

Senator John L. Valentine proposes to substitute the following bill:

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

2 1999 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: John L. Valentine**

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

16 This act enacts uncodified material.

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

18 Section 1. **Sales and use tax compact -- Utah State Tax Commission study**
19 **authorization -- Tax Review Commission study -- Legislation authorizing a compact.**

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

21 (a) study sales and use tax simplification; and

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

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

- 26 (a) with one or more states; and
- 27 (b) that has one or more of the following objectives:
- 28 (i) developing uniformity in the sales and use tax systems of the states;
- 29 (ii) simplifying the sales and use tax systems of the states;
- 30 (iii) creating a sales and use tax system that allows taxpayers engaging in interstate sales
- 31 and use transactions to comply more efficiently with the sales and use tax laws of each state;
- 32 (iv) reducing sales and use tax administration costs for taxpayers;
- 33 (v) enhancing the efficiency of state tax administration while maintaining sales and use
- 34 tax revenues; or
- 35 (vi) developing a model for sales and use tax simplification.
- 36 (3) (a) The Utah State Tax Commission may study one or more of the following issues:
- 37 (i) developing uniformity between this state and one or more other states 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; or
- 52 (vi) any other issue related to sales and use tax simplification.
- 53 (b) If the Utah State Tax Commission studies an issue under Subsection (3)(a), the Utah
- 54 State Tax Commission shall present:
- 55 (i) an initial report on the issue to the Revenue and Taxation Interim Committee beginning
- 56 on or before the May 1999 interim meeting; and

57 (ii) additional reports to the Revenue and Taxation Interim Committee as the Revenue and
58 Taxation Interim Committee requests.

59 (4) The Tax Review Commission shall:

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

61 (b) make reports to the Revenue and Taxation Interim Committee as the Revenue and
62 Taxation Interim Committee requests.

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

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

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