

**MINUTES OF THE
HOUSE REVENUE AND TAXATION
STANDING COMMITTEE
Room W135 - West Office Building, State Capitol Complex
January 24, 2006**

MEMBERS PRESENT: Rep. Wayne A. Harper, Chair
 Rep. Glen A. Donnelson, Vice Chair
 Rep. Sheryl L. Allen
 Rep. Tim M. Cosgrove
 Rep. Craig A. Frank
 Rep. Fred R. Hunsaker
 Rep. Bradley G. Last
 Rep. Rebecca Lockhart
 Rep. Roz McGee
 Rep. Carol Spackman Moss
 Rep. Joseph G. Murray
 Rep. Merlynn T. Newbold
 Rep. Patrick L. Painter
 Rep. Ross I. Romero
 Rep. Gordon E. Snow

STAFF: Bryant Howe, Assistant Director
 Rosemary Young, Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Chair Harper called the meeting to order at 2:13 p.m.

MOTION: Rep. Last moved to approve the minutes of the January 20, 2006 meeting. The motion passed unanimously with Rep. Allen, Rep. Frank, Rep. Lockhart, Rep. McGee, and Rep. Donnelson absent for the vote.

H.B. 265 Due Date for Filing Electronically Filed Withholding Returns (*Rep. M. Newbold*)

Rep. Newbold introduced the bill and explained it to the committee assisted by Commissioner Bruce Johnson, Utah State Tax Commission.

MOTION: Rep. Hunsaker moved to transmit the bill with a favorable recommendation. The motion passed unanimously with Rep. Allen, Rep. Frank, Rep. Lockhart, and Rep. Donnelson absent for the vote.

MOTION: Rep. Newbold moved that H.B. 265 be placed on the consent calendar. The motion passed unanimously with Rep. Allen, Rep. Frank, Rep. Lockhart, and Rep. Donnelson absent for the vote.

H.B. 53 Apportionment of Business Income to Utah (Rep. W. Harper)

MOTION: Rep. Harper moved to amend the bill as follows:

1. Page 1, Lines 19 through 22:

19 ▶ addresses a taxpayer's ability to make or revoke an election to use a
particular method for
20 apportioning business income to the state;
21 ▶ addresses {~~the apportionment of business income if an amount is carried
forward or~~
22 ~~carried back~~} a taxpayer's ability to carry forward or carry back an amount under
the Corporate Franchise and Income Taxes chapter ;

2. Page 3, Lines 62 through 85:

62 (b) (i) If a taxpayer makes the election described in Subsection (3)(a), the ∴
(A) election shall be made on or before the due date for filing the return for the
taxable year, including extensions; and
(B) taxpayer may
63 not revoke the election for [a period of five taxable years] that taxable year.
64 (ii) {~~Subject to Subsection (3)(b)(i), if for a taxable year a taxpayer carries
forward or~~
65 ~~carries back any amount under this chapter, the taxpayer shall calculate the fraction
for~~
66 ~~apportioning business income under this section using the same method described in~~
67 ~~Subsection (2) that the taxpayer used for the taxable year that the taxpayer earned or~~
~~incurred~~
68 ~~the amount that is carried forward or carried back.~~} If a taxpayer is allowed to
carry forward or carry back an amount under any other provision of this chapter, the
taxpayer may carry forward or carry back that amount only if the taxpayer's business
income for the taxable year to which the amount is carried forward or carried back is
calculated using the same method described in Subsection (2) that the taxpayer uses to
calculate the amount that the taxpayer seeks to carry forward or carry back.
69 {~~(c) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
Act, the~~
70 ~~commission may make rules providing procedures for a taxpayer to make the election~~
71 ~~described in Subsection (3)(a).~~}
72 (4) (a) For purposes of Subsection (2) and subject to Subsection (4)(b), for taxable
73 years beginning on or after January 1, 2007, a taxpayer may elect to calculate the

- fraction for
74 apportioning business income under this section in accordance with the method
described in
75 Subsection (2)(c).
76 (b) (i) If a taxpayer makes the election described in Subsection (4)(a), the ∴
(A) election shall be made on or before the due date for filing the return for the
taxable year, including extensions; and
(B) taxpayer may
77 not revoke the election for a period of five taxable years.
78 (ii) {~~Subject to Subsection (4)(b)(i), if for a taxable year a taxpayer carries~~
forward or
79 carries back any amount under this chapter, the taxpayer shall calculate the fraction
for
80 apportioning business income under this section using the same method described in
81 Subsection (2) that the taxpayer used for the taxable year that the taxpayer earned or
incurred
82 the amount that is carried forward or carried back.} If a taxpayer is allowed to
carry forward or carry back an amount under any other provision of this chapter, the
taxpayer may carry forward or carry back that amount only if the taxpayer's business
income for the taxable year to which the amount is carried forward or carried back is
calculated using the same method described in Subsection (2) that the taxpayer uses to
calculate the amount that the taxpayer seeks to carry forward or carry back.
83 {~~(c)~~} (5) In accordance with Title 63, Chapter 46a, Utah Administrative
Rulemaking Act, the
84 commission may make rules ∴
(a) providing procedures for a taxpayer to make the election
85 described in ∴
(i) Subsection (3)(a); or
(ii) Subsection (4)(a) {~~.~~} ∴ or
(b) to administer this section.

The motion to amend passed unanimously with Rep. Allen, Rep. Frank, and Rep. Lockhart absent for the vote.

Rep. Harper introduced the amended bill and explained it to the committee assisted by Sen. Bramble. Mike Jerman, Utah Taxpayers Association; Commissioner Bruce Johnson, Utah State Tax Commission; and Clint Ensign, Sinclair Oil, spoke in favor of the bill. Sarah Wilhelm, Voices For Utah Children, spoke against the bill.

MOTION: Rep. Allen moved to transmit the amended bill with a favorable recommendation. The motion passed with Rep. McGee and Rep. Romero voting in opposition and Rep. Hunsaker and Rep. Newbold absent for the vote.

H.J.R. 1 Resolution Regarding Property Tax on Personal Property (Rep. J. Dougall)

The resolution was not considered in this meeting.

S.B. 30 Sales and Use Tax Exemption for Semiconductor Fabricating, Processing, Research, or Development Materials (Sen. C. Bramble) (Rep. W. Harper)

Sen. Bramble introduced the bill and explained it to the committee. Sen. Bramble and Rep. Lockhart declared a conflict of interest.

MOTION: Rep. Snow moved to transmit the bill with a favorable recommendation. The motion passed unanimously with Rep. Hunsaker and Rep. Harper absent for the vote.

S.B. 136 Tax on Insurance Premiums (Sen. C. Bramble) (Rep. W. Harper)

Sen. Bramble introduced the bill and explained it to the committee.

MOTION: Rep. Frank moved to transmit the bill with a favorable recommendation. The motion passed unanimously with Rep. Hunsaker and Rep. Harper absent for the vote.

S.B. 29 Sales and Use Tax Exemption - Telecommunications (Sen. C. Bramble) (Rep. J. Dougall)

The bill was not considered at this meeting.

MOTION: Rep. Newbold moved to adjourn. The motion passed unanimously with Rep. Hunsaker and Rep. Harper absent for the vote.

The Vice Chair adjourned the meeting at 2:57 p.m.

Rep. Wayne A. Harper, Chair