

1 **CALCULATION OF CREDIT FOR CERTAIN**
2 **REPOSSESSIONS OF A MOTOR VEHICLE**

3 2007 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Wayne A. Harper**

6 Senate Sponsor: Wayne L. Niederhauser

8 **LONG TITLE**

9 **General Description:**

10 This bill amends the Sales and Use Tax Act relating to a credit for certain repossessions
11 of a motor vehicle.

12 **Highlighted Provisions:**

13 This bill:

14 ▶ provides that the credit for certain repossessions of a motor vehicle may not be
15 reduced by any amount of a motor vehicle's unpaid purchase price that a seller
16 recovers as a result of reselling the vehicle, regardless of whether that amount is
17 included in calculating the credit; and

18 ▶ makes technical changes.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 This bill takes effect on July 1, 2007.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-12-104.3**, as last amended by Chapter 253, Laws of Utah 2006

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

28 Section 1. Section **59-12-104.3** is amended to read:

29 **59-12-104.3. Credit for certain repossessions of a motor vehicle.**

30 (1) (a) Subject to Subsections (2) and (3), a seller that collects a tax under this chapter
31 on the sale of a motor vehicle may claim a credit for a tax under this chapter for a motor
32 vehicle that:

- 33 (i) has been repossessed; and
- 34 (ii) that the seller resells.

35 (b) A seller of a motor vehicle other than the seller that collects a tax under this chapter
36 on the sale of that motor vehicle may claim a credit for a tax under this chapter:

37 (i) for a motor vehicle that the seller:

- 38 (A) repossessed; and
- 39 (B) resells; and

40 (ii) if the seller that collected the tax under this chapter on that motor vehicle:

- 41 (A) is no longer doing business in this state; and
- 42 (B) does not owe a tax under this chapter.

43 (2) The amount of the credit allowed by Subsection (1) is equal to the product of:

44 (a) the portion of the motor vehicle's purchase price that:

- 45 (i) was subject to a tax under this chapter; and
- 46 (ii) remains unpaid after the motor vehicle is resold; and

47 (b) the tax rate:

48 (i) (A) for a seller that collects a tax in accordance with Subsection 59-12-107(1)(b),
49 described in Subsection 59-12-103(2)(b)(ii); or

50 (B) for a seller other than a seller described in Subsection (2)(b)(i)(A), described in
51 Subsection 59-12-103(2)(a);

52 (ii) imposed on the motor vehicle's purchase price; and

53 (iii) imposed on the date the motor vehicle was purchased by the person that owns the
54 motor vehicle at the time of the repossession.

55 (3) [~~H~~] Except as provided in Subsection (4), if a seller recovers any portion of a motor
56 vehicle's unpaid purchase price that is used to calculate a credit allowed by Subsection (1)(b),
57 the seller shall report and remit a tax under this chapter to the commission:

58 (a) on the portion of the motor vehicle's unpaid purchase price that:

59 (i) the seller recovers; and

60 (ii) is used to calculate the credit allowed by Subsection (1)(b); and

61 (b) on a return filed for the time period for which the portion of the motor vehicle's

62 unpaid purchase price is recovered.

63 (4) A credit under this section may not be reduced by any amount of a motor vehicle's

64 unpaid purchase price that a seller recovers as a result of reselling the vehicle, regardless of

65 whether that amount is included in calculating a credit under this section.

66 Section 2. **Effective date.**

67 This bill takes effect on July 1, 2007.