

**JOINT RESOLUTION URGING A STUDY
OF CERTAIN EXEMPTIONS**

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Michael G. Waddoups

This joint resolution of the Legislature urges the Tax Review Commission to conduct a two-year study of certain tax exemptions, suggests the scope of the study, and requests the Commission to make annual reports to the Revenue and Taxation Interim Committee.

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

WHEREAS, by the year 2007 public education enrollment is expected to increase by more than 50,000 students;

WHEREAS, by the year 2007 higher education enrollment is expected to increase by more than 20,000 students;

WHEREAS, education funding needs should be examined and a variety of options for addressing these funding needs should be considered; and

WHEREAS, the Utah Tax Review Commission is well situated and qualified to examine issues relating to tax exemptions and their impact on education funding:

NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah urge the Utah Tax Review Commission to conduct a study during the 2002 and 2003 interims as follows:

(1) (a) Study tax exemptions that an electrical power system owned by a city or town, a community or other recreation facility owned by the state or a county, city, or town, or a hospital or nursing home owned by a nonprofit entity may be allowed under the Utah Constitution or statute, including:

- (i) sales and use tax exemptions;
- (ii) property tax exemptions;
- (iii) individual income tax exemptions; and
- (iv) corporate franchise and income tax exemptions.

(b) Study other tax exemptions for the entities described in Subsection (1)(a) as the Utah Tax Review Commission considers appropriate.

(c) Study one or more tax exemptions described in Subsection (1)(a) allowed to a company, a center, or an entity other than an entity described in Subsection (1)(a) that:

(i) provides services that are similar to the services provided by an entity that is subject to taxation; or

(ii) competes for business with an entity that is subject to taxation.

(2) (a) Review the cost of the exemptions that the Utah Tax Review Commission studies.

(b) Review the purpose and effectiveness of the exemptions that the Utah Tax Review Commission studies.

(c) Determine whether the exemptions that the Utah Tax Review Commission studies benefit the state.

(d) Determine whether the exemptions that the Utah Tax Review Commission studies result in an unfair competitive advantage to an entity described in Subsection (1)(a) as compared to an entity subject to taxation that:

(i) provides services that are similar to the services provided by the entity described in Subsection (1)(a); or

(ii) competes for business with the entity described in Subsection (1)(a).

(e) Review the taxes imposed on entities subject to taxation that provide services that are similar to the services provided by an entity described in Subsection (1)(a) or compete for business with an entity described in Subsection (1)(a), including:

(i) sales and use taxes;

(ii) property taxes;

(iii) individual income taxes; and

(iv) corporate franchise and income taxes.

(f) Determine whether an entity described in Subsection (1)(a) should contribute to funding public education, higher education, or both.

(g) Determine whether any of the exemptions allowed to an entity described in Subsection (1)(a) that the Utah Tax Review Commission studies should be:

(i) continued;

(ii) modified; or

(iii) repealed.

(h) If the Utah Tax Review Commission determines that an exemption allowed to an entity described in Subsection (1)(a) should be repealed, determine whether there should be imposed on the entity:

(i) a tax;

(ii) a fee; or

(iii) a combination of a tax and a fee.

BE IT FURTHER RESOLVED that the Legislature urge the Utah Tax Review Commission, in conducting the study, to request and consider testimony from:

(1) (a) one or more cities or towns that own an electrical power system; or

(b) the state or one or more counties, cities, or towns that own a community or other recreation facility;

(2) one or more directors or officers of a:

(a) hospital owned by a nonprofit entity; or

(b) nursing home owned by a nonprofit entity; and

(3) one or more owners, managers, or operators of an entity subject to taxation that competes for business with an entity described in Subsection (1)(a) of the preceding paragraph that is allowed an exemption described in that subsection.

BE IT FURTHER RESOLVED that the Legislature urge the Utah Tax Review Commission to report to the Revenue and Taxation Interim Committee:

(1) on or before the November 2002 interim meeting regarding the Utah Tax Review Commission's progress on its study; and

(2) on or before the November 2003 interim meeting regarding:

(a) the Utah Tax Review Commission's findings and recommendations on its study; and

(b) the basis for determining whether the exemptions that the Utah Tax Review Commission studies should be:

(i) continued;

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(ii) modified; or

(iii) repealed.

BE IT FURTHER RESOLVED that a copy of this joint resolution be delivered to the chair of the Utah Tax Review Commission.