

Senator Scott D. McCoy proposes the following substitute bill:

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:

(i) each tax credit described in Title 59, Chapter 10, the "Individual Income Tax Act;"

(ii) each subtraction from federal taxable income described in Subsection 59-10-114

(2);

(iii) each exemption from the sales and use tax described in Section 59-12-104;

(iv) each tax credit described in Title 59, Chapter 7;

(v) the contingent tax credit described in Title 63, Chapter 38f, Part 12, the "Utah
Venture Capital Enhancement Act;"

(vi) each tax credit described in Sections 63-38f-413 and 63-38f-502;

(vii) the exemption described in Section 59-2-103;

(viii) the adjustment described in Subsection 59-2-913(3)(b)(i)(B);

(ix) the exemption described in Section 59-2-1104; and

(x) the tax relief described in Title 59, Chapter 2, Part 12, "Property Tax Relief."

(b) "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) categorize each tax expenditure into one of the following categories:

(i) economic efficiency;

(ii) societal objectives;

(iii) economic development; or

(iv) another category determined by the commission;

(d) identify the types of persons and entities benefitted by each tax expenditure;

(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; and

(f) list the number of taxpayers who claimed the tax expenditure.

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

Fiscal Note**Bill Number SB0208S02****Reporting of Tax Expenditures***13-Feb-06**11:19 AM*

State Impact

No fiscal impact.

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst