

REPORTING OF TAX EXPENDITURES

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Scott D. McCoy

House Sponsor: _____

LONG TITLE

General Description:

This bill directs the State Tax Commission to annually report to the Revenue and Taxation Interim Committee regarding certain tax credits and deductions.

Highlighted Provisions:

This bill:

- ▶ specifies the information to be contained in a tax expenditure report; and
- ▶ provides that the State Tax Commission may not report information that violates confidentiality laws.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

59-1-214, Utah Code Annotated 1953

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

Section 1. Section **59-1-214** is enacted to read:

59-1-214. Tax expenditure report.

(1) As used in this section:



(a) "Tax expenditure" means any provision of state law that exempts or has the effect of exempting, in whole or in part, certain persons, entities, income, industries, goods, services, transactions, or property from the impact of established taxes.

(b) "Tax expenditure" includes each deduction, tax exclusion, tax subtraction, tax exemption, tax deferral, preferential tax rate, preferential tax apportionment, and tax credit, including those that arise from the conformity of Utah law to federal law.

(c) "Tax expenditure report" means the report described in Subsection (3).

(2) Except as provided in Subsection (4), and no later than November 30 of each year, the commission shall provide to the Revenue and Taxation Interim Committee, for the preceding fiscal year, a tax expenditure report.

(3) The tax expenditure report shall:

(a) list each tax expenditure;

(b) identify the statutory authority for each tax expenditure;

(c) describe the purpose of each tax expenditure;

(d) estimate the amount of revenue loss caused by each tax expenditure for the coming fiscal year;

(e) list either the actual amount of revenue loss in the last fiscal year for each tax expenditure or an estimate of the revenue loss if the actual amount cannot be determined;

(f) categorize each tax expenditure according to the programs or functions that the tax expenditure supports; and

(g) describe the class or category of persons and entities that are benefitted by the tax expenditure.

(4) The commission may not include information in a tax expenditure report under this section if including the information would violate Section 59-1-403.

Legislative Review Note

as of 2-3-06 11:04 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0208

Reporting of Tax Expenditures*09-Feb-06**10:26 AM*

State Impact

The Tax Commission would require an appropriation of \$389,900 from the General Fund and \$389,900 from the Uniform School Fund to implement the provisions of the bill in FY 2007. The appropriation would reduce to \$301,900 from the General Fund and \$301,900 from the Uniform School Fund in FY 2008.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$389,900	\$301,900	\$0	\$0
Uniform School Fund	\$389,900	\$301,900	\$0	\$0
TOTAL	<u>\$779,800</u>	<u>\$603,800</u>	<u>\$0</u>	<u>\$0</u>

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst