

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

**February 3, 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. 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

MEMBERS ABSENT:     Rep. Rebecca Lockhart

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 2:05 p.m.

**MOTION:**     Rep. Frank moved to approve the minutes of the February 1, 2006 meeting. The motion passed unanimously with Rep. Allen, Rep. Last, Rep. Moss, and Rep. Newbold absent for the vote.

**H.B. 147     Revisions to Distribution of Sales and Use Tax Revenue (*Rep. S. Wyatt*)**

**MOTION:**     Rep. Snow moved to amend the bill as follows:

Amendment 1

*1. Page 1, Lines 16 through 19:*

- 16           ▶     establishes a procedure for a county, and a two-thirds majority of the municipalities within a

17 county, to agree to an alternate distribution formula for certain local option sales  
18 and use tax revenues within the incorporated and unincorporated areas of the  
19 county;

2. *Page 2, Lines 43 through 46:*

43 ▶ establishes a procedure for a county, and a two-thirds majority of the  
municipalities within a  
44 county, to reinstate the local option sales and use tax revenue distribution formula  
45 that applies to counties and municipalities that have not adopted an alternate  
46 distribution formula under this bill; and

3. *Page 9, Lines 271 through 273:*

271 (a) subject to Subsections (4) and (5), the county legislative body and a two-  
thirds majority of the

272 municipalities that are, in whole or in part, within that county agree, in writing, to an  
alternate

273 distribution formula; and

4. *Page 12, Lines 338 through 340:*

338 (a) subject to Subsection (11), the county legislative body and a two-  
thirds majority of the

339 municipalities that are, in whole or in part, within that county, agree, in writing, to remove  
the

340 designation as an alternate disbursal area; and

Amendment 2

1. *Page 1, Lines 16 through 19:*

16 ▶ establishes a procedure for a county, and a majority of the municipalities within  
a  
17 county, to agree to an alternate distribution formula for certain local option sales  
18 and use tax revenues within the incorporated and unincorporated areas of the  
19 county;

▶ provides that the procedure described in the preceding paragraph does  
not apply to a county of the first or second class;

2. *Page 9, Line 267 through Page 10, Line 278:*

267           (3) ~~{A}~~ **Except as provided in Subsection (4)(a), a** county shall be  
designated as an alternate disbursal area by the commission on  
268 the first day of the first calendar month after a 90-day period beginning on the day on  
which the  
269 commission receives written notice from the county that an alternate distribution formula  
is  
270 approved under Subsection (3)(b), if:  
271           (a) subject to Subsections (4) ~~(b)~~ and (5), the county legislative body and a  
majority of the  
272 municipalities that are, in whole or in part, within that county agree, in writing, to an  
alternate  
273 distribution formula; and  
274           (b) in accordance with Subsection (8), after the agreement described in Subsection  
275 (3)(a) is reached, the alternate distribution formula is approved by a majority vote of the  
legal  
276 voters residing in the incorporated and unincorporated areas of the county.  
277           (4) **(a) The commission may not designate a county as an alternate disbursal**  
**area under this section if, on the day of the vote described in Subsection (3)(b), the**  
**county is a county of the first or second class.**  
              **(b) The legislative body of a municipality shall determine whether a municipality**  
278 agrees to an alternate distribution formula.

### Amendment 3

1. *Page 1, Lines 16 through 19:*

16           ▶ establishes a procedure for a county, and a majority of the municipalities within  
a  
17 county, **or, for a county with less than seven municipalities within the county, all of**  
**the municipalities within the county,** to agree to an alternate distribution formula for  
certain local option sales  
18 and use tax revenues within the incorporated and unincorporated areas of the  
19 county;

2. *Page 2, Lines 43 through 46:*

43           ▶ establishes a procedure for a county, and a majority of the municipalities within  
a

44 county, or, for a county with less than seven municipalities within the county, all of  
45 the municipalities within the county, to reinstate the local option sales and use tax  
46 revenue distribution formula  
45 that applies to counties and municipalities that have not adopted an alternate  
46 distribution formula under this bill; and

3. *Page 9, Lines 267 through 273:*

267 (3) A county shall be designated as an alternate disbursal area by the commission on  
268 the first day of the first calendar month after a 90-day period beginning on the day on  
269 which the  
270 commission receives written notice from the county that an alternate distribution formula  
271 is  
272 approved under Subsection (3)(b), if:  
273 (a) subject to Subsections (4) and (5) {5} :  
(i) for a county with seven or more municipalities that are, in whole  
or in part, within the county, the county legislative body and a majority of the  
272 municipalities that are, in whole or in part, within that county agree, in writing, to an  
273 alternate  
distribution formula ; or  
(ii) for a county with less than seven municipalities that are, in whole or in  
part, within the county, the county legislative body and each municipality that is, in  
whole or in part, within that county agree, in writing, to an alternate distribution  
formula ; and

4. *Page 11, Line 336 through Page 12, Line 340:*

336 (9) Subject to Subsection (10), the commission shall remove a county's designation  
337 as  
338 an alternate disbursal area if:  
339 (a) subject to Subsection (11) {5} :  
(i) for a county with seven or more municipalities that are, in whole  
or in part, within the county, the county legislative body and a majority of the  
339 municipalities that are, in whole or in part, within that county, agree, in writing, to remove  
340 the  
designation as an alternate disbursal area ; or  
(ii) for a county with less than seven municipalities that are, in whole or in  
part, within the county, the county legislative body and each municipality that is, in

whole or in part, within that county agree, in writing, to remove the designation as an alternate disbursal area ; and

A division of the motion was requested.

The motion to adopt amendment 1 passed unanimously with Rep. Allen, and Rep. Last, absent for the vote.

The motion to adopt amendment 2 failed with Rep. Romero voting in favor and Rep. Allen, and Rep. Last, absent for the vote.

The motion to adopt amendment 3 passed unanimously with Rep. Allen, and Rep. Last, absent for the vote.

Rep. Wyatt introduced the bill and explained it to the committee. The following individuals spoke in favor of the bill:

Karl Hendrickson, Utah Association of Counties  
Larry Anhder, Nibley City Manager  
Mike Jerman, Utah Taxpayers Association  
Jack Green, Air Quality Task Force

The following individuals spoke in opposition to the bill:

Roger Tew, Utah League of Cities and Towns  
Lincoln Schurtz, Utah League of Cities and Towns

**MOTION:** Rep. Hunsaker moved to transmit the amended bill with a favorable recommendation.

#### **SUBSTITUTE**

**MOTION:** Rep. Newbold moved to proceed to the next item on the agenda. The motion failed with Rep. Cosgrove, Rep. McGee, Rep. Moss, Rep. Newbold, and Rep. Romero voting in favor and Rep. Snow absent for the vote.

The original motion to transmit HB 147 with a favorable recommendation passed with Rep. Cosgrove, Rep. McGee, Rep. Moss, Rep. Newbold, and Rep. Romero voting in opposition and Rep. Snow absent for the vote.

#### **H.B. 309      Municipal Energy Sales and Use Tax Amendments (Rep. G. Hughes)**

**MOTION:** Rep. Romero moved to delete in title and body **HB 309** and replace it with **1st Substitute HB 309**. The motion passed unanimously with Rep. Newbold and Rep. Snow absent for the vote.

Sen. Killpack introduced the bill and explained it to the committee. The following individuals spoke in favor of the bill:

Roger Tew, Utah League of Cities and Towns  
Lincoln Schurtz, Utah League of Cities and Towns  
Morris Jackson, Questar  
Mike Jerman, Utah Taxpayers Association  
Leslie Reberg, Committee of consumer Services  
Paul Barber, Utah Energy Users Association  
Tom Bingham, Utah Manufacturers Association

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

**H.B. 338 Property Tax Exemption for Business Personal Property** (*Rep. J. Dougall*)

The bill was not considered at this meeting.

**S.B. 36 School Districts - Limited Amendments to Truth in Taxation** (*Sen. M. Dmitrich*) (**Rep. G. Snow**)

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

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

**S.B. 28 Sales and Use Tax - Exemption for Isolated or Occasional Sales** (*Sen. L. Hillyard*) (**Rep. W. Harper**)

Rep. Harper introduced the bill and explained it to the committee.

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

**MOTION:** Rep. Allen moved to adjourn. The motion passed unanimously with Rep. Hunsaker, Rep. Newbold, and Rep. Snow absent for the vote.

The Vice Chair adjourned the meeting at 3:26 p.m.

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Rep. Wayne A. Harper, Chair