

1 **STUDY ON SALES AND USE TAX COMPACT**
2 **AND AGREEMENT**

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: John L. Valentine**

6 AN ACT RELATING TO REVENUE AND TAXATION; REQUIRING THE REVENUE AND
7 TAXATION INTERIM COMMITTEE TO STUDY WHETHER TO DRAFT LEGISLATION
8 ALLOWING THE UTAH STATE TAX COMMISSION TO ENTER INTO A SALES AND USE
9 TAX COMPACT OR AGREEMENT; AND ESTABLISHING PROCEDURES AND
10 REQUIREMENTS FOR THE STUDY.

11 This act enacts uncodified material.

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

13 Section 1. **Revenue and Taxation Interim Committee study on sales and use tax**
14 **compact and agreement.**

15 (1) The Revenue and Taxation Interim Committee shall, on or before the November 1999
16 interim meeting, address the issue of whether to prepare legislation authorizing the Utah State Tax
17 Commission to enter into:

18 (a) a compact:

19 (i) with one or more states;

20 (ii) that has one or more of the following objectives as determined by the Revenue and
21 Taxation Interim Committee:

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

23 (B) simplifying the sales and use tax systems of the states;

24 (C) creating a sales and use tax system that allows taxpayers engaging in interstate sales
25 and use transactions to comply more efficiently with the sales and use tax laws of each state;

26 (D) reducing sales and use tax administration costs for taxpayers;

27 (E) enhancing the efficiency of state tax administration while maintaining sales and use

28 tax revenues; or

29 (F) developing a model for sales and use tax simplification; and

30 (b) if the Revenue and Taxation Interim Committee determines to prepare legislation

31 authorizing the Utah State Tax Commission to enter into a compact under Subsection (1)(a), an

32 agreement with one or more taxpayers to participate in a pilot project to evaluate certain uniform

33 sales and use tax provisions that are provided for in the compact.

34 (2) (a) The Revenue and Taxation Interim Committee shall request the Utah State Tax
35 Commission to study one or more of the following issues:

36 (i) developing uniformity between this state and one or more other states as determined
37 by the Revenue and Taxation Interim Committee for purposes of:

38 (A) sales and use tax license forms;

39 (B) sales and use tax return filing requirements;

40 (C) sales and use tax payment requirements, including payments by electronic funds
41 transfer;

42 (D) procedures for issuing sales and use tax refunds;

43 (E) sales and use tax exemption certificate documentation requirements;

44 (F) sales and use tax definitions; and

45 (G) audit procedures;

46 (ii) developing an electronic sales and use tax filing system;

47 (iii) developing a geographic information system to verify the sales and use tax rates
48 imposed by different jurisdictions;

49 (iv) using uniform product codes to identify taxable or exempt sales and use transactions;

50 (v) whether to develop one sales and use tax rate that applies to all taxable sales and use
51 transactions in the state; and

52 (vi) any other issue the Revenue and Taxation Interim Committee determines to be
53 necessary.

54 (b) The Utah State Tax Commission shall present:

55 (i) an initial report on the issues the Revenue and Taxation Interim Committee requests
56 it to study under Subsection (2)(a) beginning on or before the May 1999 interim meeting; and

57 (ii) a final report on the issues the Revenue and Taxation Interim Committee requests it
58 to study under Subsection (2)(a) beginning on or before the August 1999 interim meeting.

59 (3) The Revenue and Taxation Interim Committee may request the Tax Review
60 Commission to assist in the study under this section.

61 (4) If the Revenue and Taxation Interim Committee determines to draft legislation under
62 Subsection (1), the legislation shall include:

63 (a) procedures and criteria for entering into, amending, and terminating:

64 (i) a compact provided for in Subsection (1)(a); and

65 (ii) if the legislation provides for the Utah State Tax Commission to enter into an
66 agreement with a taxpayer, an agreement provided for in Subsection (1)(b); and

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

Legislative Review Note

as of 2-23-99 10:30 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel