

**INDIVIDUAL INCOME TAX AND CORPORATE  
FRANCHISE AND INCOME TAX TASK FORCE**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Wayne A. Harper**

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**LONG TITLE**

**General Description:**

This bill creates the Individual Income Tax and Corporate Franchise and Income Tax Task Force.

**Highlighted Provisions:**

This bill:

- ▶ provides for the appointment of members and cochairs of the task force;
- ▶ provides procedures and requirements for the operation of the task force;
- ▶ provides for the payment of salaries and expenses of members of the task force who are legislators;
- ▶ provides for the payment of per diem and expenses for members of the task force who are not legislators;
- ▶ provides that the Office of Legislative Research and General Counsel shall provide staff support to the task force;
- ▶ prescribes the number of times the task force may meet;
- ▶ prescribes the issues that the task force shall study;
- ▶ authorizes issues that the task force may study; **h** [and]
- ▶ **REQUIRES THE TASK FORCE TO RECEIVE A REPORT FROM THE GOVERNOR'S TAX ADVISORS DURING THE 2004 INTERIM AND CONSIDER THE FINDINGS AND RECOMMENDATIONS OF THE GOVERNOR'S TAX ADVISORS IN MAKING THE TASK FORCE'S RECOMMENDATIONS; AND h**
- ▶ requires the task force to present a final report to the Revenue and Taxation Interim Committee.

**Monies Appropriated in this Bill:**

This bill appropriates:



28           ▶ ~~§ [-\$39,500]~~ § \$14,500 § from the General Fund for fiscal year 2003-04 only, to fund the  
28a task force.

29 **Other Special Clauses:**

30           This bill is repealed on November 30, 2004.

31 **Uncodified Material Affected:**

32 ENACTS UNCODIFIED MATERIAL

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

35           Section 1. **Individual Income Tax and Corporate Franchise and Income Tax Task**  
36 **Force -- Creation -- Membership -- Quorum -- Compensation -- Staff.**

37           (1) There is created the Individual Income Tax and Corporate Franchise and Income  
38 Tax Task Force consisting of the following members:

39           (a) five members of the Senate appointed by the president of the Senate, no more than  
40 three of whom may be from the same political party;

41           (b) seven members of the House of Representatives appointed by the speaker of the  
42 House of Representatives, no more than four of whom may be from the same political party;  
43 and

44           (c) the following members appointed by the president of the Senate and the speaker of  
45 the House of Representatives:

46           (i) two members who are tax practitioners;

47           (ii) one member representing the State Tax Commission;

48           (iii) one member of the public who has an interest or expertise in taxation; and

49           (iv) at the discretion of the president of the Senate and the speaker of the House of  
50 Representatives:

51           (A) the state superintendent of public instruction appointed in accordance with Section  
52 53A-1-301; or

53           (B) one person appointed by the president of the Senate and the speaker of the House  
54 of Representatives from a list of persons submitted by the state superintendent of public  
55 instruction.

56           (2) (a) The president of the Senate shall designate a member of the Senate appointed  
57 under Subsection (1)(a) as a cochair of the task force.

58           (b) The speaker of the House of Representatives shall designate a member of the House

59 of Representatives appointed under Subsection (1)(b) as a cochair of the task force.

60 (3) (a) A majority of the members of the task force constitute a quorum.

61 (b) The action of a majority of a quorum constitutes the action of the task force.

62 (4) (a) Salaries and expenses of the members of the task force who are legislators shall  
63 be paid in accordance with Section 36-2-2 and Legislative Joint Rule 15.03.

64 (b) A member of the task force who is not a legislator may not receive compensation  
65 for the member's work associated with the task force, but may receive per diem and  
66 reimbursement for travel expenses incurred as a member of the task force at the rates  
67 established by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

68 (5) The Office of Legislative Research and General Counsel shall provide staff support  
69 to the task force.

70 Section 2. **Duties -- Meetings -- Interim report.**

71 (1) The task force shall study Utah's individual income tax, corporate franchise tax, and  
72 corporate income tax, including the following components of these taxes:

73 (a) additions to income;

74 (b) subtractions from income;

75 (c) exemptions;

76 (d) tax credits;

77 (e) tax rates; and

78 (f) individual income tax brackets.

79 (2) The task force may study any other issue relating to the taxes listed in Subsection  
80 (1) as determined by the task force.

81 (3) ~~H~~ [The] **SUBJECT TO SUBSECTION (4), THE h** task force shall make recommendations  
82 on the following issues:

83 (a) whether any of the taxes listed in Subsection (1) should be replaced with a:

84 (i) flat tax; or

85 (ii) consumption tax;

86 (b) whether the individual income tax brackets should be indexed for inflation;

87 (c) for purposes of any of the taxes listed in Subsection (1), whether any tax should be  
88 modified to eliminate the automatic connection between that tax and federal tax law;

89 (d) whether a state earned income tax credit should be enacted under Title 59, Chapter  
10, Individual Income Tax Act; and

90 (e) any other issue the task force determines to study in accordance with Subsection  
91 (2).

91a **H (4) THE TASK FORCE SHALL:**

91b **(a) RECEIVE A REPORT FROM THE GOVERNOR'S TAX ADVISORS DURING THE 2004**  
91c **INTERIM; AND**

91d **(b) CONSIDER THE FINDINGS AND RECOMMENDATIONS OF THE GOVERNOR'S TAX**  
91e **ADVISORS IN MAKING THE TASK FORCE'S RECOMMENDATIONS AS REQUIRED BY SUBSECTION**

91f **(3). h**

92 **H [(4)] (5) h** The task force may meet up to eight times during the 2004 interim.

93 **H [(5)] (6) h** A final report, including any proposed legislation shall be presented to the  
93a Revenue

94 and Taxation Interim Committee before November 30, 2004.

95 Section 3. **Appropriation.**

96 There is appropriated from the General Fund for fiscal year 2003-04 only:

97 (1) \$6,000 to the Senate to pay for the compensation and expenses of senators on the  
98 task force;

99 (2) \$8,500 to the House of Representatives to pay for the compensation and expenses  
100 of representatives on the task force; and

101 **§ [(3) \$25,000 to the Office of Legislative Research and General Counsel to pay for**  
102 **staffing the task force.] §**

103 Section 4. **Repeal date.**

104 This bill is repealed on November 30, 2004.

**Legislative Review Note**  
**as of 1-28-04 9:01 AM**

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

**Office of Legislative Research and General Counsel**

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**Fiscal Note**

Individual Income Tax and Corporate Franchise and Income Tax Task Force 04-Feb-04

**Bill Number: HB0168**2:26 PM

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**State Impact**

This bill appropriates \$39,500 from the General Fund in FY 2004. The funds will be distributed \$6,000 to the Senate, \$8,500 to the House of Representatives, and \$25,000 to the Office of Legislative Research and General Counsel.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$39,500	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$39,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Individual and Business Impact**

No fiscal impact.

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**Office of the Legislative Fiscal Analyst**