

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

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Wayne A. Harper

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;
- ▶ 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
- ▶ requires the task force to present a final report to the Revenue and Taxation Interim Committee.

Monies Appropriated in this Bill:

This bill appropriates:

- ▶ \$14,500 from the General Fund for fiscal year 2003-04 only, to fund the task force.

Other Special Clauses:

This bill is repealed on November 30, 2004.

Uncodified Material Affected:

ENACTS UNCODIFIED MATERIAL

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

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

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

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

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

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

(i) two members who are tax practitioners;

(ii) one member representing the State Tax Commission;

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

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

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

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

(2) (a) The president of the Senate shall designate a member of the Senate appointed

under Subsection (1)(a) as a cochair of the task force.

(b) The speaker of the House of Representatives shall designate a member of the House of Representatives appointed under Subsection (1)(b) as a cochair of the task force.

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

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

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

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

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

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

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

(a) additions to income;

(b) subtractions from income;

(c) exemptions;

(d) tax credits;

(e) tax rates; and

(f) individual income tax brackets.

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

(3) Subject to Subsection (4), the task force shall make recommendations on the following issues:

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

(i) flat tax; or

- (ii) consumption tax;
- (b) whether the individual income tax brackets should be indexed for inflation;
- (c) for purposes of any of the taxes listed in Subsection (1), whether any tax should be modified to eliminate the automatic connection between that tax and federal tax law;
- (d) whether a state earned income tax credit should be enacted under Title 59, Chapter 10, Individual Income Tax Act; and
- (e) any other issue the task force determines to study in accordance with Subsection (2).
- (4) The task force shall:
 - (a) receive a report from the governor's tax advisors during the 2004 interim; and
 - (b) consider the findings and recommendations of the governor's tax advisors in making the task force's recommendations as required by Subsection (3).
- (5) The task force may meet up to eight times during the 2004 interim.
- (6) A final report, including any proposed legislation, shall be presented to the Revenue and Taxation Interim Committee before November 30, 2004.

Section 3. Appropriation.

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

- (1) \$6,000 to the Senate to pay for the compensation and expenses of senators on the task force; and
- (2) \$8,500 to the House of Representatives to pay for the compensation and expenses of representatives on the task force.

Section 4. Repeal date.

This bill is repealed on November 30, 2004.