Mortensen	Citizens Coalition for Tax Fairness
Bert Hulet	Citizens for Tax Fairness
Robert Franson	Taxpayer from Davis County
Kris Poulson	Utah County Assessor

MOTION: Rep. Frank moved to transmit 1st Sub. H.B. 391 with a favorable recommendation. The motion passed with Rep. Cosgrove, Rep. Johnson, Rep. Last, and Rep. McGee voting in opposition and Rep. Newbold absent for the vote.

H.B. 333 Property Tax Revisions (*Rep. G. Froerer*)

MOTION: Rep. Frank moved to adopt 2nd Substitute H.B. 333 Senior Citizen's Homeowner's Credit. The motion passed unanimously with Rep. Hughes and Rep. Newbold absent for the vote.

Rep. Froerer, assisted by Angela Oakes, Associate General Counsel Office of Legislative Research and General Counsel, introduced 2nd Sub. H.B. 333 and explained it to the committee. Larry Richardson, Salt Lake County Treasurer, and Allison Rowland, Voices for Utah Children, spoke in favor of the bill.

MOTION: Rep. Harper moved to transmit 2nd Sub. H.B. 333 with a favorable recommendation. The motion passed unanimously with Rep. Newbold and Rep. Wimmer absent for the vote.

MOTION: Rep. Hughes moved to adjourn. The motion passed unanimously with Rep. Newbold and Rep. Wimmer absent for the vote.

Rep. Dougall adjourned the meeting at 9:58 a.m.

Rep. John Dougall, Chair