



REVISED AGENDA

REVENUE AND TAXATION INTERIM COMMITTEE

LEGISLATURE

Wednesday, June 14, 2023 | 1:15 p.m. | Room 445 State Capitol

1. Committee Business

- Call to Order
- Approval of the minutes of the May 17, 2023, meeting

2. Sales Tax Remote Sales Transaction Test – Draft Legislation

A seller without a physical presence in Utah is currently required to collect and remit sales tax if the seller has economic nexus in the state. This is defined as either having gross sales in the state totaling more than \$100,000, or by conducting at least 200 separate transactions in the state.

In the May meeting, the committee opened a bill file to remove the 200-transaction threshold for establishing economic nexus. This draft legislation removes the transaction threshold and makes total sales in the state more than \$100,000 in a given year the criteria for establishing economic nexus in Utah.

- Committee staff
- Public comment
- Committee discussion/action

3. Mineral Production Tax Withholding – Draft Legislation

Currently, a mineral producer is required to withhold an amount equal to 5% of the amount of payment of mineral production income. However, mineral production income is subject to the state's income tax at a rate of 4.65%.

In the May meeting, the committee opened a bill file to harmonize the withholding rate with the income tax rate of 4.65%. This draft legislation would change the withholding required in Section [59-6-102](#) to 4.65% and make modifications to the withholding reporting requirements.

- Committee staff
- Public comment
- Committee discussion/action

4. Short-Term Rental Duration Definitions

For the rental of a transient room to be subject to sales tax, Section [59-12-103\(1\)\(i\)](#) states that it must be rented for "less than 30 consecutive days." For the rental of a motor vehicle to be subject to a county option tourism sales tax, Section [59-12-602\(12\)](#) states that it must be rented for a period of "30 days or less." Additionally, Section [59-12-1201\(1\)](#) imposes a motor vehicle rental tax on all short-term leases and rentals of motor vehicles "not exceeding 30 days."

The committee will hear from representatives of the Utah State Tax Commission about this inconsistent treatment and potentially harmonizing these definitions.

- Utah State Tax Commission
- Committee discussion/action



5. Property Tax Exclusive Use Exemption

Property owned by a nonprofit entity that is used exclusively for religious, charitable, or educational purposes is exempt from property tax. It has been the Utah State Tax Commission’s practice to apply the exemption when structures or improvements on the property are under construction only if a building permit has been issued. The Commission has asked the committee to study this issue and determine the best policy for when in the building process the exemption should be applied.

- Utah State Tax Commission
- Committee discussion/action

6. Modifications to Provisions Related to the Tobacco Master Settlement Agreement

The Tobacco Master Settlement Agreement (MSA), the settlement between states and major tobacco companies signed in 1998, has many provisions that impact Utah Code and are implemented by state agencies. The Utah State Tax Commission (commission) has asked the committee to consider a modification to code to better align with the MSA.

Most states require Prevent All Cigarette Trafficking Act (PACT Act) information returns to be filed electronically. Most cigarette manufacturers already file electronically in Utah, but a small minority continue to file on paper because electronic filing is not required under Utah law. Processing paper filings costs the state money and resources. The commission has asked the committee to consider drafting legislation to require electronic filing of PACT Act reports.

- Utah State Tax Commission
- Committee discussion/action

7. Sunset Review: Provisions Related to the State Tax Commission

Utah Code Section [59-1-213.1](#) provides the Tax Commission with the authority to make nonsubstantive changes to commission publications without holding a public meeting on the change.

Utah Code Section [59-1-213.2](#) requires the Tax Commission to make an electronic report to the committee confidentially summarizing any non-public meetings the commission held in the preceding 12-month period under the authority granted by Section [59-1-405](#). These meetings are allowed in order for the commission to discuss with an employee of the commission the interpretation and application of a law administered by the commission.

Without legislative action, the provisions in Sections 59-1-213.1 & 59-1-213.2 will repeal on May 9, 2024.

- Committee staff
- Utah State Tax Commission
- Committee discussion/action



8. Sunset Review: Provisions Related to the State Tax Commission’s Consideration of Confidential Tax Matters

Utah Code Subsections [59-1-405\(1\)\(g\)](#) & [59-1-405\(2\)\(b\)](#) provide the Tax Commission with the authority to have a meeting that is not open to the public to discuss with an employee of the commission the interpretation and application of a law administered by the commission. These meetings must include the commission’s Executive Director or designee, may include other employees of the commission, and may not include guidance that constitutes an ex parte communication on a taxpayer specific matter. Without legislative action, the provisions in Subsections 59-1-405(1)(g) & 59-1-405(2)(b) will repeal on May 9, 2024.

- Committee staff
- Utah State Tax Commission
- Committee discussion/action

9. Income Tax Refunds

The State Tax Commission has requested the committee to study clarifying if a taxpayer can file a claim for a refund of a penalty or interest in certain circumstances.

- Utah State Tax Commission
- Committee discussion/action

10. Tax Commission Authority to Share Taxpayer Information with Division of Finance

The State Tax Commission has requested the committee study and make recommendations regarding the purposes for which the commission may share otherwise confidential taxpayer information with the Division of Finance.

- Utah State Tax Commission
- Committee discussion/action

11. Other Items/Adjourn