

STUDY ON SALES AND USE TAX COMPACT AND AGREEMENT

1999 GENERAL SESSION

STATE OF UTAH

Sponsor: John L. Valentine

AN ACT RELATING TO REVENUE AND TAXATION; PROVIDING LEGISLATIVE FINDINGS ON SALES AND USE TAX SIMPLIFICATION; AUTHORIZING THE UTAH STATE TAX COMMISSION TO ENTER INTO PRELIMINARY NEGOTIATIONS REGARDING A SALES AND USE TAX COMPACT; AUTHORIZING THE UTAH STATE TAX COMMISSION TO STUDY CERTAIN ISSUES RELATING TO SALES AND USE TAXATION; ESTABLISHING PROCEDURES AND REQUIREMENTS FOR THE UTAH STATE TAX COMMISSION STUDY; REQUIRING THE TAX REVIEW COMMISSION TO STUDY SALES AND USE TAX SIMPLIFICATION; ESTABLISHING PROCEDURES AND REQUIREMENTS FOR THE TAX REVIEW COMMISSION STUDY; AND ESTABLISHING REQUIREMENTS FOR LEGISLATION IF THE REVENUE AND TAXATION INTERIM COMMITTEE DETERMINES TO DRAFT LEGISLATION.

This act enacts uncodified material.

Be it enacted by the Legislature of the state of Utah:

Section 1. Legislative findings -- Sales and use tax compact negotiations -- Utah State Tax Commission study authorization -- Tax Review Commission study -- Legislation authorizing a compact.

(1) The Legislature finds that it is advisable to:

(a) study sales and use tax simplification; and

(b) develop policies, procedures, and requirements to reduce the burdens of administering and complying with sales and use tax laws.

(2) The Utah State Tax Commission may enter into preliminary negotiations regarding a compact:

(a) with one or more states; and

(b) that has one or more of the following objectives:

(i) developing uniformity in the sales and use tax systems of the states;

- (ii) simplifying the sales and use tax systems of the states;
 - (iii) creating a sales and use tax system that allows taxpayers engaging in interstate sales and use transactions to comply more efficiently with the sales and use tax laws of each state;
 - (iv) reducing sales and use tax administration costs for taxpayers;
 - (v) enhancing the efficiency of state tax administration while maintaining sales and use tax revenues; or
 - (vi) developing a model for sales and use tax simplification.
- (3) (a) The Utah State Tax Commission may study one or more of the following issues:
- (i) developing uniformity between this state and one or more other states for purposes of:
 - (A) sales and use tax license forms;
 - (B) sales and use tax return filing requirements;
 - (C) sales and use tax payment requirements, including payments by electronic funds transfer;
 - (D) procedures for issuing sales and use tax refunds;
 - (E) sales and use tax exemption certificate documentation requirements;
 - (F) sales and use tax definitions; and
 - (G) audit procedures;
 - (ii) developing an electronic sales and use tax filing system;
 - (iii) developing a geographic information system to verify the sales and use tax rates imposed by different jurisdictions;
 - (iv) using uniform product codes to identify taxable or exempt sales and use transactions;
 - (v) whether to develop one sales and use tax rate that applies to all taxable sales and use transactions in the state; or
 - (vi) any other issue related to sales and use tax simplification.
- (b) If the Utah State Tax Commission studies an issue under Subsection (3)(a), the Utah State Tax Commission shall present:
- (i) an initial report on the issue to the Revenue and Taxation Interim Committee beginning on or before the May 1999 interim meeting; and
 - (ii) additional reports to the Revenue and Taxation Interim Committee as the Revenue and

Taxation Interim Committee requests.

(4) The Tax Review Commission shall:

(a) study sales and use tax simplification during the 1999 interim; and

(b) make reports to the Revenue and Taxation Interim Committee as the Revenue and

Taxation Interim Committee requests.

(5) If the Revenue and Taxation Interim Committee drafts legislation during the 1999 interim that authorizes the Utah State Tax Commission to enter into a compact with one or more states, the legislation shall include:

(a) procedures and criteria for entering into, amending, and terminating the compact; and

(b) a requirement that the Utah State Tax Commission makes reports to the Legislature.